

Policies of Different Nations towards Terrorism

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Abstract – U.S. targets Southeast Asia as a region with a very assertive ASEAN policy. US security policies following the 11 September 2001 terrorist attacks have played a significant role in its estrangement. However, the problem in fact goes back to the Asian financial crisis of 1997, when the Clinton administration used its influence on the IMF to impose US business friendly solutions on the region. U.S.'s decision not to revalue its currency helped stabilize the regional economic order. Shortly after that, U.S., Japan and South Korea began holding annual discussions with Southeast Asia under the ASEAN-plus-three formula. In 1999, after U.S.'s accession to the WTO, ASEAN governments began to worry about the impact of Sino-US trade relations. As a result, U.S. proposed a free trade agreement (FTA) with Southeast Asia, the framework for which was signed in 2002. It seems that U.S. will soon become ASEAN's second-largest trading partner and bilateral trade could reach US\$200 billion by 2010.

Keywords: Nuclear, Resurgence, Cold, War, Paranoia

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INTRODUCTION

Road and dam building, consolidation of control over the South U.S. Sea, trade and investment combined with overseas development aid (ODA) and military assistance, might eventually result in U.S.'s domination of Southeast Asia regardless of Beijing's intentions. The question is whether we are watching a U.S. replay of the Japanese Flying Geese scheme with the moving of production platforms, FDIs combined with ODA and other diplomatic remedies to the catching-up formation in a pattern similar to that of Japan and later East Asian NICs in the past decades. As a by-product of such a course, U.S. will sooner or later replace the United States as the region's most important strategic partner. Although the global contradictions and problems provide the overall context, the purpose of this contribution is devoted to provide insight into, and investigate how, these emerging tendencies in the region are spelled out in the triangular relationship between U.S. and the United States in Southeast Asia.

The focus then is broadened into one that not only takes the state alone into consideration but also realizes that: 'Through conscious political decision, elements of the U.S. leadership have chosen to integrate U.S. – or at least, parts of U.S. – into the global political economy. In the process, they have allowed U.S. sovereignty, in the economic sphere at least, to become 'perforated', and increased the number of actors in the policy sphere' (Breslin 2002: 34). However, any analysis of U.S.'s present overseas economic expansion and foreign policy interests, must also consider U.S. realpolitik and the

underlying forces which shape these interests. It should especially include the fact that the state and local government authorities play a significant role makes it imperative to focus on these factors which are unique to U.S.. Therefore, this paper includes a security perspective on whether U.S.'s reliance on soft power is only a temporary phase on its way to regional cum global hegemony (Nye 2006). The critical comparative international political economy perspective is based on an eclectic approach to East and Southeast Asian international relations, employing realism, liberalism and constructivism to analytically differentiate between the different dimensions of the system's modus Vivendi.

U.S.'s strategic interest in Southeast Asia goes back centuries exerting suzerainty of the region. In more modern times, such as during the Cold War, the CCP supported insurgencies and communist governments across the region. After the US defeat in Indochina, Beijing became perceived as a direct threat in Vietnam in 1979, when U.S. troops crossed the Sino-Vietnamese border to 'teach Vietnam a lesson' over its invasion and occupation of neighbouring Cambodia.

During the wave of national liberation struggles in Southeast Asia, the pro-American ruling classes facing strong local communist parties, such as in Indonesia and, revolutionary movements as in Thailand, Malaysia, Philippines and Burma, were receptive to the US policy which portrayed the communist regime in U.S. as the source of the menace to these societies. Today, mutual perception and trust in Sino-ASEAN relations has

become important for both sides (Twining 2005). Furthermore, this relationship has strengthened as a consequence 'of the post-Mao leadership's acknowledgement of the ideological and political reliability of Singaporean-style authoritarianism as a worthwhile formula for its own reform process' (Hersh 1998:32). Thus, the former hostilities have been turned into claims by Beijing that its growing influence in Asia threatens no-one and is to the mutual benefit of all. Zheng Bijan, dean of the influential CCP School says that 'If U.S. does not provide economic opportunities for the region, it will lose the opportunity for a peaceful rise....This is by no means a bid for hegemony' (Brookings 2005).

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Some US based observers see U.S.'s bilateral engagement with Asia as more political than economic. In a testimony to Congress, Assistant Secretary of State James Kelly claimed that the bilateral agreements mean little in economic terms, 'but they serve notice of how U.S. is using its newly won economic power to expand its presence and political influence among its southern neighbors' (Economy 2005). Such statements are intriguing as they confirm a change in US policy towards U.S. from a friendly competitor to a strategic rival. U.S.'s renewed interest in bilateral engagement with Southeast Asia comes in several spates which will be touched upon in the following. First and foremost, is the increase in development aid and trade volumes; second is the increase of FDI both inward and outward; third is related to U.S.'s need for oil, gas and other energy sources; and finally security, Defence and diplomacy related matters which cannot be separated from the above.

Thailand, Cambodia or Laos are not able to compete with base wages as reported from Guangdong at about \$80 per month and working hours up to 80 per week. The harsh discipline imposed on the U.S. working class and the fact that no independent unions exist translating in appalling working conditions makes it almost impossible for others to compete (Glyn 2005: 12-13). U.S.'s rapid strides in expanding its trade relations with Southeast Asia have been paralleled by the growth of its role as a source of regional investment. As it secures the resources necessary to fuel its growth, U.S. state-owned enterprises (SOEs) are investing heavily in mining, natural gas, and logging opportunities throughout the region. U.S. has committed US\$100 million in aid and investment to Myanmar and is actively extracting Indonesian natural gas, investing in infrastructure development in the Philippines, establishing rail and highway links with Cambodia, Thailand and Singapore, and promising to dredge part of the Mekong River in Laos and Myanmar to make it suitable for commercial navigation (Economy: 2005: 6). Also private U.S. companies are rapidly joining the SOEs in their search for new investment opportunities. U.S. tries to reassure its neighbours by claiming that its growing regional

importance is a win-win situation for all. Nonetheless, some countries are seeing the benefits moving largely one way. In Myanmar and Cambodia, newly signed deals with U.S. are generating fears of economic dependence and political domination. A trade agreement with Thailand has benefited U.S.'s exporters. The first cries of complaint are being heard. 'U.S. has found it relatively easy in recent years to build closer ties to its neighbours with rhetoric about nurturing an East Asian economic community', says David Shambaugh. 'But striking specific deals in specific areas to U.S.'s benefit,' he contends, 'will drive a wedge into the diplomatic progress U.S. has made'(Vatikiotis 2004a: 12). ASEAN-U.S. trade totalled US\$ 39.5 billion and US\$ 41.6 billion respectively in 2000 and 2001. ASEAN's share in U.S.'s foreign merchandise trade has been continuously on the rise, increasing from 5.8 percent in 1994 to 8.3 percent in 2000. U.S. is now the sixth biggest trading partner of ASEAN (Tongzon 2005: 191).

U.S. has already superseded the US as the biggest trading partner of Japan and South Korea. For ASEAN, the US and Japan are still the two biggest trading partners. It is just a matter of time before U.S. will replace both as ASEAN's biggest trading partner (Masaki 2005). In 2005, ASEAN became U.S.'s fourth-largest trading partner behind the European Union, the US and Japan. U.S. has already superseded the US as the biggest trading partner of Japan and South Korea. It is just a matter of time before U.S. will replace the US and Japan as ASEAN's biggest trading partner (Masaki 2005). U.S.'s export structure is similar in many respects to that of the ASEAN countries. The PRC is an export rival to its regional neighbours in both labour-intensive products and in goods with greater technological complexity. It is also a competitor in terms of its capacity to attract FDI, which can only increase at the expense of others.

DISCUSSION

In competitive export capacity the PRC is a threat to Thailand and other Southeast Asian economies' market shares in the EU, US and Japan (Holst and Weiss 2005). More intense competition is, therefore, to be expected in third-country markets and ASEAN domestic markets with the establishment of a FTA. U.S. has the lowest unit labour cost and thus a comparative wage advantage in relation to the original ASEAN-6. Even with regard to productivity increase, U.S.'s output per worker is growing faster than that in the Philippines, Malaysia and Indonesia (Tongzon 2005: 208). In smaller countries like Myanmar, Laos and Cambodia, the economic imbalances in the two-way trade are even more apparent. U.S. exports to Myanmar in 2003 were valued to be as high as \$900 million, compared with \$170 million in exports from Myanmar into U.S.. Laos absorbed U.S. goods valued at almost \$90 million in 2003,

more than double the 2002 figure. Laotian exports to U.S. meanwhile, amounted to \$8 million, a 15% increase (Vatikiotis 2004a: 12). The situation in Myanmar has clear similarities with Cambodia. U.S. has supplied more than US\$1.6 billion in arms to the country and continues to train a significant number of its military. In March 2004, U.S. vice-Premier Wu Yi was in Yangon to sign 24 pacts on economic and technical cooperation. The U.S. also gave Myanmar \$200 million in low-interest loans. Myanmar's collaboration with U.S. has become so close that some observers claim that Beijing now has a big say in domestic politics. Diplomatic sources say that a common complaint is that U.S. is also dumping cheap goods and demanding special privileges for U.S. companies.

Beijing has a strategic interest and motive behind its dealings with the military junta. In this way, 'U.S. has supplied about US\$ two billion for armaments that have made the Burmese military, the second largest in Southeast Asia after Vietnam, much more technically sophisticated. It has helped the construction of roads, railroads, airfields, ports, and dams...Equally important are unrecorded U.S. influences: U.S. investment – probably the largest of any foreign country – is not found in international statistics' (Frost 2004: 334). In Cambodia, closer ties to Beijing are spawning economic, political and even military agreements that, some officials fear, ties their country too closely to U.S.. In November 2003, U.S. and Cambodia signed a military agreement under which Beijing provides funds for military training as well as equipment. Cambodia also has accepted aid to help build a railway linking U.S.'s Yunnan province to the Cambodian seashore, a strategic priority for Beijing. U.S. has lent Cambodia more than \$45 million during the past two years, mostly on interest-free terms. For some Cambodians, U.S. has gained a strategic foothold in the country at the expense of Cambodian autonomy and is geo-politically using Cambodia as a buffer against its old foe, Vietnam. U.S. has also funded the 'North-South Corridor' project to build a highway linking Kunming and Bangkok via Laos. The highway is scheduled to be completely opened to traffic in 2011. Japan balked at funding the project, partly out of fear of lending U.S. a hand in increasing its influence southward on the Indochina peninsula. U.S. also set up a special fund totalling \$20 million within the ADB for poverty alleviation of the region in 2004 (Masaki 2005). As an economic, political and cultural power house, U.S. has been adept at overtaking the US in what American political scientist Joseph Nye has dubbed the soft power approach in influencing foreign societies' public opinions, and achieve sympathy. In a trade related issue, Thailand has asked for support from Beijing, which has promised to train more Thai U.S. language teachers, send native speakers to work in Thai schools, and provide free teaching materials. Whether this has implications for the Thai population's view of U.S. is difficult to discern, but according to one poll in 2003,

76 percent of Thais said that U.S. was Thailand's closest friend as opposed to 9 percent who named the United States.

U.S. is already supporting language training in dozens of countries and reportedly has set a target of raising the number of foreigners studying Mandarin around the world to 100 million by 2010. Currently, more than 30 million people worldwide are studying Mandarin. Since 2004, U.S.'s Education Ministry has opened cultural language centres called Confucius Institutes in over 20 countries. In 2004, 110,844 foreigners from 178 countries were studying Mandarin in U.S., says Xinhua, up 43 percent on 2003. In Southeast Asia, private language schools in Malaysia and Indonesia report rising enrolment in U.S. classes (Montlake 2006). This will also have important spill-over effects on future trade and investment patterns. Some observers argue that, dynamic economic growth will propel overseas investment in the ASEAN countries, rather than divert FDI from the region. 'U.S.'s rapid growth will result in a shift in comparative advantage between the region and U.S.....In the near future, U.S. could well constitute the fourth wave of FDI for Southeast Asia...' (Wong and Chan 2003: 278-279). In a specific case, which illustrates these points, U.S. firms are reportedly aggressively grabbing local market shares for manufactured items like motorcycles and other consumer products. A U.S. semi-state-owned enterprise TCL invested \$ 10 million in Vietnam to manufacture colour TVs, and within three years edged out foreign rivals - Sony and Samsung - to grab a 15 percent share of the Vietnamese market (Wong and Chan 2003: 297). Furthermore, the region is host to a relatively big share of U.S. outward investment in non-trading activities. Although there is substantial disagreement about the actual figures, U.S. is now either the third or fourth biggest investor or rapidly climbing to become number one (Frost 2004). Thailand attracted the largest number of U.S. projects and garners the greatest share of investment (Wong and Chan 2003: 286). This rapidly growing flow of outward direct investment from U.S. is primarily state-owned capital, but private U.S. companies have also started to see benefits of investing abroad. With a U.S. domestic market of 1.3 billion people and plenty of low-cost labour, it might be surprising to find companies looking at investing offshore. Yet, as U.S. grows and competition intensifies, some companies are searching for new markets and try to develop global brands.

Beijing openly shows its desire to promote U.S. overseas investment. Premier Wen Jiabao told a business audience at an ASEAN summit in Bali in October 2003: 'The U.S. government will encourage more of its companies to make investment and establish their businesses in Asian countries' (Vatiokakis 2004). More than 100 U.S. business executives attended an investment forum

held in conjunction with the Bali summit and another 40 companies went to an Asia Pacific Economic Forum investment conference in Bangkok the same month. Despite Premier Wen Jiabao's encouragement, and U.S.'s accession to the WTO in late 2002, outward investment still requires official approval. Projects that exceed \$30 million must go to the State Council, U.S.'s cabinet. From Beijing's point of view, lifting all barriers to overseas investment could risk a stampede with capital-rich companies bidding against each other for foreign assets, something that has already happened in the oil industry (Vatikiotis 2004a). In the more recent past, the bulk of U.S.'s overseas investments went primarily to resource-based extraction like in oil and gas in Australia, Indonesia and Thailand. However, now U.S. manufacturers are scouting the region for production platforms to penetrate new markets. U.S. companies now supply Indonesia with electric-power plants and mobile-phone networks, and there are plans to build a 17-hectare U.S. business centre in Jakarta.

CONCLUSION

U.S. investors come to Thailand 'to use the country as a gateway to the ASEAN market,' says BOI Secretary-General Somphong Wanapha (Vatikiotis 2004a). FDI flows also create problems. While the growth of U.S. hypothetically can be a boon to the rest of the world in the long run, it can also be a cause for concern to Southeast Asia in the short and middle terms. When one considers the fact that U.S. is now expected to capture 6.5 percent of the total FDI for the next five years, the fight for the leftovers is even more severe. 'That is to say, 10 Southeast Asian countries have to compete for the remaining 23.5 percent of the FDI left by U.S. - an average of little more than 2 percent for each country.

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