

THE ECONOMIC AND STRATEGIC
RISE OF CHINA AND INDIA
ASIAN REALIGNMENTS AFTER THE 1997
FINANCIAL CRISIS

David B.H. Denoon

palgrave
macmillan

CONTENTS

List of Figures	vii
List of Tables	ix
Preface	xi
Acknowledgments	xv
Abbreviations	xvii
1 Overview	1
The Context	1
The East Asian Financial Crisis: Passing Storm or Transforming Event?	4
The Economic Dilemma	6
The Central Argument: The Rise of the Continental Powers	15
Why Are China and India So Critical?	16
The Impact of the 1997 Financial Crisis on Regional and Global Institutions	18
The Strategic impact of the 1997 Crisis	22
The Structure of This Book and Its Intellectual Roots	27
In Sum	32
2 Why Was the 1997 Crisis So Severe?	33
Introduction	33
Why Was the Recovery So Prolonged, and Why "Was There a Double-Dip Recession Rather Than a "Normal Recovery"?"	49
Why Is There No Satisfactory "Single Explanation" for the Difficulties That East Asia Faced in Recovering from the 1997 Events?	56

3	Is the Current Recovery Sustainable?	59
	Introduction	59
	The Current Macro Picture	59
	The Major Economies	64
	The Midsize Economies •	73
	Conclusion	78
4	The Mixed Record on Political and Economic Integration in East Asia	79
	Introduction	79
	East Asia's Record on Economic and Political Integration	80
	What Are the Main Divisions within East Asia That Make Cooperation Difficult?	81
	Why Has Economic Integration Made the Most Progress?	85
	Why Has the Performance of Asian Regional Organizations Been So Limited?	87
	Since World War II, Outside Powers Have Primarily Provided Major Asian Security Guarantees	97
	Conclusion	97
•5	Strategic Realignments in Asia	103
	The Setting •	103
	Aspects of Asian Security	104
	Recent Developments , .	109
	Seeds of Realignment	115
	New Patterns Emerging	125
6	U.S. Policy and Asian Realignments	129
	The Debate over U.S. Global Strategy	129
	Bush Administration Policy in Asia	137
	Setting Priorities in Asia •	142
	Plausible Directions for Asian Players	151
	Impact of the 2006 Congressional Elections	154
	Conclusion	155
	Notes	157
	Bibliography	187
	Index	205