



A “Third Neighbor” Strategy for Asia

By Michael Auslin

As the United States loses ground in Asia, the struggle for influence is heating up, with small states caught between authoritarian and democratic nations alike. The pressure being put on these small states provides a rare opportunity for the United States to play the role of an honest broker, working to reduce tensions and promote liberalism. By adopting a new “third neighbor” strategy, the next U.S. president could begin to rebuild America’s position in Asia, interacting more effectively with emerging democracies, engaging older allies more fully, and helping friends pursue regional stability more successfully.

Despite U.S. government assertions to the contrary, American influence in Asia has eroded over the past half-decade. Blows to America’s public image, combined with a narrow focus on political mechanisms such as the six-party talks over North Korea and a seeming unwillingness to champion liberal values, have rendered U.S. policy reactive and uninspired. Some celebrate this “realistic” approach to regional affairs, largely because it avoids annoying or confronting the People’s Republic of China, but the effect has been to make America a status quo power, one that simply reacts to initiatives from countries like China or responds to crises such as those provoked by Russia. As a result, the United States is running ever harder but failing even to stay in place.

The next U.S. president will face revived geopolitical tensions and rising authoritarian powers throughout the world. One of the main areas of contention is Eurasia, where many of those authoritarian powers—including China, Russia, and Iran—are actively attempting to expand their influence and power. At the same time, Asia’s large democratic states, such as India and Japan, are also seeking to bolster their standing and influence. Asia has become a zone of central

Michael Auslin (michael.auslin@aei.org) is a resident scholar at AEI.

geopolitical importance—the economic engine of the world, rich in natural resources—where some of the world’s most powerful states are forging alliances, selling weapons, extracting concessions, and viewing competitors with growing distrust.

Caught in the middle are smaller nations increasingly worried about the plans of their larger neighbors. Officials in many of these countries, particularly the newly democratic ones, recognize that the U.S. presence in Asia protects their independence, and many are willing to strengthen ties with America as a means of creating policy options and developing their political, economic, or security systems. For its part, Washington should welcome deeper ties with these smaller states as a means of promoting democracy and liberalization throughout the Asia-Pacific region. This is a new way that Washington can seek to repair its position and bolster its influence. By taking advantage of what seems to be America’s greatest handicap in Asia, its distance, the United States can play the role of disinterested outsider, offering to be a “third neighbor” to various nations—even ones that are already allies—that fear China and Russia or perhaps even India and Japan. If carefully nurtured and creatively expanded, this balancing strategy can eventually evolve into a natural and coherent community of interests

among liberal states in the Asia Pacific and even play a role in the various multilateral organizations now blooming in the region. The result will be a freer, more prosperous Asia in which smaller nations play an important role in securing regional stability.

Alliance System Limitations

For more than fifty years, U.S. strategy in Asia has been centered on a so-called hub-and-spoke model, whereby a select few key allies have entered into bilateral defense relationships with Washington. For them and others, America's presence has helped ensure stability for decades. The U.S. treaty system has absorbed the bulk of Washington's resources and planning in the Pacific since the 1950s. America's closest allies—Japan, South Korea, the Philippines, and Australia—have formal mutual defense treaties with the United States, and the United States continues to provide security commitments to Thailand under the Southeast Asia Treaty Organization agreement, despite its dissolution in 1977.

For these key allies, as for other nations in the Asia Pacific, America's long-standing commitment to maintaining regional stability has been central to their development and well-being. In addition to basing nearly one hundred thousand troops in Asia for most of the post-World War II period, America has continuously patrolled crucial sea lanes, provided development assistance, built up counterinsurgency capabilities, delivered humanitarian relief, and promoted free trade and democracy. Under this aegis, East Asia has become the most dynamic area of the globe, accounting for almost a quarter of global economic output with a combined GDP of over \$9 trillion.¹ Deep poverty (defined by the United Nations as living on less than one dollar per day) was halved in Thailand, Indonesia, Malaysia, Vietnam, and China between 1990 and 2003,² while China, the Philippines, Vietnam, and Thailand all doubled their GDPs between 1990 and 2005.³ At the same time, democratic movements spread gradually throughout the region, taking firm hold in South Korea, Taiwan, and Mongolia and weathering protracted challenges in countries such as Thailand and the Philippines.

Even so, Washington's role was not without controversy, especially in a Cold War context that appeared to force Asian nations to choose between the United States and the Soviet Union (or, earlier, the Sino-Soviet alliance). Some nations, such as India and Indonesia, saw greater utility in not choosing sides and founded the

Non-Aligned Movement in 1955, which still has 118 member nations, some democratic, many others authoritarian. America's abandonment of Saigon in 1975 showed the dangers of relying too closely on Washington, thus reinforcing the reluctance of many Southeast Asian states to seek closer ties with the United States.

A Missed Chance

The end of the Cold War provided a rare opportunity for the United States to move beyond the largely bilateral structure of its Asian alliance system and forge a more encompassing community of democratic and liberal-leaning states. Once the threat of Soviet-sponsored insurgencies had ended and Moscow's ballistic missile submarines started rusting in Vladivostok's harbor, Washington could have taken advantage of democratic trends in South Korea, Mongolia, and Taiwan to link stable and emerging democracies, promote multilateral free trade pacts, and begin discussions on regional security issues. A deft public diplomacy program also would have trumpeted the rise of democracy and woven a compelling narrative of Asia's future that envisioned greater freedom for all in the region.

Instead, during the 1990s, the United States elevated economic relations to the forefront and paid little attention to potentially transformative political movements, including multilateral organizations like the Association of Southeast Asian Nations (ASEAN). More alarmingly, the Clinton administration imagined a "strategic partnership" with China as the cornerstone of its Asia policy. This supposed partnership was to be with a regime that less than a decade before had massacred its own citizens at Tiananmen Square and that was assiduously building up its ballistic missile forces, in part by stealing U.S. technology and nuclear secrets.⁴ Longstanding allies like Japan became increasingly worried about U.S. strategy and Washington's apparent willingness to overlook adverse security trends in favor of economic gain.

This mismatch of strategic priorities continues today, as does the absence of an overall Asia strategy. Washington has yet to come up with a coherent China policy, and with regard to Beijing, America's economic interests seem to run counter to its security commitments. Despite U.S. intentions, any moves designed to hedge China's potentially threatening power are seen by Asian states (including U.S. allies) not merely as containment but potentially as requiring them to choose sides as they did in the Cold War. Most are unwilling to do so, since

their own economic ties to China are now irreversible, and their concern about antagonizing Beijing or losing market access constrains their support for America's seemingly conflicted strategy. As a result, Washington has floundered for a sensible approach, trying to "shape" China and get it to accept a role as a "responsible stakeholder," to use former deputy secretary of state Robert Zoellick's formulation.⁵

New Realism and the Return of Geopolitics

Pundits and policymakers seem split between those still believing in the possibility of a grand, multilateral "architecture" in Asia that will resolve problems and create a new era of cooperation and those who see the return of a *machtspolitik* era of aggressive competition among a handful of potential hegemonies. Neither position is an entirely accurate assessment of regional trends. Current cooperation can mask preparation for future conflict, while more confrontational policies today may actually reduce the likelihood of miscalculation and crisis later on. Yet, in the long run, Washington is limited in how much it can directly influence the choices the most powerful Asian powers make or the policies they pursue. Their leaders will decide their interests regardless of what Washington or other nations want.

That this is clear in the security sphere is proven by China's ongoing military modernization. Despite no imminent external or domestic threats and a long-established policy in Washington—and particularly the U.S. Navy—to promote warmer ties, Beijing has increased its military budget by double digits every year for more than a decade.⁶ It has pursued advanced weapons systems, including fourth-generation fighters, kinetic space kill capabilities, and new ballistic missile submarines. It has laid underwater listening nets and built a recently discovered submarine base in its far southern waters, near Asia's most crucial trade routes. It is becoming increasingly adept at cyber-warfare. And, even though the People's Liberation Army ground forces remain cumbersome and outdated, its asymmetric capabilities are worrying defense planners around the region.

But China, for all its growth, is not the only state of concern to many nations in Asia. More so than in other

regions, geography continues to play a preponderant role in Asian politics and security. As much as China is feared, it is Russia, flush with petrodollars, that nations are beginning to worry about more. Moscow's invasion of Georgia this summer was a stark reminder of the Kremlin's willingness to use force to achieve strategic objectives, and the ineffective, faltering Western responses did nothing to allay the concerns of U.S. allies. The fact that a small, newly democratized nation could be invaded and partitioned by Russia without a coherent Western response will not be lost on other democratizing states, whether in Asia, Europe, or the Caucasus. And in Asia especially, the sheer size of authoritarian China and Russia creates a unique situation akin to nineteenth-century great power competition in its inherent threat to smaller states.

Beyond this, the two key democracies in Asia—India and Japan—worry some of their neighbors due simply to their enormous size and strength. For some, memories of World War II bedevil better relations with Japan and cause concern over the prospect of Japanese military development, even though such development is largely aimed at current threats like North Korea. India's historically tense relations with China and its development of nuclear weapons may raise fears of a Sino-Indian conflict spilling over into the Indian Ocean, particularly as China's navy expands its influence via

Burmese and Pakistani seaports. Finally, the strength of the Indian and Japanese economies provides enormous benefits to nations throughout Asia but also causes smaller nations to become dependent on those markets and to be affected by the rising domestic inequality engendered by trade relations.

These regional concerns offer the United States a unique opportunity to shift its tactics with certain states, repackage its strategy, and achieve its longstanding goals of maintaining regional leadership and promoting democracy. Much like Herbert Hoover's "Good Neighbor Policy," which was later seized upon by Franklin Roosevelt, a program of reducing distrust through expanded political and economic relations can, in this case, be tied explicitly to addressing regional pressures and threats. The key partners for the United States in this policy are the democratic and liberalizing states in the Asia Pacific that share common values with it

Washington has yet
to come up with a
coherent China policy,
and with regard to
Beijing, America's
economic interests
seem to run counter
to its security
commitments.

already or are developing their civil societies to take advantage of the economic and social benefits brought by greater freedom.

There will be questions about whether such a strategy could actually be seen as neutral. U.S. policymakers should not forget, however, that the natural distrust between Russia and China will likely ensure tension and increased competition between them in Asia at some point. The specter of two heavyweights facing off or pressuring their smaller neighbors is more than enough to offset vague concerns that Washington is seeking allies in order to confront either Beijing or Moscow. Similarly, adroitly addressing concerns about democratic India or Japan will bolster the United States' disinterested status, largely by its serving as an honest broker on issues that affect economic or security relations between Washington and other actors involved. Such brokering should be explicitly promoted as a norm for solving regional problems, thus undercutting the moral standing of states that threaten or use force over contested issues. There are enough threats, worries, and pressing problems in Asia to more than offset a cynical reaction to this new American policy.

Implementing the Third Neighbor Strategy

America's third neighbor strategy will work only by taking into account the particular condition of several mostly liberal nations whose larger neighbors make them uncomfortable and offering to assist them with their respective concerns. For some, this will entail stressing the United States' ability to help them provide for their security; for others, serving as an economic lifeline; and for yet more, serving as a neutral political supporter and arbiter.

In general, the United States should employ a similar set of programs and approaches, linking security assistance to open trade relationships and buttressing both with enhanced civil society engagement, from grass-roots gatherings to parliamentary and intellectual exchanges. The emphasis and short-term needs of each country will determine the particular mix employed. The long-term goal of a third neighbor strategy is to develop a comprehensive relationship with each partner, with the commitment to do so deriving from the ally's strategic importance and overall place in a comprehensive Asia strategy. This moves beyond recent U.S. attempts, such as the Asia Pacific Democracy Partnership, by pursuing multilateral results through bilateral progress.

This will, of course, require a significant commitment of American resources, from diplomatic to military. Above all, the next president must make a political commitment to this strategy and direct senior officials to integrate it into Asian strategy. Overall strategic direction and supervision of the third neighbor strategy should be kept in the White House at the National Security Council (NSC), which should also pick the target nations after consultation with leading government departments. During the crucial agenda-setting stage, area experts should be employed fully and work in concert with functional specialists, such as security advisers and economic planners. The NSC's senior director for Asia and the strategic planning director should work together to set overall policy, with implementation oversight resting at the Asia desk.

Country-specific goals, timelines, appropriation and allocation of resources, and appropriate work flow should originate in an interagency process combining working groups from the Departments of State, Defense, and Commerce and the Office of the U.S. Trade Representative. While cumbersome and bureaucratic, an interagency approach is the only feasible way to engage U.S. government stakeholders responsible for the target countries. On-the-ground implementation of the specific set of policies should be coordinated by the U.S. mission in each country, with a dedicated civilian foreign service officer or military foreign area officer assigned for that specific purpose.

The Third Neighbor Strategy in Action: Case Studies

Once all these pieces come together in Washington, where are the most appropriate testing grounds for a third neighbor approach? Clearly, states that feel pressed by overweening neighbors and desire a closer relationship with the United States to provide some breathing room should come first. Second, to the best of its ability, the United States should partner with democratic states or those with liberal leanings, no matter how imperfect their systems. For those that are not democracies, the third neighbor strategy must aim explicitly at liberalization. Third, the United States should aim at countries with strategic importance due to their geographic positions, raw materials, or current political policies that are having a positive effect on Asia. Given limited resources, U.S. policymakers will have to come up with some type of matrix to determine which nations best fit the bill, but

even at this hypothetical stage, certain states seem naturally suited to this new strategy.

Mongolia. Possessed of abundant natural resources, including Asia's largest copper mine and enormous uranium deposits, Mongolia is also a stable, if emerging, democracy, lauded by President Bush on his 2005 visit. Charges of illicit deals benefiting the governing—formerly Communist—party and fears of ballot fraud that led to riots in the capital city of Ulan Bator after parliamentary elections earlier this spring provide some indications of the obstacles facing this infant democracy. Mongolia sits uneasily between Russia and China and is actively searching for help from the United States to maintain its economic and strategic independence. Over the past year, Russia has moved aggressively to make Mongolia an economic satellite. Raising oil prices through blackmail and seeking exclusive concessions have allowed Russia to carve out a significant role in Mongolia's economy.⁷ But predominance goes to China, whose economic influence over Ulan Bator continues to grow as it has sought to build up its Central Asian presence.

Washington can naturally play the role of third neighbor to Mongolia, expanding trade and security relations (Mongolia has already dispatched forces to Iraq) in a bid to deny strategic control to either Moscow or Beijing. Equally important, in light of the riots after this year's parliamentary elections, America should commit public diplomacy resources, as well as economic and security incentives, to persuade Mongolians not to retreat from the liberal path they have been following for two decades. Promoting a free trade agreement between the United States and Mongolia would provide alternative markets and sources of investment for the Mongolians and would send a strong message about Washington's interests in the heart of Eurasia.

South Korea. The Republic of Korea is another state ripe for a third neighbor strategy. America's half-century alliance with Seoul remains strong, but Koreans themselves are worried about being caught between a rising China and a resurgent Japan, or potentially between a Sino-North Korean alliance and a Japanese response. By acknowledging these concerns, America can argue that the way to avoid being overwhelmed by either is to increase South Korea's regional presence and activities, from humanitarian assistance to security partnerships. This achieves U.S. goals of upgrading South Korea's capabilities while decreasing its sense of isolation, and it

fits perfectly with President Lee Myung-bak's desire to build a "global Korea."⁸

As a central part of this strategy, Washington must push Seoul to modernize its defensive capabilities so that it is hardened against any potential regional threat. Once this leads to a heightened South Korean confidence level, the United States must then support closer Japanese-South Korean relations as a way to allay fears rooted more in their historical experience than in current reality. Here, the third neighbor strategy will be employed to move beyond existing divisions between democratic states. Developing closer Tokyo-Seoul ties thus will be a test of whether the third neighbor strategy can move beyond simply playing large states off one another. Reworking a triangular relationship—in this case, South Korea, China, and Japan—by reducing tensions between the two democratic societies can lead to a more flexible U.S. approach to regional problems that does not always have to take into account frayed relations between natural partners.

ASEAN. The regional bloc may also benefit from a third neighbor strategy. ASEAN has driven many of the more innovative multilateral developments in Asia, including the ASEAN Regional Forum and the East Asia Summit (EAS). Yet ASEAN is riven by a struggle between Japan and China (both members of the organization's Plus Three forum) for influence, and it also worries about the long-term economic and military rivalry between India and China.

The United States is not currently involved in most ASEAN initiatives, including the EAS. The United States should increase its participation with ASEAN, increasing military ties with its liberal states and pursuing a free trade agreement, thereby offering a neutral partner for the organization to turn to as it seeks to shape regional relations. Areas of specific and common concern between ASEAN and the United States include maritime security, in which the growth of the Chinese navy is causing concern over the freedom of sea lines of communication and in which the Indian Navy may grow to counter that trend. America's help should be offered in response to specific concerns of ASEAN's leaders and publicly crafted so as to help ASEAN fulfill specific goals that bring about greater stability. By employing diplomacy in this way, Washington will be seen as promoting the organization's interests—not its own.

To be sure, engaging ASEAN as a collective is more difficult than working with a single nation. Furthermore,

ongoing human rights problems, such as the continuing oppression of the Burmese by the ruling military junta, make it impossible for the United States to deal with all ASEAN states. Yet, from America's old ally in the Philippines to newly democratizing Indonesia and geopolitically crucial Singapore, Washington needs to address these growing countries' fears about being played as pawns by the larger, unified powers of the region. Many of these countries have quietly been reaching out to the U.S. military, for example, sharing information and looking for signs that Washington is paying attention to their concerns. As America applies a third neighbor strategy to ASEAN, certain states will become more natural partners, and Washington should be flexible enough to then begin dealing with them on their own terms while continuing to push for free trade and joint security initiatives with the whole group.

Conclusion

No one should expect a third neighbor strategy to become America's dominant policy in Asia. It will not, and indeed it should not, supplant long-standing U.S. alliances, nor will it prevent Washington from attempting to pursue better relations with China or building multilateral approaches to problems when and where appropriate. However, the third neighbor approach can allow for more flexible interaction with a number of key states in Asia that are worried about their long-term viability. America can offer them comfortable geographical distance, an economic outlet, and security expertise that responds to their own needs.

For some, like Mongolia, the U.S. approach can be explicit; for others, such as ASEAN, it should be more nuanced. Yet each third neighbor partner will soon recognize the benefits of closer relations with America and will not feel that such help is contingent on its being forced to line up against any other nation. Moreover, as this strategy is directed largely toward liberal or liberalizing states, a natural community of values is likely to form among them over time as they deepen their relations with the United States. Each will understand that the real threats to their independence or wealth come from illiberal regimes, and those concerned about the size of other democracies in their region can slowly be brought into a more beneficial relationship with those liberal states through their closer ties to America. This, it should

be stressed, is not forcing smaller states into some sort of U.S. grand plan for hegemony in Asia but rather helping sympathetic states protect their own interests and strengthen their own liberal tendencies.

Rebuilding U.S. influence, trustworthiness, and operations in Asia will take time and will not be without expense. However, melding U.S. interests with those of smaller partners can be a powerful agent for pursuing stability and strengthening liberalism in the most dynamic region on earth.

AEI research assistant Jennifer Gregg worked with Mr. Auslin to produce this Asian Outlook.

Notes

1. For 2007 GDP figures for East Asian countries, see Central Intelligence Agency, *World Factbook* (2008), available at www.cia.gov/library/publications/the-world-factbook/ (accessed September 5, 2008).
2. Asian Development Bank (ADB), *Key Indicators 2005: Labor Markets in Asia: Promoting Full, Productive, and Decent Employment* (Manila: ADB, 2005), 5, available at www.adb.org/Documents/Books/Key_Indicators/2005/default.asp (accessed September 8, 2008).
3. For GDP data, see International Monetary Fund, "World Economic Database," April 2008, available at www.imf.org/external/pubs/ft/weo/2008/01/weodata/index.aspx (accessed September 8, 2008).
4. Steven Erlanger, "Citing Gains, Clinton Says He Will Make China Visit," *New York Times*, May 27, 1998.
5. Robert B. Zoellick, "Whither China: From Membership to Responsibility?" (speech, National Committee on U.S.-China Relations, New York City, September 21, 2005), available at www.state.gov/s/d/former/zoellick/rem/53682.htm (accessed September 11, 2008).
6. U.S. Department of Defense, Office of the Secretary of Defense, *Annual Report to Congress: Military Power of the People's Republic of China* (2008), 31, available at www.defenselink.mil/pubs/pdfs/China_Military_Report_08.pdf (accessed August 26, 2008).
7. John C. K. Daly, "Russia Dominates Mongolia in the New 'Great Game,'" *Eurasia Daily Monitor*, May 23, 2008, available at www.jamestown.org/edm/article.php?article_id=2373088 (accessed September 11, 2008).
8. Kim Yon-se, "Lee Pledges to Build 'Global Korea,'" *Korea Times*, December 20, 2007.