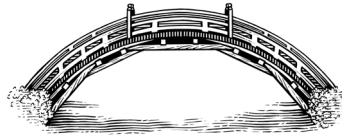


ROUNDTABLE

Diplomacy and Ambiguity:
Constructing Interests in Cooperation



Wesley Widmaier et al.

Lorraine Elliott

Mathew Davies

Natasha Hamilton-Hart

Wenting He and Wesley Widmaier

Beverly Loke and Ralf Emmers

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Introduction: Diplomacy and Ambiguity—Constructing Interests in Cooperation

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“Diplomacy requires constant adjustment to changing circumstance; it must leave a margin for the unexpected; the unpredictable is what always happens in foreign affairs. Nuance, flexibility, and sometimes ambiguity are the tools of diplomacy.” ~ Henry Kissinger¹

Scholars and practitioners of Asian diplomacy are well acquainted with notions of “constructive ambiguity,” a concept associated most prominently with U.S. secretary of state Henry Kissinger. Indeed, Kissinger’s use of ambiguous language—capable of being interpreted in a range of fashions—enabled what was arguably the most important geopolitical shift of the past half-century.² Specifically, the 1972 Shanghai Communiqué, issued by the governments of the United States and the People’s Republic of

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
¹ Henry Kissinger, *The White House Years* (New York: Simon and Schuster, 1979), 940.

² For a baseline definition of ambiguity as permitting interpretation variation, see Jacqueline Best, “Ambiguity, Uncertainty, and Risk: Rethinking Indeterminacy,” *International Political Sociology* 2, no. 4 (2008): 356.

China (PRC), saw the United States affirm “that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China.”³ By expressing U.S. views in this fashion, Kissinger elided disagreements over who might govern the “one China” and enabled the United States and the PRC to establish a de facto partnership opposing Soviet influence in Asia. This ambiguity also served to instill a degree of caution in the PRC and Taiwanese governments, leaving U.S. policy regarding any conflict opaque. Even as Kissinger should be faulted for pursuing an amoral realism in regional contexts, his pragmatic courting of interpretive “slack” enabled an era of geopolitical stability.

Indeed, one might argue more broadly that key elements of the wider rules-based international order that arose after World War II were themselves based in a pragmatic acceptance of ambiguity, as such ambiguity might ease the process of responding to shifts in security and economic “fundamentals.” For example, in place of the classical gold standard that had exacerbated deflationary pressures over the interwar decades, the fixed exchange rates of the Keynesian Bretton Woods framework had a normative component, reflecting a shared commitment to cooperation in pursuit of increased demand and growth. Even where it was recognized that a “fundamental disequilibrium” might compel devaluation, this criterion itself remained ambiguous, providing policymakers a zone of discretion in efforts to maintain growth.⁴ In this way, policymakers sought less to eliminate ambiguities than to manage them in ways that could buffer security or economic pressures.

Nevertheless, such possibilities for the use of constructive ambiguity have been increasingly overlooked in recent decades. Rather than manage ambiguities, policymakers have sought to promote clarity and transparency in a way that can limit or eliminate the scope for interpretive nuance.⁵ Consider the change in approach to U.S.-China relations from Kissinger to President Joe Biden as the Biden administration has moved away

³ “Joint Statement Following Discussions with Leaders of the People’s Republic of China,” February 27, 1972, in *Foreign Relations of the United States, 1969–1976, Volume XVIII, China, 1969–1972*, U.S. Department of State, Office of the Historian  <https://history.state.gov/historicaldocuments/frus1969-76v17/d203>.

⁴ For a broader discussion of transparency, clarity, uncertainty, and ambiguity, see Jacqueline Best, *The Limits of Transparency: Ambiguity and the History of International Finance* (Ithaca: Cornell University Press, 2005).

⁵ On such trends in the post-Cold War setting, see Wesley W. Widmaier and Luke Glanville, “The Benefits of Norm Ambiguity: Constructing the Responsibility to Protect across Rwanda, Iraq and Libya,” *Contemporary Politics* 21, no. 4 (2015): 367–83; Michael Byers “Still Agreeing to Disagree: International Security and Constructive Ambiguity,” *Journal on the Use of Force and International Law* 8, no. 1 (2021): 91–114; and Best, “Ambiguity, Uncertainty, and Risk.”

from long-standing ambiguity regarding U.S. intervention in a potential cross-strait conflict to a policy marked by increasingly clear alignment with Taiwan.⁶ The absence of ambiguity and uncertainty may lead to misplaced certainties and excessive risk-taking, making conflict more likely. Likewise, post-Cold War economic policymakers have seen transparency as the key to market stability. For example, former U.S. Federal Reserve chair Alan Greenspan recalled that the postwar Federal Reserve had “sought to foster highly liquid debt markets through the use of what we called constructive ambiguity,” on the grounds that “markets uncertain as to the direction of interest rates would create a desired large buffer of both bids and offers.”⁷ Departing from that view by the early 1990s, however, Greenspan argued that clarity would enable “market participants...to anticipate the Federal Reserve’s future moves...[thereby] stabilizing the debt markets.”⁸ Such expectations would, of course, be set back by the 2007–9 global financial crisis, demonstrating the risks that misplaced market and policy certainty might fuel contagion and self-reinforcing crisis.

To be sure, none of this is to suggest that there are not conditions under which clarity may have advantages. Indeed, as Jacqueline Best has noted, “too much ambiguity can be destabilizing,” given that there is no exogenous or definitive strategy that can be developed in managing ambiguity.⁹ However, we suggest in this *Asia Policy* roundtable that the pendulum may have swung too far in the direction of precision, obscuring key benefits of ambiguity as a source of policy legitimacy and flexibility. There are occasions in which diplomatic agents might exploit a constructive ambiguity—defined by Michael Byers as entailing “the deliberate use of ambiguous language in order to achieve agreement”—to expand the scope for cooperation across institutional and domestic settings.¹⁰ Ambiguity may even have a broader applicability in the context of institutional design. Best observes that “one of the best strategies for managing ambiguity is to incorporate it directly into governance strategies by encouraging greater institutional flexibility, political negotiability, and discursive self-reflexivity.”¹¹

⁶ Michael Crowley, “Biden Backs Taiwan, but Some Call for a Clearer Warning to China,” *New York Times*, April 9, 2021 ~ <https://www.nytimes.com/2021/04/08/us/politics/biden-china-taiwan.html>.

⁷ Alan Greenspan, *The Age of Turbulence: Adventures in a New World* (New York: Penguin, 2008), 151. Consider the early post-Cold War optimism regarding the ostensibly liberal rules-based international order.

⁸ *Ibid.*

⁹ Best, *The Limits of Transparency*, 7.

¹⁰ Byers “Still Agreeing to Disagree,” 93.

¹¹ Best, *The Limits of Transparency*, 8.

In this roundtable, we consider these possibilities for the use of constructive ambiguity, as agents employ language to enable policy consensus and flexibility across great-power, institutional, and domestic policy contexts. In this capstone essay, we briefly highlight the ongoing extent of analytic consensus on the merits of transparency and clarity before positing the conditions under which different types of ambiguity—principled or cognitive—can enable stability or instability. We finally offer a brief overview of the claims advanced across this roundtable.

From Clarity to Varieties of Ambiguity

Over a range of ostensibly distinct theoretical perspectives, ambiguity in recent years has often been considered detrimental to international cooperation, stability, and policy effectiveness. Instead, scholars from various perspectives have broadly cast clarity, defined as entailing the explicit definition of standards and sanctions for behavior, as a source of these desirable conditions. For example, realists stress the need for hegemonic states, in pursuit of the “hegemonic socialization” or “soft coercion” of rivals, to clarify “a set of normative principles” to construct “an order conducive to its interests.”¹² Likewise, from a more liberal vantage, scholars highlight the importance of a legalization process driven by domestic entrepreneurs that “unambiguously define the conduct” that rules “require, authorize, or proscribe.”¹³ Indeed, the canonical definition of an international regime offered by Stephen Krasner highlights the importance of mutually consistent “principles, norms, rules, and decision-making procedures” in enabling stability over time.¹⁴ Finally, such developments might be viewed in terms of a constructivist “norm life cycle” driven by entrepreneurs that institutionalize norms—or “standards for the appropriate behavior of states”—by “clarifying what, exactly, the norm is and what constitutes violation” and identifying

¹² G. John Ikenberry and Charles A. Kupchan, “Socialization and Hegemonic Power,” *International Organization* 44, no. 3 (1990): 284; and Beth A. Simmons, Frank Dobbin, and Geoffrey Garrett, eds. “Special Symposium on International Diffusion of Liberalism,” *International Organization* 60, no. 4, special issue (2006): 781–810. More broadly, Sarah Percy argues that “legal institutionalization,” or efforts to limit ambiguity and formalize norms as laws, can inhibit adjustment in ways that accelerate norm decay.” See Sarah V. Percy, “Mercenaries: Strong Norm, Weak Law,” *International Organization* 61, no. 2 (2007): 394.

¹³ Kenneth W. Abbott et al., “The Concept of Legalization,” *International Organization* 54, no. 3 (2000): 401.

¹⁴ Stephen D. Krasner, “Structural Causes and Regime Consequences: Regimes as Intervening Variables,” in *International Regimes*, ed. Stephen D. Krasner (Ithaca: Cornell University Press, 1983), 2.

“specific... sanctions for norm breaking.”¹⁵ Despite key differences, each approach broadly stresses the contributions of clarity to the culmination of a norm life cycle, dismissing ambiguity as an impediment to norm construction. Indeed, this skepticism toward ambiguity transcends subjective attitudes toward norms, as supporters and critics alike cast ambiguity as a defect rather than an asset.¹⁶

As noted above, our point is not to disparage a focus on clarity. There exist contexts and circumstances in which precision in setting norms, rules, or expectations is likely to be beneficial. This is particularly the case where discrete cognitive uncertainties rooted in the inability to make use of all available information or to identify or communicate preferences raise the danger of miscalculation or overreactions.¹⁷ In such contexts of uncertainty based on a lack of available information, policymakers might reduce the scope for ambiguities that could lead to policy miscommunication or missteps by seeking to be as clear and transparent as possible regarding policy norms and rules. In contrast, we posit that purposeful ambiguities—rooted not merely in informational deficits or asymmetries but in the indeterminate nature of principled understandings themselves—may be less prone to clarification. Indeed, to the extent that principled understandings are often overlapping and contingent (e.g., the Shanghai Communiqué–styled tensions between conflicting views over sovereignty norms and strategic imperatives or Bretton Woods–era tensions between policy autonomy and economic openness), efforts to reduce principled commitments to clear norms and rules generate pathological or destabilizing behaviors. For example, Michael Barnett and Martha Finnemore noted in their influential discussion of institutional pathologies the danger of “insulation”: when institutional agents grow insulated from external or environmental feedback, they may “develop internal cultures and worldviews that do not promote the goals and expectations of those outside the organization who created it and whom

¹⁵ Martha Finnemore and Kathryn Sikkink, “International Norm Dynamics and Political Change,” *International Organization* 52, no. 4 (1998): 893, 896, 900.

¹⁶ To be sure, one can find realists, liberals, and constructivists who recognize the scope for ambiguity. From a realist view, Kissinger coined the term “constructive ambiguity.” See Aharon S. Klieman, *Constructive Ambiguity in Middle East Peace-Making* (Tel Aviv: Tami Steinmetz Center for Peace Research, 1999). From a liberal view, James Mahoney and Kathleen Thelen cast ambiguity as pertaining to situations “subject to interpretation, debate, and contestation.” See James Mahoney and Kathleen Thelen, “A Theory of Gradual Institutional Change,” in *Explaining Institutional Change: Ambiguity, Agency and Power*, ed. James Mahoney and Kathleen Thelen (Cambridge: Cambridge University Press 2010), 11. For other liberal views, see George Downs and David M. Roque, *Optimal Imperfection? Domestic Uncertainty and Institutions in International Relations* (Princeton: Princeton University Press, 1997). For constructivist views, see Best, *The Limits of Transparency*; and Percy, “Mercenaries.”

¹⁷ Best, *The Limits of Transparency*, 3–4.

it serves.”¹⁸ Such pathologies can be seen as a reflection of attempts to reduce ambiguous, principled compromises to unambiguous, technocratic rules in ways that serve narrow concerns for policy clarity. At the same time, this may well jeopardize larger concerns for policy legitimacy or effectiveness in ways that may exacerbate crisis and conflict.¹⁹

Across this set of essays, we accordingly engage debates over the scope for the use of constructive ambiguity in efforts to promote stability and cooperation and the countervailing ways in which ambiguity can impede policy clarity, stability, and cooperation.

Speaking first to the scope for ambiguity across global and regional cooperation, Lorraine Elliott argues in “Ambiguity and Decarbonization Pathways in Southeast Asia” that a constructive use of ambiguity in diplomatic and negotiating contexts, related to climate change in the case study here, may be in tension with expected policy outcomes. She suggests that while there can be strategic value in ambiguity when facing the challenges of a world of ostensible “certainties,” because such ambiguity can account for diverse interests and capacities and permit a flexible interpretation of rules and targets that can allow for varied interests and capacities, such flexibility can also weaken policy ambition. Her essay applies these insights to a study of decarbonization pathways in Southeast Asia, a region that has significant negative exposure to climate impacts and associated economic consequences and that continues to be highly dependent on fossil fuels. Using the example of energy transitions—a key focus for decarbonization in the region—Elliott shows how constructive ambiguities in the 2015 Paris Agreement and in the nationally determined contributions of the members states of the Association of Southeast Asian Nations (ASEAN) under that agreement have resulted in ambiguities that are potentially less helpful. She explores this in the context of policy ambiguity as it applies to mitigation targets, clarity of measurement and reporting, and the social justice outcomes expected in so-called just energy transitions.

Examining the scope for ambiguity as a source of stability, Mathew Davies argues in his essay “ASEAN and Ambiguity” that ambiguity is essentially hardwired into ASEAN’s institutional genesis and evolution. While Davies argues that institutional reform within ASEAN has recently

¹⁸ Michael N. Barnett and Martha Finnemore, “The Politics, Power, and Pathologies of International Organizations,” *International Organization* 53, no. 4 (1999): 722.

¹⁹ Best notes that the “least successful regimes will be those that underestimate the force of ambiguity, treating it as a purely technical problem that can be eliminated once and for all—rather than managed on an ongoing basis.” Best, *The Limits of Transparency*, 8.

seen increasing detail and specification, and so a reduction of ambiguity of purpose, he argues further that ASEAN's peculiar diplomatic culture has permitted seemingly specific documents to support ongoing ambiguity of meaning. Tracing these differing forms of ambiguity in the history of ASEAN, Davies more broadly explores their consequences, arguing that while both forms of ambiguity have enabled ASEAN's endurance and pacifying effect on regional affairs, they have also enabled institutional overreach and reinforced the incentives to develop more functionally effective cooperation. Here, ambiguities have both positive and problematic consequences depending on the issue being raised and the questions being asked.

In her essay "The Ambiguous Architecture of Economic Integration in East Asia," Natasha Hamilton-Hart juxtaposes the architecture of cross-border business ties and business-government relationships against the regional integration architecture created through intergovernmental cooperation, which is often sustained by the flexibility ambiguity provides. Many of East Asia's trade arrangements, in terms of both formal agreements and informal networks, depend on some degree of ambiguity for their existence and for the eventual advancement of domestic regulatory reforms and market liberalization. Hamilton-Hart further suggests that in the current context of U.S.-China tensions, the United States has sought to eliminate areas of ambiguity and flexibility in its array of export controls and policies meant to hamper Chinese acquisition of advanced technology and "de-risk" its exposure to China. To the extent that the injection of new security logic has created pressures for decoupling, a new level of uncertainty has been potentially introduced in state policies, raising the question of whether institutions that evolved to manage supply chain relationships and production risks can adapt to the new context.

Situating recent setbacks to U.S.-China relations in the context of more enduring economic and environmental cooperation, Wenting He and Wesley Widmaier examine in their essay "Ambiguity and National Interests: Foreign Policy Frames and U.S.-China Relations" the effects of Keynesian and financial framings to highlight common interests in bilateral cooperation. While noting that the Biden administration has continued the Trump administration's hard line toward China, He and Widmaier focus on the U.S. Treasury secretary Janet Yellen's long-standing role in countering and softening such trends. Yellen supported economic and environmental cooperation in the mid-1990s debates over the Kyoto Accords and China's accession to the World Trade Organization. She again

backed economic cooperation during the 2008 global financial crisis. Now in the Biden administration, she continues to advance a strategic trade policy while attempting to avoid a deeper decoupling. In this way, He and Widmaier stress the ambiguity of the ideas that shape interests in conflict or cooperation. Although not denying that real issues divide the two superpowers, they suggest that a Yellen-styled pragmatism may provide a foundation for mature U.S.-China cooperation in realizing mutual policy gains.

Focusing on the regional context, as well as its implications for great-power rivalry, Beverley Loke and Ralf Emmers juxtapose multilateral venues for regional countries to exchange strategic perspectives in their essay “U.S.-China Great-Power Politics and Strategic Ambiguities in an Evolving Indo-Pacific Security Architecture.” They focus in particular on ASEAN and its associated forums, such as the East Asia Summit, in contrast with the more exclusive minilateral arrangements driven by U.S.-China great-power politics. China’s influence-building measures include the Belt and Road Initiative, the Xiangshan Forum, and, more recently, the Global Security Initiative. U.S.-led minilaterals include, among others, the Quad (that brings together Australia, India, Japan, and the United States) and AUKUS (a trilateral security pact signed by Australia, the United Kingdom, and the United States in September 2021). Loke and Emmers suggest that the rise of minilateralism has added ambiguity to Asian architectures at the level of embedded regional alignments. Institutions such as the East Asia Summit are structured around the notion of ASEAN centrality in regional order-building and impartiality in the great-power competition, and they seek to institutionalize regional relations through inclusivity and by promoting diplomatic rules of engagement acceptable to all. In contrast, the Quad and AUKUS are arrangements that openly exclude China and seek to balance its rising power. Noting that this contrast may seem counterintuitive, Loke and Emmers suggest that constructive ambiguity in the regional architecture can help maintain stability, especially in light of intensifying U.S.-China hegemonic ordering, by limiting the potential “hardening” of alignments that risk cementing “us/them” binaries and heightening regional instabilities. Developing these insights, Loke and Emmers suggest that inclusive and exclusive approaches to security cooperation are not mutually exclusive, as they enable flexibility and fluidity in regional alignments.

Focusing specifically on China’s engagement with multilateral institutions, Susan Park argues in her essay “Meeting in the Middle?”

Multilateral Development Finance, China, and Norm Harmonization” the ways in which—U.S.-China tensions aside—China can be seen as pursuing a policy of “norm harmonization.” While in the 1990s China was viewed as a novice “norm-taker” that needed to be socialized into the international system, China today is influencing international norms within multilateral institutions, through both internal and indirect external pressure, that may fundamentally reshape how finance, trade, development, and energy policy are practiced, thereby shifting from the role of norm-taker to norm-maker. Park addresses the ways in which China is reshaping multilateral development finance, traditionally the purview of Western-led institutions and groupings, and examines the institutions promoted by China to pursue an international development agenda. She argues that although China is a significant force in international development, it may not necessarily seek to challenge all multilateral development norms. In areas such as climate change mitigation and environmental protection, China is increasingly engaging with existing development norms and actors. Park suggests that this new role for China as an international development lender makes possible the exercise of ambiguity in efforts to find a “middle way” in reconciling and harmonizing multilateral development finance norms.

Taken together, these essays highlight the ways ambiguity is less an impediment to the establishment of institutions that advance common interests than a means to construct common interests themselves. Viewed pragmatically, one might argue that anarchy is what diplomats make of it.²⁰ ◆

²⁰ We are paraphrasing Alexander Wendt’s well-known article here. See Alexander Wendt, “Anarchy Is What States Make of It: The Social Construction of Power Politics,” *International Organization* 46, no. 2 (1992): 391–425.

Ambiguity and Decarbonization Pathways in Southeast Asia

Lorraine Elliott

In a 2023 keynote address on Southeast Asian energy transitions, Asian Development Bank vice president Ahmed Saeed argued that the complexity of climate change mitigation and adaptation would require the region to become “comfortable with uncertainty and ambiguity.”¹ This essay examines what that uncertainty and ambiguity looks like as members of the Association of Southeast Asian Nations (ASEAN) commit to transition to low-carbon economies under the provisions of the 2015 Paris Agreement that was adopted under the auspices of the UN Framework Convention on Climate Change (UNFCCC). While the “plurality of meanings” that created space for “more than one interpretation”²—i.e., constructive ambiguity—was strategically important for reaching international consensus on the Paris Agreement, it has at times proved counterproductive in the determination and governance of decarbonization modalities across ASEAN. As this essay will demonstrate, decarbonization ambiguity in Southeast Asia can be characterized as “the type of uncertainty that emerges from complexity,”³ in this case the bio-physical complexity of climate systems and the technological, social, and economic complexities and uncertainties of climate mitigation pathways and outcomes. Constructive ambiguity as a diplomatic strategy and possible governance modality is implicated in pathway and outcome ambiguities. This runs the risk of sending conflicting messages to both public- and private-sector stakeholders that can result in risk-averse responses, ineffective policy measures, or even policy paralysis in the face of complexity and uncertainty.⁴

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¹ Ahmed M. Saeed, “Ministerial Dialogue on Regional Energy Transition Outlooks: Southeast Asia Energy Transitions” (keynote address at the IRENA Assembly, Abu Dhabi, January 15, 2023) ~ <https://www.adb.org/news/speeches/ministerial-dialogue-regional-energy-transition-outlooks-southeast-asia-energy-transitions-ahmed-saeed>.

² Jacqueline Best, “Bureaucratic Ambiguity,” *Economy and Society* 41, no. 1 (2012): 88.

³ Zora Kovacic and Louisa Jane Di Felice, “Complexity, Uncertainty and Ambiguity: Implications for European Union Energy Governance,” *Energy Research and Social Science* 53 (2019): 159.

⁴ For more on the problems of ineffective policy and policy paralysis when confronted with ambiguity, see *ibid.*

Constructive Ambiguity in the Climate Governance Context

Under the Paris Agreement, parties committed, in principle, to ambitious efforts to keep global average temperatures “well below” 2°C degrees above pre-industrial levels with the hope of limiting this to 1.5°C.⁵ In pursuit of that goal, Article 4 of the agreement calls for a “global peaking” of greenhouse gas emissions as soon as possible and a “balance between anthropogenic emissions...and removals” in the second half of this century, a goal that is usually referred to as “net-zero.”⁶ Several provisions in the Paris Agreement are deliberately or strategically ambiguous on how that ambition—itsself a conceptually elusive term—might be operationalized and governed. This is relevant, for example, to Article 4 on whether a weakening or rollback of individual country mitigation commitments is permissible (though most commentators suggest that it is not),⁷ Article 6 on environmental integrity and voluntary cooperation on non-market approaches to internationally transferred mitigation outcomes,⁸ Article 9.1 on climate finance,⁹ and to the more general UNFCCC provisions on loss and damage.¹⁰

Aysha Fleming and Mark Howden make the case for embracing this kind of ambiguity, seeing value in “multiple knowledge spheres and the legitimacy of different values” that can, in a climate governance context, lead to new and multiple ways of acting.¹¹ Others are not so sure. Florian Rabitz et al. worry that ambiguous technologies—those for which there is a lack of clarity about whether they generate transboundary environmental harm or provide capacities for managing environmental risk—will be implicated in governance indeterminacy and institutional drift, which could in turn result

⁵ United Nations, “Paris Agreement,” December 12, 2015, Article 2, 4 ≈ https://unfccc.int/sites/default/files/english_paris_agreement.pdf.

⁶ *Ibid.*, Article 4, 4.

⁷ Noah M. Sachs, “The Paris Agreement in the 2020s,” *Ecology Law Quarterly* 46, no. 3 (2019): 865–910.

⁸ Asian Development Bank, *Decoding Article 6 of the Paris Agreement* (Manila: Asian Development Bank, 2018).

⁹ Charmi Mehta, “Re-imagining Climate Finance,” Observer Research Foundation, September 2022; and Legal Response International, “Interpretation of Article 9.1, Paris Agreement,” September 2, 2019 ≈ <https://legalresponse.org/legaladvice/interpretation-of-article-9-1-paris-agreement>.

¹⁰ Lisa Vanhala, “Putting the Constructive Ambiguity of Climate Change Loss and Damage into Practice: The Early Work of the UNFCCC WIM ExCom,” *Review of European, Comparative & International Environmental Law* 32, no. 2 (2023): 1–11 ≈ <https://onlinelibrary.wiley.com/doi/epdf/10.1111/reel.12508>.

¹¹ Aysha Fleming and S.M. Howden, “Ambiguity: A New Way of Thinking about Responses to Climate Change,” *Science of the Total Environment* 571 (2016): 1272, 1273.

in political inaction and negligence.¹² Vegard Tørstad and Vegard Wiborg's deep dive into parties' mitigation commitments suggests that "ambiguity leads to lower [mitigation] ambition,"¹³ and David Ciple et al. argue that the "ambiguity of how climate finance norms have been institutionalized" has weakened accountability mechanisms.¹⁴ Michael Mehling is even more blunt: the extent of "sparsely worded and...undefined or vague concepts" in the Paris Agreement is, he argues, simply "not helpful."¹⁵

The Paris Rulebook: Governing Ambiguity

Guidelines for implementing the Paris Agreement mitigation goals are included in the so-called Paris Rulebook adopted at the 24th UNFCCC Conference of the Parties in Katowice in 2018, a bureaucratic process that can be read as akin to Best's "ambiguity-reducing machine."¹⁶ One of the Paris Agreement's key modalities is the nationally determined contribution (NDC), which requires parties to communicate their post-2020 climate commitments, including the reduction of greenhouse gas emissions, on a rolling five-year cycle. The Paris Rulebook calls for NDCs to include the level of information necessary for clarity, transparency, and understanding, in effect, to avoid ambiguity. Governments set their own emission reduction targets and pathways for reaching them. This emphasis on voluntary, bottom-up NDCs rather than top-down, legally binding targets of the type adopted in the 1997 Kyoto Protocol was crucial to obtaining developing countries' support for the Paris Agreement even as it left specific actions still to be decided.

While neither the agreement nor the rulebook uses the concept of decarbonization, this has become the shorthand term to capture the economy-wide absolute emission reduction that is at the heart of mitigation goals. There is little formal guidance in the agreement or the rulebook on what actual steps governments should or could take to decarbonize their

¹² Florian Rabitz et al., "A Preliminary Framework for Understanding the Governance of Novel Environmental Technologies: Ambiguity, Indeterminateness and Drift," *Earth System Governance* 12, no. 1 (2022): 1–5.

¹³ Vegard Tørstad and Vegard Wiborg, "Mitigation Ambiguity and Prudence in Climate Pledges" (poster presented via Zoom at the Political Economy of International Organization program, February 2, 2021) ≈ <https://www.peio.me/peio-seminar/program-and-papers-2021>.

¹⁴ David Ciple et al., "The Transformative Capability of Transparency in Global Environmental Governance," *Global Environmental Politics* 18, no. 3 (2018): 141.

¹⁵ Michael A. Mehling, "Governing Cooperative Approaches under the Paris Agreement," *Ecology Law Quarterly* 46, no. 3 (2019): 794–95.

¹⁶ Best, "Bureaucratic Ambiguity," 91.

economies, except that such efforts will account for national circumstances and capacities, themselves concepts that leave much open to interpretation. Various studies have demonstrated how this lack of common rules implicates ambiguity across sectors that are crucial to reducing emissions: land-based activities,¹⁷ agriculture,¹⁸ maritime decarbonization,¹⁹ non-CO₂ emissions,²⁰ and residual emissions (those that are hard to abate and that will need to be compensated for with carbon removal).²¹

Southeast Asia

Southeast Asia is an important region for responding to climate change and developing robust decarbonization pathways. Countries in the region are highly vulnerable to the direct impacts of climate change such as extreme weather events, floods, drought, sea level rises, and degradation of coastal, riverine, and terrestrial ecosystems. This vulnerability is a function of continuing dependence on resource-based sectors, such as agriculture, in both formal and informal economies and high levels of reliance on economic activities that are concentrated in coastal regions. The socioeconomic and human impacts are experienced variously through poverty, food insecurity (including an anticipated decline in rice production), increased health burdens, disruption to seasonal and resource-based employment, exposure to disaster events, and forced displacement.²²

All ten ASEAN member states are signatories to the UNFCCC and the Paris Agreement. They recognize climate change as a “fundamental risk” that requires them to take immediate action to mitigate its impacts, including through developing and implementing decarbonization measures that will, among other things, “transform energy systems away from carbon-intensive

¹⁷ Claire L. Fyson and M.L. Jeffery, “Ambiguity in the Land Use Component of Mitigation Contributions towards the Paris Agreement Goals,” *Earth’s Future* 7 (2019): 873–91.

¹⁸ Peter Newell, Olivia Taylor, and Charles Touni, “Governing Food and Agriculture in a Warming World,” *Global Environmental Politics* 18, no. 2 (2018): 53–71.

¹⁹ “LR launches ‘Zero Ready Framework’ for Vessels Operating on Zero Carbon Fuels,” Lloyds Register, Press Release, November 10, 2022 ≈ <https://www.lr.org/en/about-us/press-room/press-release/lr-launches-zero-ready-framework-for-vessels-operating-on-zero-carbon-fuels>.

²⁰ Mathijs Harmsen et al., “Uncertainty in Non-CO₂ Greenhouse Gas Emissions Mitigation Contributes to Ambiguity in Global Climate Feasibility,” *Nature Communications* (2023) 14, no. 2949 (2023): 1–14.

²¹ Holly Jean Buck et al., “Why Residual Emissions Matter Right Now,” *Nature Climate Change* 13 (2023): 351–59.

²² Christian Hübner, Keo Piseth, and Pheap Chakriya, eds., “ASEAN Climate Change Response,” Asian Vision Institute and Konrad-Adenauer-Stiftung, June 2022, 9–11.

to cleaner energy.”²³ They also acknowledge that this will be a “daunting task,”²⁴ given ambiguity across the region on whether mitigation should be seen as “largely a technical and financial issue” or “an issue of economic and social development.”²⁵ Indeed, as Sharon Seah et al. point out, deliberations have revealed a “lack of common language [among officials] to describe decarbonization.”²⁶ Countries face infrastructure limitations, constraints on private investment and public funding, and challenges associated with issues as diverse as rural electrification and decarbonizing supply chains. The region has historically been a low contributor to global greenhouse gas emissions in absolute terms, but both net and per capita emissions have been on the rise and are expected to continue to increase. Emissions contributions vary across countries and sectors, but fossil fuel combustion and land use, land-use change, and forestry (known as LULUCF in the climate change lexicon) are the major sources.

The ASEAN member states are clear that, in addition to national-level action, decarbonization will require continued and enhanced cross-sectoral and intraregional coordination and improved collaboration on innovation, sustainable infrastructure, and socially responsible investment. At the regional level, ASEAN now has a working group on climate change, has established the ASEAN Climate Change Initiative and the ASEAN Climate Resilience Network (focused on climate-smart and sustainable agriculture), has institutionalized the ASEAN Centre for Energy, and has promised to establish an ASEAN Centre for Climate Change. It has adopted an ASEAN state of climate change report process, produced a Plan of Action for Energy Cooperation, and tabled joint statements at UNFCCC conferences of parties. Taken together, this suite of activities, practices, and promises might be considered the inchoate outline of a regional decarbonization regime. Yet, the core of this regime is hortatory and aspirational, and, as Sharon Seah and Melinda Martinus observe, it is characterized by gaps, ambivalence, and lack of clarity.²⁷

²³ ASEAN, “ASEAN Comprehensive Recovery Framework,” November 2020, 38  https://asean.org/wp-content/uploads/2020/11/2-FINAL-ACRF_adopted-37th-ASEAN-Summit_12112020.pdf.

²⁴ ASEAN, *ASEAN State of Climate Change Report: Current Status and Outlook of the ASEAN Region toward the ASEAN Climate Vision in 2050* (Jakarta: ASEAN Secretariat, 2021).

²⁵ *Ibid.*, 114.

²⁶ Sharon Seah et al., *Planning Southeast Asia’s Decarbonisation Pathways: Insights for Policy-making* (Singapore: ISEAS–Yusof Ishak Institute, 2023), 15.

²⁷ Sharon Seah and Melinda Martinus, *Gaps and Opportunities in ASEAN’s Climate Governance* (Singapore: ISEAS Publishing, 2021).

All ASEAN members have submitted their first full NDCs to the UNFCCC Secretariat in which they define their individual mitigation targets and actions to be taken domestically to achieve those outcomes. Only three, however—Indonesia, Singapore, and Thailand—have so far submitted a long-term, low-emission development strategy under the provisions of Article 4.19 of the Paris Agreement. In line with the constructive ambiguity of the agreement that leaves targets and actions up to individual countries, there is no one-size-fits-all approach for ASEAN countries to the decarbonization of their economies. Despite individual and collective ambitions to move to lower-carbon economies, the decarbonization regime in Southeast Asia is characterized by ambiguous goals, targets, and implementation strategies, which means, as Håkon Sælen points out, that “translating them into emissions [reductions] is no trivial task.”²⁸ In their NDCs, most ASEAN members (with the exception of Brunei, Malaysia, Singapore, and Vietnam) have articulated conditional and unconditional targets, the former describing more ambitious targets that can only be achieved with international assistance and the latter outlining lower targets based on domestic policy opportunities and financial resources. Most have set 2030 as the deadline for achieving their current mitigation targets, with emissions reductions to be measured either against baseline years or against a business-as-usual scenario.

While all NDCs reflect efforts to develop economy-wide approaches to decarbonization, only Brunei, Indonesia, and Vietnam have included specific sectoral targets for non-greenhouse gas emissions “such as the share of renewable energy in power installation...clean cooking, access, forest cover, or other mitigation actions.”²⁹ There is also considerable variation across ASEAN countries in their coverage of greenhouse gases. Monika Merdekawati et al. report that while all NDCs cover CO₂ and most address nitrous oxide and methane, there is much less attention to key fluorinated gases which, though they constitute only a small proportion of existing regional emissions, are highly polluting and likely to increase.³⁰

Most governments in the region have couched their emissions abatement ambition in the context of net-zero goals, but some have preferred to approach this through the lens of carbon neutrality. While net-zero is

²⁸ Håkon Sælen, “Under What Conditions Will the Paris Process Produce a Cycle of Increasing Ambition Sufficient to Reach the 2°C Goal?” *Global Environmental Politics* 29, no. 2 (2020): 88.

²⁹ Monika Merdekawati et al., “ASEAN Climate Action: A Review of Nationally Determined Contribution Submissions towards CoP26,” ASEAN, Policy Brief, no. 7, November 2021, 3.

³⁰ *Ibid.*, 4.

argued to be more robust in both definition and guidance, and is the approach preferred within the UNFCCC regime, both it and the concept of carbon neutrality come with uncertainties over their exact meaning in practice. In general terms, though, carbon neutrality permits the use of offsets to compensate for continuing emissions, an approach generally considered less effective for managing mitigation. Net-zero, on the other hand, requires emitters to reduce emissions, including indirect emissions, to as close to zero as possible, only then deploying offsets or other practices to compensate for residual emissions. Taking energy transitions as an example, this essay turns now to explore the kind of ambiguities—in policy, data, and social justice outcomes—that arise as governments seek to meet their targets.

Energy Transitions

Managing the energy sector is key to decarbonization in Southeast Asia where countries, particularly the developing country members of ASEAN, are challenged to manage the trade-offs between energy poverty, energy security, and climate change mitigation. Almost 80% of the region's primary energy mix comes from fossil fuels, with coal-fired power plants alone accounting for more than 40% of the region's power generation.³¹ Energy demand across Southeast Asia is forecast to increase by as much as 66% by 2040. The International Energy Agency calculates that under current policies, 75% of that increase in demand will be met by fossil fuels, pointing to a key ambiguity at the heart of energy transition and decarbonization efforts.³²

In Southeast Asia, national and intraregional decarbonization goals are characterized by a lack of clarity on the best implementation strategies for managing energy transitions. This pathway ambiguity is reflected, for example, in uncertainty about how to manage trade-offs between reductions in energy intensity and reductions in emissions intensity—the former through lowering energy demand and the latter through the expansion of renewable energy. This ambiguity is a function also of how to balance the short-term benefits of transient energy technologies that ultimately will need to be phased out against the longer-term dangers of stranded assets, especially if interim technologies continue to rely on fossil fuels. It is also

³¹ Danielle Fallin, Karen Lee, and Gregory B. Poling, "Clean Energy and Decarbonisation in Southeast Asia: Overview, Obstacles, and Opportunities," Center for Strategic and International Studies, May 2023, 1.

³² International Energy Agency, "Southeast Asia Energy Outlook 2022," Country Report, May 2022, 8
~ <https://www.iea.org/reports/southeast-asia-energy-outlook-2022>.

reflected in the associated ambiguity over whether residual emissions, which are “typically not well defined, conceptually or quantitatively,”³³ are temporary or constitute a longer-term feature of regional energy systems. As Buck et al. point out, these ambiguities run the risk of confusing publics and stakeholders and potentially “decreasing support for net-zero targets more broadly.”³⁴

In response to these governance and implementation challenges, in the second phase of their Plan of Action for Energy Cooperation, adopted in 2020, ASEAN members agreed to collective but aspirational targets for 2025 of 23% renewable energy in total primary energy supply (including imported energy) and 35% share of renewable energy in installed power capacity (noting that capacity is not the same as actual power generation).³⁵ The complexity of reaching these targets is complicated further by a commitment to a 32% reduction in energy intensity by 2025 based on 2005 levels. There has been some progress. The ASEAN Centre for Energy reports that just over 80% of the region’s new power capacity in 2020 was in renewables, mainly through an increase in solar capacity in Vietnam and hydropower capacity in Laos.³⁶ However, most studies conclude that government energy transition policies in the region lack clear timelines and have done little to address ambiguous policy and regulatory incentives, including those that continue to favor fossil fuels. Problems of policy and pathway ambiguity are compounded by technical uncertainties around data and normative uncertainties around energy justice.

Policy ambiguity. Existing energy-related policies, such as those that implement fossil fuel subsidies across the region, send unclear signals about energy transition efforts. While subsidies have been touted as a socioeconomic safety net to protect the most vulnerable against energy price fluctuations, they also run the risk of embedding fossil fuels as the cheapest form of energy and making it difficult for nonsubsidized renewable energy providers to compete.³⁷ Energy transition policies also need to account

³³ Buck et al., “Why Residual Emissions Matter Right Now,” 351.

³⁴ *Ibid.*, 357.

³⁵ ASEAN Centre for Energy, *ASEAN Plan of Action for Energy Cooperation 2016–2025: Phase II 2021–2025* (Jakarta, 2021), 2.

³⁶ See Liang Lei, “ASEAN Centre for Energy Opens ‘Sustainable Renewable Energy’ Arm to Push Bioenergy, Electric Transport,” *Eco-Business*, March 24, 2023 ≈ <https://www.eco-business.com/news/asean-centre-for-energy-opens-sustainable-renewable-energy-arm-to-push-bioenergy-electric-transport>.

³⁷ For a more detailed discussion of these ambiguities, see Abidah Setyowati, “Mitigating Inequality with Emissions? Exploring Energy Justice and Financing Transitions to Low Carbon Energy in Indonesia,” *Energy Research and Social Science* 71 (2021): 1–10.

for other types of ambiguous or uncertain outcomes. For example, two of the non-fossil fuel energy sectors that account for the highest proportion of the region's renewable energy efforts—liquid biofuels and large-scale hydropower—can have significant environmental and social consequences, including negative impacts on biodiversity and terrestrial ecosystem services, loss of soil fertility, fragmentation of riverine habitats, displacement of local communities, and diversion of land away from food crops. This ambiguity in outcomes “is not necessarily due to lack of knowledge but that one cannot predict which of the known outcomes will be realized” in the face of biophysical, social, economic, and technological complexities.³⁸ It points to the importance of better and, often, standardized data, not as an attempt to stifle institutional flexibility or impose technocratic rules but to improve governance and regulatory efforts.

Data ambiguity. Claims about net-zero outcomes and the sectoral and economy-wide emissions reduction impacts derived from energy transitions are likely to be ambiguous in the absence of coherent data that supports comparability of targets and outcomes. Data ambiguity in this context works in two interconnecting ways—uncertainty over input data and confusion over output data. As Tørstad and Wiborg summarize, this lack of clarity raises further concerns about “what global warming consequences can be...derived from emissions mitigation pledges” and what information is included in NDCs about the “implementation trajectories of...mitigation targets,” which they refer to as impact (im)precision and information (in)completeness, respectively.³⁹ Under the Paris Agreement, reporting and review requirements are being folded into an Enhanced Transparency Framework (ETF), which is designed to improve comparability, consistency, and accuracy and to avoid double counting through the use of common reporting tables. In effect, the ETF is specifically designed to address ambiguity in areas such as data gathering and presentation and stocktake assessments of individual country progress toward emissions targets. This points to the challenges of how ASEAN should manage monitoring, reporting, and verification. The governance preferences are themselves ambiguous. A reporting system that involved all ten ASEAN countries could, as the Asian Development Bank notes, “facilitate a harmonized framework for measuring and verifying emissions regionally without

³⁸ Kovacic and Di Felice, “Complexity, Uncertainty and Ambiguity,” 161.

³⁹ Tørstad and Wiborg, “Mitigation Ambiguity and Prudence in Climate Pledges,” 2.

any ambiguity,” but it could also “lead to delays in data collection and dissemination.”⁴⁰

Energy transitions and ambiguous justice. In the 2021 Bandar Seri Begawan Joint Declaration on Energy Security and Energy Transitions, the ASEAN member states committed to energy transitions that would be both inclusive and just. The concept of “just transitions,” however, points to a key problem of conceptual ambiguity in managing decarbonization pathways. The Paris Agreement adopts the approach developed by the International Labour Organization to focus on just transitions for relevant workforces and the creation of decent work and quality jobs. Yet, the concept of energy justice—or energy transition justice—takes a much broader approach to emphasize procedural, distributive, and recognition principles to ensure that the governance and implementation of decarbonization strategies can account for the distribution of social harm and benefit. The kind of justice that is required in the transition to a decarbonized economy is, as David Schlosberg summarizes, threefold: “equity in the distribution of environmental risk, recognition of the diversity of the participants and experiences in affected communities, and participation in the political processes which create and manage...policy.”⁴¹ This points to the importance of transition justice along the whole energy production, supply, and consumption chain. Questions of energy justice are often ambiguously located in regional policy and governance practices. Most of the NDCs and associated decarbonization or low-carbon transition plans do little to define social justice, equity practices, or inclusive outcomes even if, as in the case of Indonesia’s and Thailand’s NDCs, they acknowledge their importance. The risk of ambiguous social justice outcomes is heightened given the high levels of informal and vulnerable employment across the region, the gendered impacts of energy poverty, and situations in which the implementation of large-scale renewables projects can result in indigenous land loss, forest and natural landscape clearing, and impacts on local communities.⁴²

⁴⁰ Asian Development Bank and Asian Development Bank Institute, *Low-Carbon Green Growth in Asia: Policies and Practices* (Tokyo: Asian Development Bank Institute, 2013) ~ <https://www.adb.org/sites/default/files/publication/159319/adbi-low-carbon-green-growth-asia.pdf>.

⁴¹ David Schlosberg, “Reconceiving Environmental Justice: Global Movements and Political Theories,” *Environmental Politics* 13, no. 3 (2004): 528–29.

⁴² See also Sharon Seah et al., “Energy Transitions in ASEAN: COP26 Policy Report,” COP26 Universities Network and the British High Commission Singapore, November 2021 ~ https://esi.nus.edu.sg/docs/default-source/other-publication/uk-singapore-asean-cop26-energy-transitions-report.pdf?sfvrsn=d069c504_2.

Conclusion

Constructive ambiguity can have a role in policymaking and governance. The ambiguous framing of key concepts and practices in the Paris Agreement had the advantage of increasing engagement with negotiation processes and better ensuring its entry into force. While some argue that institutional ambiguity provides “room for agency and gets various actors to challenge, reconceptualise and adjust institutional arrangements,”⁴³ it is not clear that this has been the Southeast Asian experience, or at least not the dominant experience. As the constructively ambiguous provisions of the Paris Agreement have been scaled to the regional level, there are reasonable grounds for concern that the lack of clarity about how mitigation ambitions are to be operationalized and governed has constrained or even stalled progress on crucial decarbonization efforts. The ASEAN members have themselves pointed to the need for “consistent regulatory frameworks and cohesive institutional arrangements,”⁴⁴ although there is no consensus on whether or how such frameworks and arrangements could be managed as authoritative region-level practices. This study of ambiguity and decarbonization pathways in Southeast Asia suggests that clarity and transparency are not necessarily counterintuitive for accommodating complexity and difference. Indeed, they may well be essential for managing complexity and difference. To be clear, this is not about demanding standardization through the adoption of unambiguous and inflexible technocratic and institutional rules. Rather, as the ASEAN members argue, “regulatory goals and outcomes must be clear... to avoid uncertainty and inconsistency of application”⁴⁵ and to overcome “uncertainty regarding effectiveness” in terms of emission impacts and actual climate outcomes.⁴⁶ ♦

⁴³ Oscar Svensson, Jamil Khan, and Roger Hildingsson, “Studying Industrial Decarbonisation: Developing an Interdisciplinary Understanding of the Conditions for Transformation in Energy-Intensive Natural Resource-Based Industry,” *Sustainability* 12, no. 5 (2020): 11.

⁴⁴ ASEAN, *State of Climate Change Report*, 72.

⁴⁵ Ministry of Energy (Malaysia), “National Renewable Energy Policy and Action Plan,” November 17, 2008, 45 ~ <https://policy.asiapacificenergy.org/sites/default/files/NREPAP.pdf>.

⁴⁶ Ministry of Development Planning (Indonesia), *Low Carbon Development: A Paradigm Shift towards a Green Economy in Indonesia* (Jakarta, 2019), 87–88.

ASEAN and Ambiguity

Mathew Davies

Perhaps more than any other regional organization, the Association of Southeast Asian Nations (ASEAN) and ambiguity seem to go hand in hand. Since the establishment of ASEAN more than 50 years ago, it has been easy to point to the region on a map but harder to say what the organization is for, and harder still to say what it does. This essay identifies the origins, workings, and consequences of this ambiguity in Southeast Asian regionalism.

While the term ambiguity has been widely and often used in discussions of ASEAN, it has not been analyzed or dissected as its own analytical lens.¹ To address this issue, I identify two types of ambiguity in this essay—an ambiguity of purpose (i.e., What is ASEAN for?) and an ambiguity of meaning (i.e., What values does ASEAN embody, promote, and protect?). Further, whereas the term ambiguity is often deployed negatively or derisively as a trait ASEAN should be faulted for and endeavor to overcome, this essay adopts a more nuanced position. Ambiguity is a risk mitigation strategy, and it can be a positive factor for the realization of goals. Very often, it is far from being unintentional or uninformed. At least for some of ASEAN's core goals, ambiguity has been a productive and intentional strategy; removing ambiguity through specification, especially when accompanied by growing regulation, is a governance misstep. This is not to say, of course, that ambiguity is only ever positive, and this essay also identifies the ways in which it both weakens regional governance and produces significant overconfidence.

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¹ David Martin Jones and Michael Lawrence Rowan Smith, *ASEAN and East Asian International Relations: Regional Delusion* (Northampton: Edward Elgar Publishing, 2006), 56; and R. James Ferguson, "ASEAN Concord II: Policy Prospects for Participant Regional Development," *Contemporary Southeast Asia* 26, no. 3 (2004): 395. More recently, see Felix Heiduk, "Indonesia in ASEAN: Regional Leadership between Ambition and Ambiguity," *Stiftung Wissenschaft und Politik, SWP Research Papers*, 2016; and Stéphanie Martel, "From Ambiguity to Contestation: Discourse(s) of Non-traditional Security in the ASEAN Community," *Pacific Review* 30, no. 4 (2017).

The Origins and Growth of ASEAN


Meeting in Bangkok in 1967 to sign the ASEAN Declaration (also known as the Bangkok Declaration), the foreign ministers of Indonesia, Malaysia, the Philippines, Singapore, and Thailand most likely had the risks of failure uppermost in their minds. Previous attempts to establish a regional body, including the Association of Southeast Asia and MAPHILINDO, had been unsuccessful, and the five abovementioned states were dangerously vulnerable to the vagaries of domestic insurrection and global political competition.² Failure would exacerbate the insecurities, material and ontological, of the region. Yet, the foreign ministers that met in Bangkok faced daunting obstacles to success. Most fundamentally, the five countries they represented neither liked nor trusted one another, and their diplomatic relations were marred by tensions, disagreements, and overlapping sovereignty claims. At least in part, these tensions were the product of centuries of colonial rule and the resulting political dislocations and silencing that accompanied first European colonialization and then, far more briefly, the Japanese occupation of the region.

The ASEAN framework that was crafted was a response to the necessity of coexisting in similar circumstances, with similar economic and geopolitical needs, absent a common understanding, let alone mutual trust.³ In this circumstance, specificity was an obstacle to coexistence, as the disagreements, lack of knowledge, and mutual suspicions meant that any substantial goal would reveal those disagreements in unhelpful ways. No wonder, then, that the Bangkok Declaration itself was deeply ambiguous in purpose and meaning. The declaration committed the five states to no more than cooperating on a range of economic, social, and cultural measures and institutionalizing various meetings and committees.⁴

Ambiguity of both purpose and meaning is evident in the creation of ASEAN. In terms of purpose, it is not clear why ASEAN itself has to exist, as states could cooperate on the issues raised in the Bangkok Declaration

² Particularly notable here were the global Cold War setting, the threat that domestic subversion from Communism posed to authoritarian right-wing political elites, the withdrawal of the United Kingdom east of Suez, and concerns about the United States' level of willingness and ability to step up its support for Southeast Asian states.

³ Scott Edwards, "The Role of Rational Trust in ASEAN's Creation," *Trust in International Relations: Rationalist, Constructivist and Psychological Approaches*, ed. Hiski Haukkala, Carina van de Wetering, and Johanna Vuorelma (Basingstoke: Routledge, 2018), 82–109. Edwards offers a keen analysis of the obstacles to trust building in 1960s Southeast Asia and the careful and cautious approach adopted by regional elites.

⁴ "The ASEAN Declaration (Bangkok Declaration)," ASEAN, August 8, 1967  <https://agreement.asean.org/media/download/20140117154159.pdf>.

in a plethora of ways without a regional organization to facilitate that cooperation. Similarly, some of the original goals of ASEAN that are most often relayed to me in discussions with regional representatives have yet to be realized despite being crucial parts of the reasoning behind the organization's establishment. Perhaps the most notable substantive goals of ASEAN as expressed by regional leaders and diplomats are to facilitate mutual comprehension and for leaders to embed themselves in common standards of diplomacy toward each other, in particular not pushing each other too much in public and accepting that all have a right to resist any problematic regional conclusions. Yet this goal is not textually present in the Bangkok Declaration at all. Moreover, because the Bangkok Declaration did not articulate values or standards beyond general calls to friendship, cooperation, and activities of mutual benefit, there was simply no specification of what any of the proposed areas of ASEAN cooperation would actually mean or entail.⁵

The changes to ASEAN from 1967 through today are a story of whittling down ambiguity of purpose while maintaining ambiguity of meaning. Through major moments of institutional revision (the Bali Concord in 1976, the Bali Concord II in 2003, and the ASEAN Charter in 2007), ASEAN has increasingly specified on paper what it is for.⁶ Prior to the late 1990s, this process was gradual and largely path dependent—fleshing out the Bangkok Declaration's commitments in the realm of economics and politics, in particular. The 2000s saw more radical changes and, as a result, the expansion of ASEAN's purposes to newer areas of governance—human rights and democracy, most significantly.⁷ Throughout this process of institutional development (and, indeed, the expansion of membership from

⁵ That at the time, and throughout ASEAN's history, these values have been actively undermined by ASEAN member states in their dealings with each other is one of the peculiar features of Southeast Asian regionalism. The simultaneous statement of ASEAN's enduring deep relations and the existence of profound and sometimes bitter disagreements and mistrust between its members requires careful analysis. See Mathew Davies, *Ritual and Region: The Invention of ASEAN* (Cambridge: Cambridge University Press, 2018); and Mathew Davies, "Performances of Trust: Ritualized Diplomacy in Southeast Asian Regionalism," *Journal of Global Security Studies* 7, no. 3 (2022).

⁶ Prior to the turn of the century, ASEAN was always tentative when it came to making binding commitments, preferring instead the permissive comfort that came from declaring aspirations. Compare the short and tightly controlled Treaty of Amity and Cooperation in Southeast Asia with the far more expansive and aspirational "1976 Declaration of ASEAN Concord." See "Treaty of Amity and Cooperation in Southeast Asia," ASEAN, February 24, 1976 ~ <https://asean.org/wp-content/uploads/2021/01/20131230235433.pdf>; and "1976 Declaration of ASEAN Concord," ASEAN, February 24, 1976 ~ https://www.icnl.org/wp-content/uploads/Transnational_1976Declaration.pdf.

⁷ Although even here it is worth noting that continuities are present—ASEAN was discussing issues relating to women and children long before the 1990s, and social issues were also present in many discussions.

five countries to the present-day ten), ambiguity has played an important role. The ambiguity of purpose has been largely replaced with detailed and specific goals, expressed legally in the ASEAN Charter but also extensively throughout various community blueprints, action plans, and program developments across the gamut of ASEAN's activities.

Yet this institutional development has not overturned the ambiguity of meaning that continues to attach itself to the regional project. Although ASEAN has now written down what it is for, it has not acted in ways that suggest that these written and specific purposes mean what they say. Even in its core mission of peace and security, ASEAN's ambiguities have led to a freezing, rather than a resolution, of tensions because of the lack of clarity at the regional level. Amplified by the decision-making procedures built around that freezing process, ASEAN cannot adjudicate sides. This is apparent in issues surrounding overlapping claims in the South China Sea (where littoral ASEAN member states disagree among themselves about boundaries, something often overlooked given that China's claims overlap with those of the involved ASEAN states) and in internal frictions around borders, where tensions seem constantly poised to spill over into disputes.⁸ We also see it, and it is widely discussed, in the range of issue areas in which ASEAN now engages. Whether in human rights and democracy,⁹ the environment,¹⁰ or economics, trade, and finance,¹¹ there is a "compliance gap" between ASEAN's commitments and the actions of its member states. The ambiguity of meaning exerts a considerable and deleterious effect on ASEAN's ability to enforce standards because it is not clear whether ASEAN as an organization means what it commits to on paper.

Nevertheless, ASEAN's ambiguity of meaning is neither inherently nor exclusively negative. In fact, ASEAN's ambiguity of both purpose

⁸ Most famously, the dispute over the Preah Vihear Temple between Cambodia and Thailand saw fighting between the two ASEAN member states. Less dramatically, tensions between Singapore and Malaysia over land reclamation projects at Pedra Branca, as well as Philippine claims to Sabah that periodically flare up, suggest that considerable work remains to "solve" ASEAN's own internal disagreements. True to almost everything ASEAN-related, this can be seen as a positive (disagreements have not led to outright war) or a negative (disagreements have never been resolved) depending on the perspective.

⁹ Alison Duxbury and Hsien-li Tan, *Can ASEAN Take Human Rights Seriously?* (Cambridge: Cambridge University Press, 2019); and Mathew Davies, "Regional Organisations and Enduring Defective Democratic Members," *Review of International Studies* 44, no. 1 (2018): 174–91.

¹⁰ Lorraine Elliott, "ASEAN and Environmental Governance: Strategies of Regionalism in Southeast Asia," *Global Environmental Politics* 12, no. 3 (2012): 38–57.

¹¹ Jörn Dosch, "The ASEAN Economic Community: Deep Integration or Just Political Window Dressing?" *TRaNS: Trans-Regional and -National Studies of Southeast Asia* 5, no. 1 (2016): 25–47; and John Ravenhill, "Fighting Irrelevance: An Economic Community with ASEAN Characteristics," *Pacific Review* 21, no. 4 (2008): 469–88.

and meaning enabled a remarkably successful response to the animating purpose of the organization in 1967, which was for states and elites to get to know each other (and themselves) in a relatively safe and secure environment, free from concerns about failure, high-level diplomatic costs, or fallout, and, even today, largely behind closed doors and away from public scrutiny. States that do not agree on certain matters have been able to come together because, in some sense, ASEAN does not stand for much at all and shies away from enforcing standards. Indeed, such standards, where they exist within the ASEAN framework, may represent no more than diplomatic rhetoric, thereby enabling states with diverse viewpoints to remain sitting around the same table. If the main governance problems of Southeast Asia are understood as enduring tensions, zero-sum calculations about wealth and borders, mistrust, and a fear of external exploitation, then ASEAN's ambiguities are a remarkably successful and perhaps even a strategically visionary set of responses. Ambiguities in purpose and meaning have helped obscure institutional failures and shortcomings and provided cover for weak and inadequate responses, which paradoxically has helped a diverse and fractious set of member states coexist. Political elites have been insulated from the risks of publicly failing or being chastised by regional peers through participation in a regional organization that requires little beyond opt-in cooperation as and when they desire it. Here, ambiguities are generative and permissive—they enable actors to coexist where we would otherwise expect tensions and even conflict. Of course, asking a different question about Southeast Asian governance promotes a different answer. If, instead, the problem with Southeast Asian governance is a lack of clearly articulated and commonly held standards that are robustly enforced through an array of specific legal measures, then the issues with ambiguity are clear and deleterious. The point is that ambiguities cannot be dealt with simply. Instead, their causes and consequences are complex, bestowing both positive and negative effects depending on how they are deployed and questioned.¹²

¹² The point here mirrors, albeit with different emphasis, existing characterizations of much of the ASEAN literature, where skeptical views and more positive perceptions can rest on the same set of empirical observations and say just as much about the attitudes of the inquirer as they do about the object of inquiry. See John Ravenhill, "East Asian Regionalism: Much Ado About Nothing?" *Review of International Studies* 35, Special Issue (2009): 215–35; Richard Stubbs, "ASEAN Sceptics Versus ASEAN Proponents: Evaluating Regional Institutions," *Pacific Review* 32, no. 6 (2019): 923–50; and Khoo How San, "ASEAN as a 'Neighbourhood Watch Group,'" *Contemporary Southeast Asia* 22, no. 2 (2000): 281.

The Consequences of Ambiguity in Governance

An overlooked consequence of ambiguity that warrants highlighting is the way it interacts with self-perceptions of success and organizational redesign. As noted, one of the consequences of ambiguous governance is to hide shortcomings and failures, and in ASEAN we see what could be termed “overconfidence” in tackling some of the harder issues. This was particularly the case in the early to mid-1990s, when great confidence in ASEAN’s abilities led the organization to expand its membership to include Cambodia, Laos, Myanmar, and Vietnam. When Myanmar joined ASEAN in 1997, its government was led by a violently repressive military junta that constituencies within ASEAN felt they could in some way tame. In this case, ASEAN naively mistook its ability to foster coexistence as an ability to engender conformity among its members. However, Myanmar’s entry into ASEAN exposed the organization to avoidable criticism about its ineffective response to ongoing human rights violations in that country and, perhaps, even hamstrung ASEAN as it granted Myanmar all the rights of membership, including its vaunted commitments on nonintervention.¹³ Put another way, ASEAN’s ambiguities make it possible to read the organization’s history as more successful than it actually is, which in turn can lead to overconfidence in its ability to tackle current and future challenges effectively.

A similar issue emerged in the process of institutional reform in the 2000s, when the drafting of the ASEAN Charter in 2007 led to the inclusion of goals that explicitly contradicted ASEAN’s commitments to nonintervention and sovereignty. These goals—human rights and democracy again in the foreground but hardly alone—have, from a narrow institutional perspective, created a considerable legitimacy challenge, public and civil society disgruntlement, and external chastisement from the United States, Europe, and Australia.¹⁴ Similar to the accession of Myanmar in 1997, the organization seems to misjudge the costs of undertaking certain activities, or at least to underappreciate them at the point when a decision is made. The argument here is that ambiguities in ASEAN’s approach, deep-rooted from the 1960s onward, led to overconfidence that ASEAN had more capacity

¹³ My argument here is not necessarily that ASEAN should not have admitted Myanmar, given that expansion was animated by a range of concerns. Instead, it is that the organization seemed to do so with little recognition that the issues around Myanmar’s membership would be intractable rather than temporary, which has cost the organization legitimacy in ways that were not considered at the time.

¹⁴ To be clear, I do not mean that these developments are wrong or have no value. Instead, my perspective is narrow—that costs have accrued to ASEAN viewed in this particular way.

than it actually possessed. Ambiguities, therefore, not only negatively affect compliance; they may also have an impact on accurate appraisal and understanding, even among those working within the organization. This tendency may be particularly pronounced during periods of success, such as in the early 1990s when the end of the Cold War and widespread economic optimism saw regional elites emphasize ASEAN's achievements over its limitations.¹⁵ For ASEAN, whether it was the membership of Myanmar or the contents of the ASEAN Charter, a series of organizational reform decisions were being made without actually mapping and considering the costs prior to implementation.

Policy and Analytical Recommendations

Ambiguities of purpose and meaning have enabled ASEAN to endure, grow, and, by at least some metrics, thrive. For a regional organization that was and ultimately remains primarily a vehicle for diplomacy and mutual comprehension between countries that are far from being natural friends or allies, specificity is the enemy. Ambiguity has created a space for disagreements to coexist without the pressure to resolve them and thereby establish “winner-loser” dynamics. The ambiguity of purpose, in the long term, has been eroded as the list of aims and purposes of Southeast Asian regionalism have expanded in number and detail. Still, however, there remain underlying rationales for ASEAN that are not spelled out in documents such as the ASEAN Charter—including the non-resolution of disputes and the ongoing process of “knowing ourselves.” The ambiguity of meaning has decreased, especially in provisions on economics, trade, and finance, where the level of specificity has developed further than in other areas of the organization.

Interestingly, however, and demonstrating that it is not a zero-sum dynamic, I would argue that ambiguity has accompanied much of the specification that has occurred. In the realm of human rights and democracy within ASEAN regionalism, for example, documents such as the ASEAN Charter have revised the space in which ambiguity exists, but they have not eradicated it. In addition, for ASEAN, at least one unintended consequence of ambiguity is that it has led to institutional overreach. The deliberate vagueness of purpose and meaning in early versions of ASEAN

¹⁵ It would also be interesting to study the role of generational leadership changes, as many of the established ASEAN political elites were replaced in the 1990s by a new generation of leaders without firsthand experience of the early version of ASEAN and its limitations.

led to a situation of overconfidence, where the confluence of regional success, generational change among political elites, shifting societal expectations, and evolving geopolitics saw ASEAN extend into new and difficult terrain, in terms of both adding members (with the associated diversity that accompanied that process) and engaging with more complex and domestically oriented issues. These developments are not negative in and of themselves, but they have created their own tensions and challenges for ASEAN and brought to light the limitations and costs that are associated with the path of ambiguity.

What is the future of these ambiguities in ASEAN? I argue both will persist, and the strengths and weaknesses of that persistence will endure. ASEAN will excel at keeping people around the table, at enabling conversations between otherwise disparate and divergent elites, and at broadly ensuring interstate peace and security. Simultaneously, ASEAN will struggle with compliance, a strange sort of institutional overconfidence, and a frustrating (to some, at least) inability to live up to its own commitments. The point is that ambiguity is not a stage of governance—a sort of developmental adolescence beyond which ASEAN will at some point mature. To think this way is to veer perilously close to Eurocentric assertions of what regional organizations “should” resemble and to adopt a singular account of their chronological development.¹⁶ External partners, funding bodies, and diplomatic interlocutors should work within this broad approach to regional affairs and expect certain aspects of ASEAN to remain ambiguous, rather than hope for any sort of radical transformation in this regard.

The story of ambiguities in ASEAN suggests three broad conclusions for policy practitioners and scholars alike. First, identifying ambiguity in an organization, framework, or policy should not be accompanied by the hasty conclusion that this represents a mistake bred of ignorance or incompetence. Ambiguity can be a conscious and strategic choice to realize goals, even if those goals are not stated in any formal documentation. Second, as a result, the recognition of ambiguity should prompt the question: What purpose does this ambiguity serve? While there is no inevitability that ambiguity is positive, there is similarly no automaticity to it being negative.

¹⁶ Amitav Acharya, “Comparative Regionalism: A Field Whose Time Has Come?” *International Spectator* 47, no. 1 (2012): 3–15. See also Tanja A. Börzel, “Theorizing Regionalism: Cooperation, Integration and Governance,” in *The Oxford Handbook of Comparative Regionalism*, ed. Tanja A. Börzel and Thomas Risse (Oxford: Oxford University Press 2016). My own arguments on the future of ASEAN are found in Davies, *Ritual and Region*.

Third, policymakers should resist the siren call of specificity as the solution to all strategic and policy problems, and instead see specificity and ambiguity as equal but different choices. Neither is problem-free, and both include costs and benefits that decision-makers should weigh relative to their intentions and goals. ◆

The Ambiguous Architecture of Economic Integration in East Asia

Natasha Hamilton-Hart

Regional economic integration in East Asia has been built on an architecture of ambiguity and informality. A foundational informal architecture of cross-border business ties and business-government relationships has facilitated regional commerce for many decades. Ambiguity has contributed to building formal integration through intergovernmental cooperation because commitments are often only possible due to the flexibility ambiguity provides. In the current moment of heightened tension between the United States and China, the United States is aiming to eliminate areas of ambiguity and flexibility in its growing array of export controls and other policies intended to hamper the acquisition of advanced technology by Chinese entities and “de-risk” exposure to China. This essay examines how informality and ambiguity have facilitated the development of East Asian economic regionalization and what this looks like in an environment of U.S.-China rivalry.

The De Facto Economic Regional Architecture

East Asia has emerged as a robust economic region over the past three decades, as evidenced by the growth of cross-border investment flows and the rise of intraregional trade. Regional trade and investment flows have been organized to reflect the logic of global value chains, sometimes referred to as global production networks, by which the production of goods is dispersed across national boundaries in an effort to realize efficiencies of scale and specialization.¹ The rise in trade of intermediate products created a distinctive condition of complex interdependence: firms and national economies are enmeshed in multiple, crosscutting relationships of mutual

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¹ Asian Development Bank, *ASEAN and Global Value Chains: Locking in Resilience and Sustainability* (Manila: Asian Development Bank, 2023) ~ <http://dx.doi.org/10.22617/SPR230100-2>; and Jeffrey Neilson, Bill Pritchard, and Henry Wai-chung Yeung, “Global Value Chains and Global Production Networks in the Changing International Political Economy: An Introduction,” *Review of International Political Economy* 21, no. 1 (2014): 1–8 ~ <https://doi.org/10.1080/09692290.2013.873369>.

dependence that span not only critical inputs and final markets but also technology, logistics, distribution, digital services, and information flows.²

Early analyses of the emerging structure of regional integration in East Asia noted that the de facto regionalization occurring there, even by the 1990s, was different from the European experience in which integration was essentially a product of formal regionalism.³ Formal regionalism meant cooperative commitments by governments to liberalize trade and investment, harmonize standards, and remove other restrictions on the free flow of commerce and people. Regionalization, in contrast, appeared to occur in advance of formal intergovernmental agreements in East Asia and was, in this sense, informal and market-based rather than state-led. In fact, as was clear by the end of the twentieth century, the new structure of integration via global value chains was fundamentally different from that predicted by traditional trade and investment models based on the full production of finished goods, such as washing machines and automobiles.⁴ Instead, very specific production functions were disbursed geographically, while transactions along the value chain were governed in diverse ways rather than consisting of a series of arms-length, price-based exchanges.⁵

The governance of different value chains varies according to the specific attributes of what is being traded and where, but the essential point is that global value chains provide for a degree of informal coordination among participants. The relationships and close coordination among individual market players make possible exchanges and interdependencies that would otherwise be unlikely to clear the market due to information asymmetries, lack of trust, or other market imperfections. Early analyses tended to view these interfirm relationships that smoothed problems of trust through the lens of ethnically distinctive business group structures and networks.⁶

² Geoffrey Garrett, "Why U.S.-China Supply Chains Are Stronger Than the Trade War," Knowledge at Wharton, September 5, 2019 ~ <https://knowledge.wharton.upenn.edu/article/trade-war-supply-chain-impact>.

³ Peter Katzenstein, "Introduction: Asian Regionalism in Comparative Perspective," in *Network Power: Japan and Asia*, ed. Peter J. Katzenstein and Takashi Shiraishi (Ithaca: Cornell University Press, 1997), 1–46.

⁴ Mitchell Bernard and John Ravenhill, "Beyond Product Cycles and Flying Geese: Regionalization, Hierarchy, and the Industrialization of East Asia," *World Politics* 47, no. 2 (1995): 171–209; and Liena Kano, Eric Tsang, and Henry Wai-chung Yeung, "Global Value Chains: A Review of the Multi-Disciplinary Literature," *Journal of International Business Studies* 51 (2020): 577–622 ~ <https://doi.org/10.1057/s41267-020-00304-2>.

⁵ Gary Gereffi, John Humphrey, and Timothy Sturgeon, "The Governance of Global Value Chains," *Review of International Political Economy* 12, no. 1 (2005): 78–104 ~ <https://doi.org/10.1080/09692290500049805>.

⁶ Marco Orru, Nicole Biggart, and Gary Hamilton, *The Economic Organization of East Asian Capitalism* (Thousand Oaks: Sage, 1997).

The ethnic dimension to these networks, however, does not derive from any kind of culturalist essence but rather through the economics of transaction costs. In the East Asian context, for example, ethnic Chinese business networks in Taiwan and many Southeast Asian economies provide functional substitutes for formal institutions in terms of contract enforcement and other market infrastructure. Similarly, Japanese *keiretsu* (business groups) and Korean *chaebol* (sprawling conglomerates) can be seen as coordinating institutions that underpin the willingness of market players to share technology, extend credit, or enter extended contracts that might otherwise be too risky to pursue.

Such informal coordinating structures have carried much of the burden of East Asia's de facto regionalization, which would not otherwise have been predicted in the face of government policies that were often restrictive or inhospitable to cross-border commerce. Crucially, informal interfirm networks also included a role for government players, both as agencies (such as, for example, the Japan International Cooperation Agency in providing financing to some ventures) and as individuals ambiguously placed between public and private spheres.⁷ For example, in extractive industry ventures, officials or politicians with decision-making authority in the host states sometimes simultaneously held material interests in the industry, either directly or through associates.⁸ The ambiguity and informality of the relational ties linking business and government players, both within a country and with foreign counterparts, were often essential. For example, the role played by Japanese business groups and the Japanese government in vast timber extraction operations across Southeast Asia depended on the access provided by unofficially porous state structures in the Southeast Asian host states.⁹

More broadly, well-positioned powerholders with interests and influence spanning business and government are essential smoothing agents in a wide variety of contexts. They underpin investment decisions in cross-border production and supply chain relationships that still call on the market-supporting functions of government agencies, even as leadership

⁷ Richard Doner, "Japan in East Asia: Institutions and Regional Leadership," in Katzenstein and Shiraiishi, *Network Power*, 197–233.

⁸ Natasha Hamilton-Hart, "The Legal Environment and Incentives for Change in Property Rights Institutions," *World Development* 92 (2017): 167–76.

⁹ Peter Dauvergne, *Shadows in the Forest: Japan and the Politics of Timber in Southeast Asia* (Cambridge: MIT Press, 1997).

in such “strategic coupling” is carried out by lead firms.¹⁰ Ambiguity remains key to the functioning of informal institutions in contexts where investments and trade deals are only minimally protected through formal property rights regimes.¹¹ It provides an essential element of deniability, informality, and flexibility in conditions where the formal infrastructure of governance would otherwise constitute a barrier to trade and investment, particularly when the activity in question might involve extralegal or plainly illegal elements.

Despite significant processes of state-sector reform that have made formal market infrastructure provision by governments more reliable, there remains ongoing unevenness in “behind the border” legal and regulatory institutions. In consequence, informal, legally ambiguous networks linking business and government actors on a relational basis continue to facilitate regional investment and trade in industries such as palm oil and resource extraction.¹²

Constructive Ambiguity in the Formal Economic Integration Architecture

A formal architecture for regional integration exists alongside the informal de facto architecture of business networks and unofficial partnerships. Regional and bilateral trade agreements have proliferated since the turn of the century. A long list of bilateral preferential trade agreements (PTAs) and plurilateral agreements now constitute an Asian “noodle bowl” of overlapping formal but selective liberalization agreements.¹³ Various “plus” agreements between the Association of Southeast Asian Nations (ASEAN) and outside governments coexist alongside the “mega-regional” agreements of the Regional Comprehensive Economic Partnership (RCEP, signed at the end of 2020) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, in force since December 2018). Despite taking the shape of formal, ostensibly binding intergovernmental agreements (which in many cases include dispute resolution mechanisms),

¹⁰ Henry Yeung, *Strategic Coupling: East Asian Industrial Transformation in the New Global Economy* (Ithaca: Cornell University Press, 2016).

¹¹ Natasha Hamilton-Hart and Blair Palmer, “Co-investment and Clientelism as Informal Institutions: Beyond ‘Good Enough’ Property Rights Protection,” *Studies in Comparative International Development* 52, no. 4 (2017): 416–35.

¹² Helena Varkkey, *The Haze Problem in Southeast Asia: Palm Oil and Patronage* (London: Routledge, 2015).

¹³ John Ravenhill, “The New Bilateralism in the Asia Pacific,” *Third World Quarterly* 24, no. 2 (2010): 299–317 ~ <https://doi.org/10.1080/0143659032000074600>.

these PTAs include significant areas of ambiguity that have helped secure their acceptance.

The ambiguity in regional and bilateral PTAs involving East Asian countries comes in different forms. The most common is a headline commitment to liberalize that leaves the details of implementation to each participating government. Sometimes the headline is an incomplete descriptor—as is often the case with the rather misleading term “free trade agreement” included in the title of many agreements even when most provide substantial sector-specific pockets of protection, testing the limits of compliance with the World Trade Organization (WTO).¹⁴ Other features include significant carve-outs for national security or other public interest reasons, as well as specific reservations negotiated on a country-by-country basis. Finally, some agreements contain commitments that, if they are to be meaningfully implemented, would require domestic regulatory or institutional capacities that some of the signatories do not possess, such as intellectual property protection agencies or competition agencies capable of delivering the kind of commitment described in the agreement’s text.¹⁵

It is easy to dismiss these ambiguities, gaps, and areas of discretionary comfort as simply marks of a weak formal architecture. This may be true in one sense, but the ambiguity can be constructive, nonetheless. The original ASEAN Free Trade Agreement (AFTA) signed in 1992 was jokingly referred to as “agree first, talk after”—reflecting the meager commitments made by signatories.¹⁶ On the other hand, ambiguity can also be seen as setting the pathway for more substantive commitments resulting from more talk after the fact. Rather than weak and ambiguous commitments being a drag on reaching an agreement, they may be the necessary first step. The RCEP, the most inclusive regional PTA, for example, includes flexible commitments that allow parties to sign on to the agreement while preserving discretion in areas that are domestically sensitive. Without such ambiguity, the RCEP’s substantive achievement—it has substantially liberalized customs rules of

¹⁴ Razeen Sally, “Free Trade Agreements and the Prospects for Regional Integration in East Asia,” *Asian Economic Policy Review* 1, no. 2 (2006): 306–21 [≈ https://doi.org/10.1111/j.1748-3131.2006.00036.x](https://doi.org/10.1111/j.1748-3131.2006.00036.x). These PTAs are negotiated outside the auspices of the WTO but claim to meet the WTO-consistency requirements.

¹⁵ Some agreements include clauses pledging technical assistance, implicitly recognizing the need to address domestic implementation capacity.

¹⁶ John Ravenhill, “Economic Cooperation in Southeast Asia: Changing Incentives,” *Asian Survey* 35, no. 9 (1995): 850–66 [≈ https://doi.org/10.2307/2645786](https://doi.org/10.2307/2645786).

origin among parties—would not have been possible.¹⁷ Even the CPTPP, the region’s “high quality” plurilateral agreement with stronger provisions, suspended some of its most contentious elements as a way of salvaging its predecessor, the Trans-Pacific Partnership, after the U.S. withdrawal in early 2017.¹⁸ Suspending more contentious chapters of the earlier agreement paved the way for acceptance with domestic audiences that had strongly opposed sections covering items such as expanded intellectual property rights and investor-state dispute-settlement mechanisms. Suspending controversial chapters—but leaving open the possibility that they might be revived—was thus a way of getting the CPTPP over the line.

Even the ambiguity inherent in making commitments that are apparently unimplementable, given either strong domestic opposition or gaps in institutional capacity, can represent a significant move toward enhanced cooperation. For example, many of the market access and other commitments that China made when it joined the WTO called for the creation of regulatory institutions that China did not possess. Nonetheless, having made such commitments internationally, the Chinese central government agencies then had strong incentives and some leverage to create the regulatory infrastructure the WTO required, although lower levels of government continued to have divergent interests.¹⁹ Indeed, because the most significant elements of many PTAs negotiated in recent decades deal with regulatory issues rather than traditional trade barriers, states’ uneven abilities to implement provisions mean that eliminating ambiguity about implementation would effectively make agreement impossible. From one perspective, this makes the agreements either meaningless or symbolic at best. However, there is evidence that domestic regulatory reforms have often followed in the wake of a formal trade agreement, often facilitated by external technical cooperation or assistance.²⁰

Even if not accompanied by domestic institutional change, incremental moves toward greater liberalization and economic openness can set a self-reinforcing dynamic in process. As East Asian economies have become

¹⁷ Aladdin D. Rillo, Anna Maria Rosario D. Robeniol, and Salvador Buban, “The Story of RCEP: History, Negotiations, Structure, and Future Directions,” Economic Research Institute for ASEAN and East Asia (ERIA), ERIA Discussion Paper Series, no. 438, August 15, 2022 ~ <https://www.eria.org/publications/the-story-of-rcep-history-negotiations-structure-and-future-directions>.

¹⁸ “CPTPP: Unpacking the Suspended Provisions,” Asian Trade Centre, Policy Brief, no. 17-11a, March 2018 ~ <https://static1.squarespace.com/static/5393d501e4b0643446abd228/t/5aa0eb3c9140b75cb2070691/1520495424652/Policy+Brief+17-11a+TPP11+Suspensions+%28with+amendments%29.pdf>.

¹⁹ Yeling Tan, *Disaggregating China, Inc.: State Strategies in the Liberal Economic Order* (Ithaca: Cornell University Press, 2021).

²⁰ Shahar Hameiri and Lee Jones, “Global Governance as State Transformation,” *Political Studies* 64, no. 4 (2016): 793–810.

more integrated, whether due to the informal architecture of regional integration or selective formal architecture, constituencies for further liberalization have been created.²¹ Admittedly, this dynamic does not always play out—PTAs that formalize pockets of protection may simply entrench vested interests in continuing exporter rents and thereby constitute a wedge against subsequent further liberalization.²² Nonetheless, for most of the last 40 years, the overall trend in East Asia has been toward increasing domestic constituencies with preferences for greater economic openness.²³

Ambiguous Architectures amid Pressures for Decoupling

Since 2017, a new security logic has been injected into the governance of regional economic exchange. The U.S.-China trade conflict originally comprised mostly tit-for-tat tariffs and appeared motivated by U.S. concerns about a lack of access to the Chinese market. However, the “trade war” morphed into a “tech war,” where the dominant concerns on both sides were of a different order. An increasing array of export controls, subsidies, and blacklists made clear that the new logic was fundamentally driven by security rather than economic concerns.²⁴ With an aim to secure control over the cutting edge of technology in areas such as semiconductors, robotics, and artificial intelligence, both sides appeared motivated to reduce dependence on one another rather than to sell more to each other. The zero-sum logic has been particularly apparent in U.S. calls not only to maintain or recapture capacity in sensitive technologies but to deny or delay China’s acquisition of these capabilities.²⁵

The institutional architecture supporting regional economic exchange in East Asia has proved relatively resilient in the face of U.S.-China conflict and security-driven pressures for limited decoupling or de-risking, but this resilience may be short-lived. Overall, trans-Pacific trade volumes have

²¹ Hidetaka Yoshimatsu, “Preferences, Interests, and Regional integration: The Development of the ASEAN Industrial Cooperation Arrangement,” *Review of International Political Economy* 9, no. 1 (2002): 123–49; and Helen Nesadurai, “Trade Policy in Southeast Asia: Politics, Domestic Interests and the Forging of New Accommodations in the Regional and Global Economy,” in *Routledge Handbook of Southeast Asian Politics*, ed. Richard Robison (London: Routledge, 2012), 315–29.

²² Sally, “Free Trade Agreements and the Prospects for Regional Integration in East Asia.”

²³ Natasha Hamilton-Hart, “Opting for Openness: Capital Mobility and Monetary Sterilisation in Malaysia,” *Journal of Contemporary Asia* 47, no. 2 (2017): 171–98.

²⁴ David Capie, Natasha Hamilton-Hart, and Jason Young, “The Economics-Security Nexus in the U.S.-China Trade Conflict Decoupling Dilemmas,” *Policy Quarterly* 16, no. 4 (2020): 27–35.

²⁵ John Edwards, “Small Powers Caught in the U.S.-China Chips Competition,” East Asia Forum, July 3, 2023 ≈ <https://www.eastasiaforum.org/2023/07/03/small-powers-caught-in-the-us-china-chips-competition>.

increased, and, by 2022, U.S.-China trade had recovered from disruptions due to both tariffs and the Covid-19 pandemic. Several companies directly affected by U.S. blacklists and export controls have adjusted their supplier relationships and investments in response. For example, the world's largest maker of advanced semiconductors, Taiwan Semiconductor Manufacturing Company, and other companies exposed to the extended reach of U.S. export controls and the U.S. Department of Commerce's Entity List restrictions have announced plans to invest in production capacity in Japan, India, and the United States.²⁶

To the extent that companies are able to reshuffle investments and supplier relationships to adjust to the new regulatory and investment landscape, we can see the de facto architecture of value-chain governance and business-related networks as resilient and flexible. The scope for flexibility, however, will be limited if either the United States or China reduces its tolerance for ambiguity and overlapping economic relationships. At present, China's policy of increasing technological self-reliance—a long-standing industrial policy aim that has been significantly boosted as a response to U.S. blacklists and restrictions—is based on a “dual circulation” strategy that is oriented toward developing external economic relationships.²⁷ The formal architecture of plurilateral trade agreements involving East Asian economies is also set to enhance China's centrality in regional trade flows, given that the United States stands outside of both the CPTPP and RCEP.²⁸ As suggested by China's recent application to join the CPTPP, Beijing's policy is to support enhanced integration with economies that are also significant U.S. allies and economic partners.

In contrast, recent U.S. policies look set to reduce the flexibility and ambiguous positioning of countries that are intimately linked to Chinese markets and industrial facilities while also substantially reliant on ties to the United States. To some extent, this includes all of East Asia, but Japan, Singapore, South Korea, Taiwan, and Vietnam stand out as countries with interests and commitments that will be compromised if security-driven

²⁶ Natasha Hamilton-Hart, “Supply Chain Reconfiguration and Structural Change: The Tech Sector and U.S.-China Rivalry,” in *Regional Economic Integration in the Post-Pandemic Era*, ed. Xue Gong, RSIS Monograph 37 (Singapore: S. Rajaratnam School of International Studies, 2022).

²⁷ Bates Gill, “Endorsing ‘Self-Reliance,’ Beijing Raises the Geopolitical Stakes,” Lowy Institute, March 9, 2021 ≈ <https://www.lowyinstitute.org/the-interpreter/endorsing-self-reliance-beijing-raises-geopolitical-stakes>.

²⁸ Peter Petri and Michael Plummer, “East Asia Decouples from the United States: Trade War, Covid-19, and East Asia's New Trade Blocs,” Peterson Institute for International Economics, Working Paper, no. 20-09, June 2020 ≈ <https://www.piie.com/publications/working-papers/east-asia-decouples-united-states-trade-war-covid-19-and-east-asias-new>.

decoupling of the U.S. and Chinese economies continues further.²⁹ Three U.S. policy levers are of particular note. The first is the increasing reach and decreasing flexibility of U.S. export restrictions in attempting to cut off third parties from doing business with targeted Chinese companies and individuals. Initially, some affected companies were able to gain exemptions from the U.S. Entity List restrictions, but the export controls are now clearly disrupting significant business relationships.³⁰

Second, U.S. legislation in 2022 supporting the onshoring of manufacturing capability in strategic industries threatens dual-facing economic connections. The CHIPS and Science Act and the broad Inflation Reduction Act include substantial financial incentives that are conditioned on sourcing inputs from U.S. companies, producing specific goods in the United States, or reaching a bilateral trade agreement between the source country and the United States, provisions that are already creating difficulties for potential suppliers.³¹ For example, South Korean companies forging partnerships around strategic minerals extraction and processing in Indonesia may find themselves unable to access benefits supposedly available under U.S. friend-shoring policies both because Indonesia does not have a trade agreement with the United States and because some of its partnerships also involve Chinese firms that may be exposed to current or future U.S. restrictions.³²

Finally, the United States has created what may be a precedent with its insistence on a so-called poison pill clause in the U.S.-Mexico-Canada Agreement signed in 2018.³³ The relevant clause would allow the United States to effectively end its participation in the agreement should either Canada or Mexico sign a bilateral trade agreement with a “non-market economy,” widely interpreted to mean China. Although observers believe that the clause will not disrupt existing U.S. trade agreements in Asia, there

²⁹ Charissa Yong, “U.S.-China Decoupling Will Not Work for South-East Asia, Says Vivian on U.S. Visit,” *Straits Times*, June 16, 2023 ~ <https://www.straitstimes.com/world/usa/decoupling-will-not-work-says-foreign-minister-vivian-balakrishnan-on-us-visit>.

³⁰ Madhumita Murgia, Tim Bradshaw, and Richard Waters, “Chip Wars with China Risk ‘Enormous Damage’ to U.S. Tech, Says Nvidia Chief,” *Financial Times*, May 24, 2023 ~ <https://www.ft.com/content/ffbb39a8-2eb5-4239-a70e-2e73b9d15f3e>.

³¹ Song Jung-a, “South Korea Warns U.S. Could ‘Overburden’ Its Chipmakers with China Limits,” *Financial Times*, May 24, 2023 ~ <https://www.ft.com/content/5602cb1e-0dcd-4c7f-bed4-d6a9a5887d00>.

³² Mercedes Ruehl, Christian Davies, and Harry Dempsey, “Indonesian Business Group Calls for Inclusion in ‘Unfair’ U.S. Green Energy Bill,” *Financial Times*, March 30, 2023 ~ <https://www.ft.com/content/814b453c-0001-4d81-a22a-41287e7147f3>.

³³ Gil Lan, “The ‘Poison Pill’ in the USMCA: The Erosion of WTO Principles and Its Implications under a U.S.-China Trade War,” *Vanderbilt Law Review* 53, no. 1265 (2021): 1265–326 ~ <https://scholarship.law.vanderbilt.edu/vjtl/vol53/iss4/3>.

is speculation that a similar type of poison pill could be introduced in future trade agreements.³⁴ This would obviously narrow the scope of flexibility that to date has made it possible for regional institutions to support ongoing economic ties through trade even as security concerns rise.

Conclusion

Ambiguity has played a significant role in facilitating the economic integration of East Asia. Although ambiguity is not always constructive or benign, it has afforded flexibility and avenues for accommodating otherwise divergent preferences, thereby easing some of the obstacles that would otherwise have impeded cross-border trade and investment. Somewhat ambiguous, informal, and flexible relationships among businesses and between businesses and political powerholders often characterize the connections linking players in value chains that have fragmented production across national boundaries. These connections are central to the de facto economic integration of the region that has largely preceded formal regional cooperation initiatives. Elements of ambiguity are also significant in enabling the formal regional trade agreements and bilateral PTAs that have become more significant in the last two decades. Although these agreements are written and formalized, in some cases parties have only been willing to enter into them on the basis that they leave open large areas of flexibility and discretion.

The current period of increased tension between the United States and China, including pressures for decoupling in some technology sector supply chains, has shown the region's economic architecture to be both resilient and vulnerable. It has been resilient in that the flexibility of network relationships has allowed some supply chains to be restructured and investors to diversify production locations and "de-risk" both upstream and downstream. The architecture is also vulnerable, however, in that the elements of ambiguity that allow companies (and governments) to maintain relationships across the U.S.-China divide can persist only at the pleasure of both major powers. ◆

³⁴ Bhavan Jaipragas, "U.S.-China Trade War: Trump Gets His (USMCA) Clause Out in Asia," *South China Morning Post*, October 21, 2018 ~ <https://www.scmp.com/week-asia/geopolitics/article/2169443/us-china-trade-war-trump-gets-his-usmca-clause-out-asia>.

Ambiguity and National Interests: Foreign Policy Frames and U.S.-China Relations

Wenting He and Wesley Widmaier

In early 2023, one might have been excused for expecting that a downward turn in U.S.-China relations would only accelerate. Indeed, two years earlier in January 2021, despite Joe Biden’s 2020 presidential campaign having cast Donald Trump as a threat to the “soul of this nation,”¹ Biden’s nominee for secretary of state, Antony Blinken, singled out Trump’s China policy for praise. In his confirmation hearings, Blinken declared that “Trump was right in taking a tougher approach to China.”² Over the Biden administration’s first two years, U.S.-China relations accordingly maintained a broadly confrontational tone. While the administration dropped the crudely nativist language of the Trump administration, it substituted instead the crusading narrative of a global struggle between democratic and authoritarian regimes. This approach would be reinforced by an initially cool diplomatic tone toward China, spanning a tense bilateral meeting in Anchorage, Alaska, in March 2021 to the postponement of Blinken’s February 2023 visit to China, prompted by the dispatch of a Chinese spy balloon into U.S. airspace.

Nevertheless, one could go too far in anticipating an accelerating decline. Despite tensions over specific technological exchanges, the Biden administration has also persistently rejected wider arguments for a “decoupling” of the U.S. and Chinese economies, seeking to place a floor under any broader decline in relations. Indeed, in April 2023,

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¹ Biden has made repeated references to Trump and his supporters being a threat to the soul of the nation, beginning with an essay in the *Atlantic* in 2017. See Joe Biden, “We Are Living Through a Battle for the Soul of This Nation,” *Atlantic*, August 27, 2017 ≈ <https://www.theatlantic.com/politics/archive/2017/08/joe-biden-after-charlottesville/538128>.

² Antony J. Blinken, “Nomination of Hon. Antony J. Blinken to Be U.S. Secretary of State—Part I,” hearing before the U.S. Senate Committee on Foreign Relations, Washington, D.C., January 19, 2021, 18 ≈ <https://www.foreign.senate.gov/imo/media/doc/01%2019%202021%20Nominations%20--%20Blinken%20Part%201.pdf>.

Treasury Secretary Janet Yellen attracted considerable attention with a speech at the Johns Hopkins University School of Advanced International Studies that, while acknowledging the primacy of security concerns, warned against any attempt to decouple the two economies, even holding out hope for the possibility of economic and environmental cooperation.³ Further, in July 2023, Yellen visited Beijing, where she stressed the need for joint U.S.-China leadership in addressing common interests concerning the global macroeconomy, developing country debt, and climate change.

This essay suggests that the coexistence of Blinken-styled tensions and Yellen-styled accommodation encapsulates a more enduring feature of U.S.-China relations. Throughout interpretations of policy challenges, “zero-sum” framings, which draw on security discourses and trade metaphors to highlight concerns for relative position, have existed in tension with oft-overlooked “positive-sum” framings that reflect Keynesian perspectives that stress the need for cooperation in the face of uncertainty and instability.

To enable an understanding of these tensions, this essay offers an analysis highlighting the ambiguity of national interests, which are in turn shaped by agents acting as interpretive practitioners who construct events in ways that shape interests in cooperation or conflict.⁴ To draw attention to the overlooked potential for U.S.-China cooperation, we specifically reference enduring Keynesian frames that lead states to perceive common interests in cooperating to address shared threats. Moreover, even as such predispositions originate in the economic sphere, we suggest that this potential for cooperation may transcend economics on the grounds that Keynesian ideas that lead countries to identify shared interests in global economic governance may also shape interests in global environmental governance.

Tracing these dynamics, this essay offers a narrative of U.S. debates on cooperation with China, emphasizing the role of “New Keynesian” economist and long-standing policymaker Janet Yellen across economic and environmental issues. The ambiguity of U.S. national interests as the outcome of disparate policymaker preferences can be seen in Yellen’s Keynesian approaches toward cooperating with China on global issues,

³ Janet L. Yellen, “Remarks by Secretary of the Treasury Janet L. Yellen on the U.S.-China Economic Relationship at Johns Hopkins School of Advanced International Studies,” U.S. Department of the Treasury, April 20, 2023 ~ <https://home.treasury.gov/news/press-releases/jy1425>.

⁴ For a baseline definition of ambiguity as permitting interpretation variation, see Jacqueline Best, “Ambiguity, Uncertainty, and Risk: Rethinking Indeterminacy,” *International Political Sociology* 2, no. 4 (2008): 356.

particularly when contrasted with recent approaches to economic diplomacy that span the Trump administration's mercantilist-styled stress on the balance of payments to the more targeted security-focused approach of Biden administration figures such as Secretary of State Blinken and National Security Adviser Jake Sullivan.⁵ First, the essay examines mid-1990s debates over the Asian financial crisis, the Kyoto Accords, and China's accession to the World Trade Organization (WTO), focusing on Yellen's Keynesian position that highlighted the existence of potential global public goods; second, it addresses the 2008 global financial crisis, which Yellen's perceived as a possible impetus for joint activism between the United States and China; and, finally, it examines the scope for Biden-era cooperation between the two countries. At the conclusion of the essay, we suggest that the larger narrative of U.S.-China relations in the post-Cold War period has been marked by stages of misplaced certainty with respect to both early optimism in "constructive engagement" and later pessimism regarding conflict.

To be sure, strategic, economic, and cultural issues divide the two superpowers. However, many issues that have been ostensibly cast as exacerbating tensions over the past decade were in evidence at the height of 1990s optimism. Indeed, expanded opportunities for cooperation exist today, particularly to the extent that U.S. and Chinese officials possess a more mature appreciation of the potential for economic instability and the magnitude of the climate crisis. From this perspective, as both countries have moved beyond a misplaced liberal hubris, they may adopt a more pragmatic outlook that provides a stronger foundation for cooperation in securing policy outcomes.

Constructive Ambiguity: Interpretive Practice and Interests in Cooperation

The "national interest" is an inherently ambiguous concept. Most basically, one might interpret it with respect to realist concerns for relative gains, highlighting the ways in which states may act to prevent any rival from attaining hegemony. More expansively, one might define the national interest in terms of liberal concerns for absolute gains, as states might

⁵ For a broader overview of divisions within the Trump administration over trade policy with respect to China, see James Mann, "Trump's China Policy: The Chaotic End to an Era of Engagement," in *The Presidency of Donald J. Trump: A First Historical Assessment*, ed. Julian E. Zelizer (Princeton: Princeton University Press, 2022), 259–78.

remove trade barriers to maximize aggregate output. Most critically, one might define the national interest as potentially entailing either of the above possibilities but also the pursuit of mutual gains, with states even accepting relative or absolute losses to advance a larger, nonseparable systemic priority.

To be sure, these contrasts may be too clear, as theoretical perspectives resist definitive expression. However, this ambiguity reinforces a larger point—that national interests are subject to ongoing contestation. They cannot be reduced, for example, to a constructivist “norm life cycle” driven by norm entrepreneurs who define norms and identify “sanctions for norm breaking” in ways that allows norms to take on “lives of their own.”⁶ Instead, we highlight the ambiguity of state interests, which are capable of being interpreted in a range of fashions. More formally, to the extent that interests are themselves ideas, or defined as “beliefs about how to meet needs,” they remain open to redefinition by agents.⁷ We posit that this redefinition occurs most importantly as interpretive practitioners reshape national interests through the use of constructive ambiguity in ways that vary over time and seldom have any enduring, self-reinforcing character but rather are the focus of ongoing struggles.⁸ Paradoxically, from this vantage point, where ostensible norm entrepreneurs engage in the excessive clarification of norms, the resulting standards of behavior may become less self-reinforcing and more self-undermining. By reducing ambiguous beliefs to cognitive models, the loss of interpretive flexibility may render policy less pragmatic and relevant to new developments. For example, misplaced certainty in the merit of 1990s liberalism may have, in this light, obscured both the endogenous sources of the eventual 2008 global financial crisis and the subsequent implications for China’s acceptance of the neoliberal model. In contrast, interpretive practitioners are more likely to exhibit a pragmatic

⁶ Martha Finnemore and Kathryn Sikkink, “International Norm Dynamics and Political Change,” *International Organization* 52, no. 4 (1998): 893, 896, 900.

⁷ Alexander Wendt, *Social Theory of International Politics* (Cambridge: Cambridge University Press, 1999), 130.

⁸ Emphasizing the autonomy of institutional agents, Graham Allison argued that bureaucratic interests can be seen as rooted in specifically defined agency missions, and so “where you stand depends on where you sit.” Yet, such analyses leave open the ambiguity of bureaucratic interests themselves. Consider the stereotypical view of military officials as predisposed to the use of force. However, U.S. military officials have often viewed the use of force warily, ranging from the 1989 Panama invasion to the Gulf wars of the early 1990s and 2000s to the efforts of Joint Chiefs of Staff Chair Mark Milley to reassure his Chinese counterparts in the final weeks of the Trump administration that the United States was not preparing an attack. This variation suggests that scholars cannot simply assume—but rather must explain—the sources of interests. In this light, “where you stand” depends less on “where you sit” than “how you think.” Graham Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown, and Company, 1971), 171, 176.

willingness to adjust specific normative or causal prescriptions—even as they are guided by wider principled commitments. The need for a more balanced approach along these lines has been stressed in recent decades by scholars such as Daniel Kahneman, who argues for greater accord between affective and principled commitments.⁹ Given this scope for uncertainty in defining state interests, we argue that the apparent trend of increasing U.S.-China conflict should be situated less in the realist frames that justify antagonism than in a wider interpretive context, one capable of preserving a sense of ongoing interests in cooperation.

Interpretive Practices, Keynesian Frames, and U.S.-China Cooperation

Perhaps the most important interpretive practitioner in the U.S. economic policy space of the past quarter century has been Yellen, who has shaped U.S. foreign and economic policies across multiple terms at the Federal Reserve (including as the Federal Reserve chair), as the chair of the Council of Economic Advisers (an agency within the executive office of the president), and, most recently, as the secretary of the Treasury. In terms of the principles that have informed her views, Yellen has been particularly influenced by the ideas of John Maynard Keynes. In contrast to classical economic perspectives, Keynes saw the economic realm as plagued by a deep and pervasive uncertainty, as agents could not make efficient use of information or form consistent preferences. Instead, in making sense of their interests, Keynes believed that they would rely on inevitably unstable social conventions—which in turn might be swayed by collective emotions and the “animal spirits” of market psychology.¹⁰ From the micro-perspective of the individual, it would be quite difficult—whether as a consumer, firm, or even state—to offset broader trends. Keynes’s solutions were therefore aimed at the macro level, as states could employ domestic macroeconomic policies or global macroeconomic cooperation to limit instability and contain crises, thus providing the only dependable means to advance a larger common good.

With respect to the foundations of her own economic values, Yellen received her PhD at Yale University, where Keynesian economists such as

⁹ Daniel Kahneman, *Thinking, Fast and Slow* (New York, Farrar, Straus, and Giroux, 2011).

¹⁰ John Maynard Keynes, *The General Theory of Employment, Interest and Money* (New York: Harcourt, Brace, Jovanovich, 1936), 161–62.

James Tobin shaped debate. In an interview for the Federal Reserve’s oral history project, Yellen recalled her and Tobin’s shared views:

He felt strongly, as I always have, that monetary and fiscal policy can contribute to superior economic outcomes, and that...economists are obligated to respond to calls to serve in government and to apply the tools of their trade to help improve the human condition.¹¹

While keeping her values grounded, Yellen cast herself as innately “pragmatic”:

By that I meant to convey that I don’t fall into any extreme ideological camp. Obviously, I have sympathy for a Keynesian world view....I believe markets work well, and I’m in favor of capitalism as a system. But I don’t think it always works to keep the economy at full employment....In that sense, I felt I had a balanced view. I wasn’t extreme or ideological.¹²

Describing her more refined theoretical contributions, Yellen stressed her work “on the topic we called ‘near-rationality’” where agents might employ “a type of rule-of-thumb behavior that, while not fully rational, entails only negligible costs to individual decisionmakers.”¹³ Such views would justify Yellen’s support for an expanded role for the state in limiting tendencies for market failure, instability, and crisis.

Constructing Interests in Cooperation: The Asian Financial Crisis, the Kyoto Protocol, and the WTO

Yellen’s commitment to global public goods could be seen during her service on the Clinton administration’s Council of Economic Advisers—she supported efforts to contain the Asian financial crisis, to contribute to global efforts at limiting climate change, and to facilitate China’s accession to the WTO. In mid-1997, the collapse of the Thai baht sparked a regional contagion, as currency instability spread across Malaysia, Indonesia, and South Korea. While much of the immediate U.S. response to the crisis would originate from the Treasury under Robert Rubin and the Federal Reserve under Alan Greenspan, Yellen supported all these efforts from her position at the Council of Economic Advisers. Later, she would note that a key lesson

¹¹ Janet L. Yellen, “Interview with Janet L. Yellen, Former Chair, Board of Governors of the Federal Reserve System,” interview by Winthrop P. Hambley and David H. Small, Federal Reserve Board Oral History Project, January 3, 2012, 3 ~ <https://www.federalreserve.gov/aboutthefed/files/janet-l-yellen-interview-20120103.pdf>.

¹² *Ibid.*, 25.

¹³ *Ibid.*, 9.

was that states “must strengthen both the financial system and the monetary system to create a more stable and less crisis-prone global economy.”¹⁴ In the context of improving relations with China, this period also saw general U.S. appreciation for China’s willingness to act as a “responsible” regional hegemon by maintaining the renminbi’s peg to the U.S. dollar. In this way, Chinese officials resisted the temptation to pursue a competitive advantage through devaluations of their own.¹⁵

To the extent that Yellen was focused on China’s role in the world economy during her time at the Council of Economic Advisers in the 1990s, it was in the context of early discussions on the potential for U.S.-China cooperation in addressing climate change and China’s accession to the WTO. Within the Clinton administration, she recalled that “President Clinton and Vice President Gore wanted to...play a leadership role on environmental issues,” but “it became a question of how it could be done without killing the economy.”¹⁶ Yellen supported the goal but cautioned the administration against moving too aggressively to cut greenhouse gas emissions with highly ambitious short-term targets, instead advocating for greater long-term flexibility. As she later recalled, the Council of Economic Advisers argued that “if we were going to agree to targets for emissions reductions, then we had to have flexibility about where the emissions reductions would be done. That meant if it was cheapest to do emissions trading in China, we should be able to meet our obligation by essentially buying emission reductions from the Chinese and getting credit for it.”¹⁷

Ultimately, Yellen faced opposition from the U.S. and Chinese governments alike and was incapable of bringing stakeholders together on the climate issue. Congress rejected the Clinton administration’s approach to emissions reduction as too costly.¹⁸ In December 1997, Vice President Al Gore returned from Kyoto, having accepted a broad rollback to 1990 emissions levels by 2010. Yellen found herself in a political bind, as she could not effectively argue that the Kyoto targets would not have economic

¹⁴ Janet Yellen, “Toward Which International Financial System?” (remarks at the Banque de France International Symposium, Paris, March 2011), 2 \approx <https://www.banque-france.fr/sites/default/files/session4-yellen.pdf>.

¹⁵ John Tkacik and Dean Cheng, “A Little Credit, Please, for China,” *Washington Post*, February 4, 1998 \approx <https://www.washingtonpost.com/archive/opinions/1998/02/04/a-little-credit-please-for-china/e61aaa2e-aa77-4c09-9560-0b99b8b80900>.

¹⁶ Interview with Janet L. Yellen in Simon W. Bowmaker, *When the President Calls: Conversations with Economic Policymakers* (Cambridge: MIT Press, 2019), 331.

¹⁷ *Ibid.*, 331.

¹⁸ Jon Hilsenrath, *Yellen: The Trailblazing Economist Who Navigated an Era of Upheaval* (New York: HarperCollins, 2022), 129–30.

costs, which contributed to the dearth of public support for the protocol.¹⁹ Clinton did not submit the Kyoto Protocol for ratification by Congress, and George W. Bush later abandoned the accord—though Yellen’s advocacy would be sustained.²⁰ Likewise, in seeking support from China, Yellen found a lack of responsiveness from interlocutors such as Zhu Rongji, China’s top economics minister, given collective action–styled concerns that China’s developing country status justified taking on less of the adjustment burden.²¹ Notwithstanding these setbacks, Yellen supported China’s membership in the WTO, arguing that “negotiating the terms of China’s accession to the WTO is a major part of the administration’s effort to address [the United States’] trade imbalance” with China.²²

Constructing Interests in Cooperation: Crises—from the G-2 to the G-20

Although Yellen left public service in 1999, she returned in 2004 as the president of the Federal Reserve Bank of San Francisco, where she stressed the need for macroeconomic activism in the run-up to the collapse of Lehman Brothers and the ensuing 2008 global financial crisis. While Yellen was not in the inner circle of Federal Reserve and Treasury officials addressing the mounting crisis, she would use her position on the Federal Open Market Committee to counter calls for higher interest rates, which had persisted into 2007 (reflecting, in particular, concerns for energy prices). In Yellen’s view, the danger of financial collapse was far greater than that of any brief revival of inflation, requiring a quicker rate easing to provide a cushion for the likely downturn.²³

In this context, when the global financial crisis emerged from the bankruptcy of Lehman Brothers in September 2008, it appeared that the United States and China might together provide the mutually reinforcing roles of global economic hegemony. To the extent that each acted to implement an aggressive fiscal stimulus—and with the Federal Reserve playing the role of a global “lender of last resort” in bailing out “too big to fail” financial institutions—there seemed to have emerged a playbook for great-power macroeconomic coordination. The United States and

¹⁹ Hilsenrath, *Yellen*, 131; and Council of Economic Advisers, *Economic Report of the President* (Washington, D.C, February 1998), 168–70 ~ <https://www.govinfo.gov/content/pkg/ERP-1998/pdf/ERP-1998.pdf>.

²⁰ Council of Economic Advisers, *Economic Report of the President*, 133.

²¹ Hilsenrath, *Yellen*, 132.

²² *Ibid.*, 144.

²³ *Ibid.*, 183.

China converged on similarly stimulatory policies, with the United States advancing a \$787 billion stimulus, or about 5.5% of its GDP, while China provided a \$586 billion stimulus, or the equivalent of about 7% of its GDP.²⁴ In early 2009, Yellen would advance an explicitly Keynesian analysis of the contagion, noting that,

When [investors] tried to sell assets into illiquid markets, prices fell further, generating yet more selling pressure in a loss spiral...Once this massive credit crunch hit, it didn't take long before we were in a recession. The recession, in turn, deepened the credit crunch...Indeed, we have been in the grips of precisely this adverse feedback loop for more than a year.²⁵

In 2014, President Barack Obama appointed Yellen to chair the Federal Reserve System, and a considerable focus of her term entailed managing pressures for the “normalization” of interest rates, raising them from the near-zero levels of the global financial crisis. With the election of Trump, however, Yellen’s association with the Obama administration and the Democratic Party proved to be a barrier to her reappointment. Yellen’s successor, Jerome Powell, initially sought to continue Yellen’s normalization project, only to find Trump’s vocal opposition to higher interest rates and his trade war with China were headwinds that undermined the scope for Federal Reserve restraint.

The Biden Administration: Macroeconomics, Debt, and Climate

Even though the Trump administration’s policies were largely opposed by the Biden campaign, the Biden administration has ultimately retained Trump’s hard line toward China. This has reflected not simply the moderate democratic leanings of Biden officials but also a shift in public views of China. For example, shortly after Trump’s departure, 79% of Americans viewed China unfavorably, a rise of over 10% for the worse in the space of a year.²⁶ Despite their similar hard stances, Trump’s and Biden’s approaches to China have differed in significant ways. Having discarded Trump’s nativist rhetoric, Biden has been less focused on “top line” concerns about the balance of payments that motivated his predecessor, although he

²⁴ David Barboza, “China Unveils \$586 Billion Stimulus Plan,” *New York Times*, November 10, 2008 ~ <https://www.nytimes.com/2008/11/10/world/asia/10iht-10china.17673270.html>.

²⁵ Janet Yellen, “A Minsky Meltdown: Lessons for Central Bankers” (conference presentation, 18th Annual Hyman P. Minsky Conference on the State of the U.S. and World Economies, New York, April 16, 2009) ~ <https://www.frbsf.org/our-district/press/presidents-speeches/yellen-speeches/2009/april/yellen-minsky-meltdown-central-bankers>.

²⁶ Mann, “Trump’s China Policy,” 261.

maintained the tariffs on China initiated during the Trump administration. Instead, Biden appears to see trade through more of a security lens, stressing competition in high-tech industries and the implications for military advantage.²⁷ Secretary of State Blinken highlighted these concerns in a May 2022 address on U.S.-China relations in a way that harkened back to the space race rhetoric of the 1950s. In particular, he stated that “because our industrial strategy centers on technology, we want to invest in research, development, advanced manufacturing....It’s how we won the space race, invented the semiconductor, built the internet. We used to rank first in the world in R&D as a proportion of our GDP—now we’re ninth. Meanwhile, China has risen from eighth place to second.”²⁸

Though now secretary of the Treasury, Yellen could not break with this national security framing; her recent discourses have stressed the scope for cooperation. As noted above, in an April 2023 address, Yellen recognized the importance of national security concerns but emphasized that “national security actions are not designed for us to gain a competitive economic advantage, or stifle China’s economic and technological modernization.”²⁹ She stressed three areas in which the United States and China might usefully cooperate—macroeconomic stability, global debt issues, and climate change. First, reflecting the lessons of the Asian financial crisis, the global financial crisis, and mid-2010s instability, Yellen noted that “we must continue to develop steady lines of communication between our countries for macroeconomic and financial cooperation [particularly]...about how we are responding to economic shocks.”³⁰ Second, Yellen emphasized the need to “work together to help emerging markets and developing countries facing debt distress,” potentially integrating China’s efforts with those of the International Monetary Fund in terms of rescheduling, restructuring, and possible relief, particularly in “urgent cases like Zambia and Ghana.”³¹ Finally, Yellen suggested that the United States and China “must work together to tackle long-standing global challenges that threaten us all,” stressing the need to bolster the Paris Agreement and cooperate “to boost private capital flows as co-chairs of the G-20 working group on sustainable

²⁷ Mann, “Trump’s China Policy,” 265–66.

²⁸ Antony J. Blinken, “The Administration’s Approach to the People’s Republic of China,” U.S. Department of State, May 26, 2022 ≈ <https://www.state.gov/the-administrations-approach-to-the-peoples-republic-of-china>.

²⁹ Yellen, “Remarks by Secretary of the Treasury Janet L. Yellen on the U.S.-China Economic Relationship at Johns Hopkins School of Advanced International Studies.”

³⁰ *Ibid.*

³¹ *Ibid.*

finance.”³² In this way, even as Yellen accepted the Biden administration’s primary emphasis on national security concerns, she was able to highlight areas for bilateral cooperation in pursuit of common interests in economic and environmental governance.

Conclusion

National interests are ambiguous—they might be defined with respect to relative, absolute, or mutual gains. Where interpretive practitioners employ or advance different frameworks, the result can be the construction of varying foreign policy interests. In particular, Keynesian framings, such as those employed by Yellen, cast social and economic systems as inherently crisis prone and highlight the need for agents—and states—to cooperate on common interests. While U.S.-China relations have entered a difficult period, our analysis suggests that the ambiguity of interests and the persistence of Yellen-styled financial framings represent an inhibiting force on broader bilateral tensions. Indeed, to the extent that the ostensibly better relations of the 1990s were based on misplaced confidence in a neoliberal view of the rules-based order, the scope for more fruitful cooperation arguably exists today with respect to economic and environmental policy matters. ♦

³² Yellen, “Remarks by Secretary of the Treasury Janet L. Yellen on the U.S.-China Economic Relationship at Johns Hopkins School of Advanced International Studies.”

U.S.-China Great-Power Politics and Strategic Ambiguities in an Evolving Indo-Pacific Security Architecture

Beverley Loke and Ralf Emmers

A complex regional security architecture exists today in the Indo-Pacific, comprising overlapping multilateral and minilateral arrangements. Resulting from an incremental process of cooperation, the Association of Southeast Asian Nations (ASEAN) and its associated forums such as the East Asia Summit (EAS), the ASEAN Regional Forum (ARF), the ASEAN +3, and the ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus) have become important multilateral venues for regional countries to exchange strategic perspectives. However, these inclusive and multilateral ASEAN-led platforms have in recent years been challenged by the rise of exclusive minilateral arrangements driven by U.S.-China great-power politics. China's influence-building measures include the Belt and Road Initiative, the Xiangshan Forum, and, more recently, the Global Security Initiative. U.S.-led minilaterals include the Quad, which brings together Australia, India, Japan, and the United States, and AUKUS, a trilateral security pact signed in September 2021 by Australia, the United Kingdom, and the United States.

These developments have reinvigorated debates over the form, purpose, and effectiveness of the Indo-Pacific security architecture.¹ They have also contributed to the emergence of additional ambiguity in the regional architecture at the level of embedded regional alignments. Institutions like the EAS are structured around ASEAN's impartiality in the rise of great-power competition and seek to institutionalize regional relations by promoting diplomatic rules of engagement that are acceptable to all. In contrast, the Quad and AUKUS are arrangements that openly exclude China and seek to balance its rising power.

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¹ Mark Beeson, "Decentered? ASEAN's Struggle to Accommodate Great Power Competition," *Global Studies Quarterly* 2, no. 1 (2022): 1–9; and Kai He, "Contested Multilateralism 2.0 and Regional Order Transition: Causes and Implications," *Pacific Review* 32, no. 2 (2019): 210–20.

While it might seem counterintuitive, we claim that constructive and purposeful strategic ambiguity in the regional architecture can help maintain regional stability, especially in light of the intensifying U.S.-China hegemonic ordering. Indeed, we posit that it is precisely when states are narrowly aligned on specific economic, security, or ideological grounds that perceptions become hardened, thereby cementing “us/them” binaries and heightening regional instabilities.

In short, this essay argues that inclusive and exclusive forms of cooperation enhance stability by generating strategic ambiguities in an evolving Indo-Pacific security architecture. The argument is laid out in two sections. The first section describes how ASEAN’s inclusive platforms—discussed here through the EAS—have lost momentum and how the regional architecture has in recent years been characterized by an exclusive approach that omits one of the great powers. The next section claims that inclusive and exclusive approaches to security cooperation are not incompatible, as they enable flexibility and fluidity in regional alignments.

The Evolving Security Architecture

ASEAN’s centrality in regional order-building has been widely debated. Although some analysts claim that ongoing great-power rivalries and mistrust have resulted in ASEAN’s centrality “by default,” others highlight far greater agency on the part of Southeast Asian states to shape the regional security architecture. Despite calls for various other regionalist projects, such as an “Asia-Pacific community” and an “East Asian community,” unsuccessfully promoted by former Australian prime minister Kevin Rudd and Japanese prime minister Yukio Hatoyama, respectively, ASEAN has proved resilient in diffusing its norms to other regional states and driving wider cooperation. In this context, ASEAN’s accomplishments include the establishment of inclusive institutionalized platforms for great-power engagement, thereby ensuring that ASEAN remains pivotal to the region’s broader order-building project.² As Hiro Katsumata has noted, ASEAN has managed to “actively construct a social environment which defines itself as the legitimate leader of East Asian community building.”³

² Alice D. Ba, “ASEAN Centrality Imperiled? ASEAN Institutionalism and the Challenges of Major Power Institutionalization,” in *ASEAN and the Institutionalisation of East Asia*, ed. Ralf Emmers (New York: Routledge, 2012), 122–37.

³ Hiro Katsumata, “What Explains ASEAN’s Leadership in East Asian Community Building?” *Pacific Affairs* 87, no. 2 (2014): 247–64.

The EAS, first held in 2005 with the ten ASEAN countries, Australia, China, India, Japan, New Zealand, and South Korea, represented one such attempt at constructing a region-wide multilateral institution. Prior to its inception, Indonesia, Japan, and Singapore were of the view that membership should be wide and inclusive, while other members, especially China and Malaysia, stressed that the EAS should be exclusively limited to East Asian countries. The eventual inclusion of Australia, India, and New Zealand—countries that are located outside the East Asian region—was therefore a diplomatic concession to a more inclusive approach to cooperation. Moreover, the EAS agenda was set to address the economic-security nexus and structured around various trade, security, health, and social issues.

When the United States and Russia joined the EAS in 2011, its status was cemented as a premier “leaders-led” regional forum. The United States’ participation in the EAS brought a new sense of optimism that ASEAN had resolved the membership issue by involving all the great powers and relevant middle powers in the Indo-Pacific. The EAS was therefore expected to serve as a diplomatic platform to improve U.S.-China relations and socialize the great powers to demonstrate good international behavior.

With U.S. membership came more attention to regional strategic issues, ranging from the North Korean nuclear program to maritime security, as well as to other matters such as climate change and human rights. Members openly disagreed on appropriate topics to include on the agenda. For example, Beijing protested that the South China Sea dispute was an issue between China and the Southeast Asian claimant states and that it should therefore not be discussed in the EAS framework.

Official statements have repeatedly described the EAS as an ASEAN-led arrangement that is characterized by inclusiveness and dialogue. The 2020 Ha Noi Declaration on the fifteenth anniversary of the EAS referred to the institution as “sitting at the apex of the ASEAN-centred regional architecture” and as “a Leaders-led forum for dialogue and cooperation on broad strategic, political and economic issues of common interest and concern with the aim of promoting peace, stability, economic prosperity in East Asia, and socio-cultural cooperation for regional resilience.”⁴ The 2022 EAS chairman’s statement reaffirmed that “the EAS will continue to be an

⁴ ASEAN, “Ha Noi Declaration on the 15th Anniversary of the East Asia Summit,” November 14, 2020, 2, 3. ~ <https://asean.org/ha-noi-declaration-on-the-15th-anniversary-of-the-east-asia-summit>.

open, inclusive, transparent and outward-looking forum that is an integral component of the evolving ASEAN-centred regional architecture.”⁵

Nevertheless, the cooperative process in the EAS has lost momentum. Its achievements have been limited, and some countries, such as Australia and Japan, have made repeated demands for a more focused and structured agenda. The absence of material outcomes is partly derived from its institutional format. In particular, the EAS is underinstitutionalized—it lacks a secretariat and a budget to support its agenda, and it operates alongside (and in competition with) other ASEAN-led platforms. Given the duplication of issues that are discussed in the various ASEAN forums, the EAS often comes across as redundant, despite its leaders-led status. For example, the ASEAN +3, EAS, ARF, and ADMM-Plus all deal with nontraditional security issues. ASEAN has opposed attempts at building a hierarchy among the different bodies and reducing functional duplication because it fears losing its centrality in the overall security architecture.

In recent years, the regional security architecture has been evolving in response to China’s burgeoning regional role. According to the 2023 Lowy Asia Power Index, China has increased its overall influence in Southeast Asia over the past five years compared to the United States, and Beijing now substantially outranks Washington in its economic relationships and diplomatic influence.⁶ China currently conducts far more sophisticated statecraft to cultivate regional influence, shore up legitimacy against perceived U.S.-led encirclement, and shape regional order according to Chinese values, interests, and preferences.⁷ As Chinese foreign minister Qin Gang remarked at the 2023 China Development Forum, China will “put in place a security architecture in the region and around the world that addresses the aspirations and accommodates the interests of all sides.”⁸

⁵ ASEAN, “Chairman’s Statement of the 12th East Asia Summit (EAS) Foreign Ministers’ Meeting,” August 5, 2022, 1 ~ <https://eastiasummit.asean.org/eas-statements-and-declarations/2022>.

⁶ Susannah Patton and Jack Sato, “Asia Power Snapshot: China and the United States in Southeast Asia,” Lowy Institute, April 20, 2023 ~ https://www.lowyinstitute.org/publications/asia-power-snapshot-china-united-states-southeast-asia#_edn1.

⁷ Beverley Loke, “China’s Economic Slowdown: Implications for Beijing’s Institutional Power and Global Governance Role,” *Pacific Review* 31, no. 5 (2018): 673–91; Feng Liu, “Balance of Power, Balance of Alignment, and China’s Role in the Regional Order Transition,” *Pacific Review* 36, no. 2 (2023): 261–83; and Alice Eckman, “China and the Battle of Coalitions: The ‘Circle of Friends’ versus the Indo-Pacific Strategy,” European Union Institute for Security Studies, Chaillot Paper 174, April 2022.

⁸ Qin Gang, “Forging Ahead on the New Journey toward a Community with a Shared Future for Mankind” (speech at the China Development Forum, Beijing, March 27, 2023) ~ https://www.fmprc.gov.cn/eng/wjdt_665385/zyjh_665391/202303/t20230329_11051025.html.

U.S.-led minilaterals have emerged in direct response to China's growing power and assertiveness in the Indo-Pacific. The Quad and AUKUS are exclusive in membership and tend to be more results-driven in their approach, openly excluding China in an attempt to constrain its rising regional influence. This form of exclusive minilateral cooperation challenges ASEAN's inclusive institutional perspective. Although both the United States and China recognize the legitimizing quality of ASEAN, and therefore maintain a rhetorical commitment to supporting ASEAN centrality, they do so on top of pursuing their respective coalition-building arrangements. In some respects, therefore, "ASEAN is valued more as an instrument in the Great Powers' contest for regional influence rather than as a player with its own voice and weight in shaping the regional order."⁹

For instance, due to each other's presence, both China and the United States have grown increasingly uninterested in the EAS. Beijing lost some interest as soon as Australia, India, and Japan were included in the original EAS in 2005 and became completely disinterested once the United States joined in 2011. While Chinese leaders still attend meetings of the EAS, they promote multilateral cooperation in other forums where the United States is excluded. Similarly, the U.S. president generally attends the EAS, but the United States now gives more attention to minilateral initiatives such as the Quad and AUKUS. Hence, ASEAN's attempt to promote inclusiveness and dialogue in the region is now arguably undermined by a policy of exclusiveness adopted by Beijing and Washington.

Ambiguity in Regional Alignments and the Politics of Regional Hegemonic Ordering

As China and the United States compete for power and influence in the Indo-Pacific, the politics of regional hegemonic (re)ordering is intensifying. Both great powers are pursuing their ambitions by establishing coalitional hegemonies and cultivating legitimacy from multiple and overlapping constituencies.¹⁰ However, both states are doing so in a manner that allows for some degree of great-power management in what is undoubtedly the world's most consequential relationship.

⁹ Hoang Thi Ha, "Understanding the Institutional Challenge of Indo-Pacific Minilaterals to ASEAN," *Contemporary Southeast Asia* 44, no. 1 (2022): 21–22.

¹⁰ Beverley Loke, "The United States, China, and the Politics of Hegemonic Ordering in East Asia," *International Studies Review* 23, no. 4 (2021): 1208–29.

For instance, even as Washington emphasizes the “strategic power of partnerships,” “working in new, flexible, and custom-made ways with our friends,” and “the rise of nimble and flexible security networks that add stability to the region,”¹¹ it ensures that opportunities for engaging China are not closed off. In a recent trip to China, U.S. secretary of state Antony Blinken stressed that “the United States and China have an obligation to manage this relationship responsibly....It’s the responsibility of both countries to find a path forward—and it’s in both our interests, and the interests of the world, that we do so.”¹² Such sentiments are typically echoed by Beijing. Indeed, both great powers recognize that operating through such strategic ambiguities—not being friends, but not (yet) being enemies—allows them to pursue their respective hegemonic and counter-hegemonic coalition-building endeavors while continuing to navigate their great-power relationship.

Strategic ambiguity also characterizes regional states’ alignments vis-à-vis the great powers. The establishment of various China-led and U.S.-led exclusive arrangements alongside ASEAN’s preference for inclusive multilateralism has resulted in an increasingly crowded Indo-Pacific security architecture. Amid widespread debates over the durability of ASEAN centrality and the effectiveness of exclusive regional groupings, there have been reinvigorated appeals for a more coherent security architecture with a clearer mandate and purpose.¹³

However, this complex security architecture allows for strategic ambiguities in how regional states align that are particularly beneficial in the current regional landscape. These overlapping inclusive and exclusive security arrangements provide regional states the flexibility and fluidity to be purposefully vague in their alignment strategies. Indeed, this “institutional layering” and “complex patchwork” of minilateral and multilateral institutions allow states to “forum shop” and hedge between the great powers.¹⁴ As Victor Cha has written, “The point here is not that insecurities disappear merely with membership in these various groupings,

¹¹ Lloyd J. Austin III, “Remarks at the Shangri-La Dialogue by Secretary of Defense Lloyd J. Austin III (as Delivered),” U.S. Department of Defense, June 11, 2022 ~ <https://www.defense.gov/News/Speeches/Speech/Article/3059852/remarks-at-the-shangri-la-dialogue-by-secretary-of-defense-loyd-j-austin-iii-a>.

¹² Antony J. Blinken, “Secretary of State Antony J. Blinken’s Press Availability,” U.S. Department of State, June 19, 2023 ~ <https://www.state.gov/secretary-of-state-antony-j-blinkens-press-availability>.

¹³ Mely Caballero-Anthony, “Reclaiming ASEAN’s Comprehensive and Cooperative Security,” East Asia Forum, June 13, 2023 ~ <https://www.eastasiaforum.org/2023/06/13/reclaiming-aseans-comprehensive-and-cooperative-security>.

¹⁴ Andrew Yeo, *Asia’s Regional Architecture: Alliances and Institutions in the Pacific Century* (Stanford: Stanford University Press, 2019); Victor D. Cha, “Complex Patchworks: U.S. Alliances as Part of Asia’s Regional Architecture,” *Asia Policy*, no. 11 (2011): 27–50; and Kei Koga, “Institutional Dilemma: Quad and ASEAN in the Indo-Pacific,” *Asian Perspective* 47, no. 1 (2023): 27–48.

but that the complexity and density of interaction of these many groupings readily create channels to reduce anxieties associated with exclusion.”¹⁵ This dynamic allows states to navigate various inclusive and exclusive mechanisms for institutional balancing, enabling small and middle powers to support exclusive minilateral arrangements like the Quad while still being able to engage China through ASEAN-led inclusive multilateral platforms.

It is precisely in this context that the EAS continues to play a part in stabilizing regional relations amid a shifting regional distribution of power. It helps to preserve a balance of influence between the involved parties, which is crucial to the overall stability of the multilateral architecture. The EAS locks in China, India, Japan, and the United States, as well as a series of middle powers that includes Australia, Indonesia, and South Korea, into the multilateral security architecture. It aims to secure long-term U.S. and Chinese engagement, irrespective of rising bilateral competition. The EAS guarantees the sovereign rights of all of its members, most notably its small and middle powers, and seeks to prevent the emergence of a competitive bipolar system that would exclude them.

This effort is important because regional states do not want to have to choose between China and the United States. In fact, as the 2023 “State of Southeast Asia” survey demonstrates, there is a growing sentiment among ASEAN states (30.5% in 2023, compared to 26.6% in 2022) that the regional body should continue its position of not siding with either great power.¹⁶ This strategic ambiguity in Southeast Asian states’ regional alignments provides them with greater agency, flexibility, and leverage. As argued by Yuen Foong Khong, “today, Southeast Asia seems to be adopting a more piecemeal approach—ASEAN states buy into Chinese or U.S. initiatives as they suit.”¹⁷ The Quad has also pulled back from its explicitly anti-China rhetoric—in part because individual member states have to judiciously navigate their own bilateral relationships with China and in part because the minilateral grouping recognizes that it will not receive the necessary

¹⁵ Cha, “Complex Patchworks,” 47–48.

¹⁶ Sharon Seah et al., “The State of Southeast Asia: 2023 Survey Report,” ISEAS–Yusof Ishak Institute, February 2023, 36 ~ <https://www.iseas.edu.sg/wp-content/uploads/2025/07/The-State-of-SEA-2023-Final-Digital-V4-09-Feb-2023.pdf>.

¹⁷ Yuen Foong Khong, “Southeast Asia’s Piecemeal Alignment,” East Asia Forum, June 19, 2023 ~ <https://www.easiaforum.org/2023/06/19/southeast-asias-piecemeal-alignment>.

buy-in from other regional states if it leans too heavily on an ideological “democratic versus authoritarianism” angle.¹⁸

Current strategic ambiguities are therefore purposeful and constructive, in terms of both great-power management and how regional states situate their alignments. On the one hand, they provide Beijing and Washington space to cautiously maneuver their great-power relationship. On the other hand, they allow states to be flexible and vague in their regional alignments. The evolving security architecture in the Indo-Pacific is indeed messy and complex, characterized by competing visions of regional order as well as multiple, entangled, and overlapping security arrangements.

Although this is not an ideal scenario, the alternative is arguably far worse. A regional architecture in which states are forced to choose between exclusive U.S.-led and Chinese-led groupings does not cater to regional states’ preferences and would only serve to harden binary perceptions and lead to regional instability. A loose, malleable architecture comprising various minilaterals and multilaterals is better than a region divided into great-power blocs. In this regard, strategic ambiguities are necessary, at least for now.

Conclusion

This essay has highlighted the merits of constructive ambiguity in the Indo-Pacific security architecture and illustrated the deliberate use of ambiguity in the construction and operation of that architecture. ASEAN-led inclusive platforms for security diplomacy currently coexist with emerging great-power-led exclusive arrangements, enabling flexibility and legitimacy in the overall architecture and contributing to regional stability.

While perhaps a counterintuitive argument, this essay also suggests that no steps should be taken at this point to enhance clarity in regional alignments, as such attempts would likely force regional states—especially middle and smaller powers—to construct their alignments in narrower terms. This would be a step in the wrong direction, as it would only harden binaries on security and ideological grounds and further undermine regional stability.

We acknowledge that this is only a temporal argument. Strategic ambiguity in the evolving security architecture works for now, and it will

¹⁸ Mark L. Haas, “The Ideology Barriers to Anti-China Coalitions,” *Washington Quarterly* 45, no. 4 (2022): 113–32; and Eryk Bagshaw, “Why the Four Countries Most Focused on Containing China Have Stopped Mentioning It,” *Sydney Morning Herald*, May 21, 2023 ~ <https://www.smh.com.au/asia/why-china-wasn-t-mentioned-once-by-quad-in-its-3000-word-statement-20230521-p5da0k.html>.

continue to do so as long as the level of competition in the U.S.-China relationship remains manageable. Indeed, most regional states have preserved agency and room for diplomatic maneuver when seeking to achieve their foreign policy objectives. The level of strategic ambiguity embedded in the evolving security architecture has enabled them to do so. Yet, the merits of constructive ambiguity could rapidly diminish, and even become counterproductive, if relations between the great powers were to become openly conflictual. ◆

Meeting in the Middle? Multilateral Development Finance, China, and Norm Harmonization

Susan Park

International norms are strong when they are taken for granted and followed automatically.¹ Through contestation, norms may erode over time as challengers focus on how to procedurally follow the norm or substantively interrogate the idea itself.² Some scholars have observed that norms may be contested because actors can seek to reject, revise, or deny the purpose of the norm.³ Yet norms can prove resilient and robust even in the face of opposition, highlighting the importance of structural factors as they relate to a norm's embeddedness, institutionalization, and legal character.⁴

In the 1990s, China was viewed as a novice in multilateral forums, and it was hoped that China would be socialized into international norm adherence through engagement in multilateral economic and security settings.⁵ Decades on, China is now promoting and changing international norms within multilateral institutions that may fundamentally reshape how finance, trade, development, and energy policy are practiced.⁶

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¹ Martha Finnemore and Kathryn Sikkink, "International Norm Dynamics and Political Change," *International Organization* 52, no. 4 (1998): 887–917.

² Antje Wiener, *The Invisible Constitution of Politics: Contested Norms and International Encounters* (Cambridge: Cambridge University Press, 1998); Jennifer M. Welsh, "Norm Contestation and the Responsibility to Protect," *Global Responsibility to Protect* 5, no. 4 (2013): 365–96; and Jason Ralph and Adrian Gallagher, "Legitimacy Faultlines in International Society: The Responsibility to Protect and Prosecute after Libya," *Review of International Studies* 41, no. 3 (2015): 553–73.

³ Ian Clark et al., "Crisis in the Laws of War? Beyond Compliance and Effectiveness," *European Journal of International Relations* 24, no. 2 (2018): 319–43.

⁴ Nicole Dietelhoff and Elizabeth Zimmerman, "Norms under Challenge: Unpacking the Dynamics of Norm Robustness," *Journal of Global Security Studies* 4, no. 1 (2019): 2–17.

⁵ Alastair I. Johnston, *Social States: China in International Institutions, 1980–2000* (Princeton: Princeton University Press, 2008); and Ann E. Kent, "China's International Socialization: The Role of International Organizations," *Global Governance* 8, no. 3 (2002): 343–64.

⁶ Jue Wang, "China-IMF Collaboration: Toward the Leadership in Global Monetary Governance," *Chinese Political Science Review* 3 (2018): 62–80; Kristin Hopewell, *Breaking the WTO: How Emerging Powers Disrupted the Neoliberal Project* (Stanford: Stanford University Press, 2016); and HyeYoon Park, "Global Norm-Maker as China's New Brand? An Analysis of the Responsible Cobalt Initiative," *Chinese Journal of International Politics* 16, no. 2 (2023): 129–56.

The scholarship on China and norms has emphasized its role shifting from being a norm-taker to a norm-maker.⁷

This essay examines how China's changing role in multilateral development finance is opening an ambiguous space for the reconciliation of a variety of development finance norms with Chinese practices, specifically through inside and outside pathways that could lead to norm harmonization. The first section looks at how China is fundamentally reshaping traditional, Western-led multilateral development finance. The section examines the institutions created by China to pursue Beijing's own international development agenda. The essay then unpacks how responses to Chinese development finance are reshaping Western activities that open the way for harmonizing some multilateral development norms, such as environmental protection. The question remains as to whether this harmonization process will lead to China leveling up to meet international norms, whether certain norms may weaken to enable China to follow them, or whether China and these norms may meet somewhere in the middle.

For decades, international development was driven by the Western-led Bretton Woods institutions—the International Monetary Fund (IMF) and the World Bank. Highlighting how policy norms could be taken up and diffused to borrowers,⁸ the IMF and World Bank promoted neoliberal “Washington Consensus” policies in the 1980s, which morphed into the post-Washington Consensus approach in the 1990s to incorporate good governance, gender, development, environmental, and social protection norms, among others. Although this approach experienced some decline following the global financial crisis,⁹ the IMF and World Bank remain engaged in maintaining the neoliberal economic paradigm they constructed in their activities.¹⁰ International political economy scholars have noted how China's promotion of international development has been fundamentally at odds with the neoliberal prescriptions offered by the IMF and the World Bank that have been greatly supported by the West. At heart, China has

⁷ James Reilly, “A Norm-Taker or a Norm-Maker? Chinese Aid in Southeast Asia,” *Journal of Contemporary China* 21, no. 3 (2012): 71–91.

⁸ Susan Park and Antje Vetterlein, eds., *Owning Development: Creating Policy Norms in the IMF and the World Bank* (Cambridge, Cambridge University Press, 2010).

⁹ Ali B. Güven, “Whither the Post-Washington Consensus? International Financial Institutions and Development Policy Before and After the Crisis,” *Review of International Political Economy* 25, no. 3 (2018): 392–417.

¹⁰ Alexandros Kentikelenis and Thomas Stubbs, *A Thousand Cuts: Social Protection in an Age of Austerity* (Oxford: Oxford University Press, 2023).

instead promoted a strong neo-statist approach toward development that, while emphasizing the capitalist model,¹¹ is underpinned by China's advocacy for norms of South-South cooperation, nonintervention, and state sovereignty.

Of course, this description only scratches the surface of how China promotes international development. Beyond Beijing's instantiation of the Belt and Road Initiative (BRI), the sheer volume and different modalities of development lending by China's banks far outweigh those promoted by multilateral development finance institutions.¹² Moreover, the methods for promotion, labeled a "coordinated credit space" by Gregory Chin and Kevin Gallagher, demonstrate how China provides credit to both development projects and the creditors and project suppliers. China's comprehensive, wrap-around model of development lending is fundamentally different from the conditionality of the Bretton Woods institutions (with critics arguing that it contributes to China's debt-trap diplomacy).¹³ Chinese support not only covers single, existing projects but also may lock states into further projects that are not yet viable, leading to loans for resource agreements. More broadly, China may provide lending for states that have never been targeted for Western loans.¹⁴ The effects of China's development lending activities have been threefold: first, they have influenced existing multilateral development institutions to change their development lending practices; second, they have shaped the activities of new multilateral development banks; and third, they have led to responses from Western states in the multilateral development finance space. All three areas of development finance reveal how international norms of multilateral development are changing in terms of norm competition and contestation while at the same time opening up an ambiguous space that reveals the potential for some norms to harmonize.

¹¹ Christopher A. McNally, "Chaotic Mélange: Neo-liberalism and Neostatism in the Age of Sino-Capitalism," *Review of International Political Economy* 27, no. 2 (2020): 281–301; and Johannes Petry, "Beyond Ports, Roads and Railways: Chinese Economic Statecraft, the Belt and Road Initiative and the Politics of Financial Infrastructures," *European Journal of International Relations* 29, no. 2 (2022): 1–33.

¹² Axel Dreher et al., *Banking on Beijing* (Cambridge: Cambridge University Press, 2022).

¹³ Gregory T. Chin and Kevin P. Gallagher, "Coordinated Credit Spaces: The Globalization of Chinese Development Finance," *Development and Change* 50, no. 1 (2019): 245–74.

¹⁴ Chin and Gallagher, "Coordinated Credit Spaces"; and Chris Humphrey and Yunnan Chen, "China in the Multilateral Development Banks: Evolving Strategies of a New Power," ODI, ODI Research Report, September 2021.

China and Multilateral Development Finance Institutions

Despite strong opposition, China has managed to retain its borrower status with the World Bank even though it met the bank's graduation criteria in 2016 and became a donor.¹⁵ As one of the top, "big seven" borrowers of the World Bank, China does not have to bear the policy burdens imposed on the rest of the bank's loan recipients, particularly in relation to governance and institutional reforms.¹⁶ As a donor, China increasingly has formal influence in the World Bank.¹⁷ While not representative of its actual global economic might, bank governance reforms on state voice and representation finalized in 2015 improved China's position to make it the bank's third-largest shareholder (other shareholders also increased their voting power but are not within the top five), a feat only previously managed by Japan when it was a rising power.¹⁸ To add to its formal influence, China's informal sway in the institution was revealed in 2018 when a scandal about the World Bank's "Doing Business" report series showed that Beijing was exercising undue influence on the World Bank president and staff to increase the country's rankings.¹⁹ As a result of the scandal, the highly influential "Doing Business" series was terminated, thus circumscribing the bank's ability to continue to shape international development norms through benchmarking.²⁰ In this regard, China's actions may have unintended consequences for maintaining the dominance of the World Bank in promoting post-Washington Consensus international development norms pertaining to governance and institutional reforms.

China's informal influence on the bank's lending is also becoming apparent. Like Japan's hard-fought but limited influence in the 1990s to ensure the developmental state model was adequately recognized within the

¹⁵ Robert H. Wade, "Accountability Gone Wrong: The World Bank, Non-governmental Organisations and the U.S. Government in a Fight over China," *New Political Economy* 14, no. 1 (2009): 25–48.

¹⁶ These largest borrowers are not subject to the same lending conditions as many other states because the bank is dependent on these borrowers for its business model including both loans and repayments. Ali B. Güven, "The World Bank and Emerging Powers: Beyond the Multipolarity-Multilateralism Conundrum," *New Political Economy* 22, no. 5 (2017): 496–520.

¹⁷ Randall W. Stone, *Controlling Institutions: International Organisations and the Global Economy* (Cambridge: Cambridge University Press, 2011).

¹⁸ Indeed, Japan remains the second-largest shareholder in the World Bank after the United States.

¹⁹ Andrea Shalal, "World Bank Aims to Replace Canceled 'Doing Business' Report in Two Years," Reuters, November 10, 2021 ~ <https://www.reuters.com/business/world-bank-aims-replace-canceled-doing-business-report-two-years-2021-11-10>.

²⁰ André Broome, Alexandra Homolar, and Matthias Kranke, "Bad Science: International Organizations and the Indirect Power of Global Benchmarking," *European Journal of International Relations* 24, no. 3 (2018): 514–39.

World Bank's and Asian Development Bank's development prescriptions,²¹ China is shaping how specific borrowers experience bank loans. As Chin noted over a decade ago, rather than allowing the World Bank to be the primary donor as it has always been, China has sought to be a "co-donor" with the World Bank in its lending. Further, it changed the level of "concessionality in the loan packages co-financed by China and the Bank, under the terms of the MOU."²² Assuming this co-donor role has allowed China to challenge the view of the World Bank as the preferred holder of creditor status, something Beijing has also recently challenged in relation to the Paris Club's debt-relief rules.²³

Not only are China's actions seeking to challenge the position of the World Bank as the preferred creditor, but they also alter how we understand the power of the World Bank. The principal-agent model is predicated on viewing member states as "collective principals" of an international organization (i.e., agent) that together decide what they want their agent to do on their behalf. In theory, China's new, larger role in World Bank lending decisions is changing the collective agreement of the principals because it is undermining the bank's Western-liberal consensus on how lending should be carried out. Previous research invoking the principal-agent model in relation to the World Bank often highlighted U.S. demands changes within the bank, which collectively shareholders accepted.²⁴ As discussed below, however, China's newfound power does not necessarily determine which norms will be contested and eroded versus those that will continue to be accepted and followed.

Although current research shows that China is now increasingly influencing lending patterns in the World Bank, this is occurring via external pathways more than through internal influence and not for the

²¹ Robert Wade, "Japan, the World Bank, and the Art of Paradigm Maintenance: The East Asian Miracle in Political Perspective," *New Left Review* 217 (1996): 4–35; and Christopher Dent, "The Asian Development Bank and Developmental Regionalism in East Asia," *Third World Quarterly* 29, no. 4 (2008): 767–86.

²² Gregory Chin, "Two-Way Socialization: China, the World Bank, and Hegemonic Weakening," *Brown Journal of World Affairs* 19, no. 1 (2012): 212.

²³ The Paris Club is an informal club of 22, largely Western, creditor governments with substantial outstanding government loans to foreign borrowers. China is not currently a member, although it is among a group of countries that can participate in negotiations with a debtor country with which it has significant loan exposure.

²⁴ See Dan Nielson and Michael Tierney, "Delegation to International Organizations: Agency Theory and World Bank Environmental Reform," *International Organization* 57, no. 2 (2003): 241–76; and Tamar Gutner, "Explaining the Gaps between Mandate and Performance: Agency Theory and World Bank Environmental Reform," *Global Environmental Politics* 5, no. 2 (2005): 10–37.

same reasons that allow other powerful states to influence bank lending.²⁵ Research on the United States demonstrates that the United States possesses the ability to shape the speed and conditionality of World Bank structural adjustment lending and influence the direction of loans toward U.S. allies.²⁶ This differs substantially from the role of bilateral Chinese lending, which is nevertheless impacting how the bank operates. For example, Diego Hernandez documents that the existence of Chinese lending to African states impacts the lending conditionality of the World Bank loans to those states.²⁷ While Organisation for Economic Co-operation and Development states' loans appear to have no effect on World Bank lending, until 2000, there was an effect when other new donors, such as Kuwait and the United Arab Emirates, made loans. The impact of Chinese lending, in particular, is noticeable over time and increases with every percentage point of increased aid, contributing to 15% fewer loan conditions. More recent research on sub-Saharan Africa supports the argument that the presence of China as an alternative lender reduces the likelihood of borrowers meeting lending conditionality in World Bank projects.²⁸ This shows the influence of China on World Bank lending via external pathways.

Moreover, the competitive effect of bilateral Chinese lending is also evident in relation to the type of loans that the World Bank provides. Alexandra Zeitz shows that when both the bank and China are lending to the same states at the national and local levels, China's focus on infrastructure lending leads the World Bank to emulate its lending for infrastructure-intensive industries.²⁹ Jiang Qian, Raymond J. Vreeland, and Jianzhi Zhao demonstrate that World Bank borrowers that became founding members of the Asian Infrastructure Investment Bank (AIIB) have tended to receive fewer infrastructure project loans from the World Bank going forward, although they do not identify whether this results from the actions

²⁵ Diego Hernandez, "Are 'New' Donors Challenging the Conditionality of the World Bank?" *World Development* 96 (2017): 529–49; Alexandra O. Zeitz, "Emulate or Differentiate? Chinese Development Finance, Competition, and World Bank Infrastructure Financing," *Review of International Organizations* 16 (2021): 265–92; and Jiang Qian, Raymond J. Vreeland, and Jianzhi Zhao, "The Impact of the AIIB on the World Bank," *International Organization* 77, no. 1 (2022): 217–37.

²⁶ Christopher Kilby, "An Empirical Assessment of Informal Influence in the World Bank," Villanova University, Villanova School of Business Economics Working Paper, no. 9, February 25, 2010 ~ <http://repec.library.villanova.edu/workingpapers/VSBEcon9.pdf>; and Christopher Kilby, "Informal Influence in the Asian Development Bank," *Review of International Organizations* 6 (2011): 223–67.

²⁷ Hernandez, "Are 'New' Donors Challenging the Conditionality of the World Bank?" 529–49.

²⁸ Mitchell Watkins, "Undermining Conditionality? The Effect of Chinese Development Assistance on Compliance with World Bank Project Agreements," *Review of International Organizations* 17 (2021): 667–90.

²⁹ Zeitz, "Emulate or Differentiate?"

of the lenders or the borrowers.³⁰ In sum, both bilaterally and multilaterally, Chinese lending is affecting how the World Bank operates. This influence may impact the environmental and social protections stipulated by the World Bank's loans, which is discussed further below.

China's Institutional Innovations

Second, China's activities within the new multilateral development banks demonstrate a capacity and willingness to abide by international development norms in practice, although the extent to which Beijing will comply with these norms remains unknown.³¹ The United States, for its part, perceived the AIIB and New Development Bank (NDB, formerly referred to as the BRICS Development Bank) as parallel institutions created to circumvent and challenge existing institutions, and it viewed the "contested multilateralism"³² evident in China's promotion of these banks as a fundamental threat to the liberal international order.³³ Alternatively, however, both banks could demonstrate the possibility of China as a responsible power taking up multilateral efforts for international development cooperation.³⁴ The AIIB emulates the structure of existing multilateral development banks while both competing with and complementing them in terms of co-financing arrangements.³⁵ Though the NDB seeks to achieve different aims,³⁶ both the AIIB and NDB demonstrate distinct ways through which China is testing the waters as a multilateral player.³⁷ While scholars have identified that international organizations may pool resources when their dominant principals are friendly,³⁸ current co-financing arrangements between the

³⁰ Qian, Vreeland, and Zhao, "The Impact of the AIIB on the World Bank."

³¹ Yixian Sun and Bowen Yu, "Greening China's Belt and Road Initiative: From Norm Localization to Norm Subsidiarity?" *Global Environmental Politics* 23, no. 1 (2023): 91–116.

³² Julia C. Morse and Robert O. Keohane, "Contested Multilateralism," *Review of International Organizations* 9, no. 4 (2014): 385–412.

³³ Naazneen Barma et al., "A World Without the West? Empirical Patterns and Theoretical Implications," *Chinese Journal of International Politics* 2, no. 4 (2009): 525–44; Naazneen Barma, Ely Ratner, and Steven Weber, "The Mythical Liberal Order," *National Interest*, March/April 2013, 56–68; and Matthew D. Stephen and David Skidmore, "The AIIB and the Liberal International Order," *Chinese Journal of International Politics* 12, no. 1 (2019): 61–91.

³⁴ Chris Humphrey, *Financing the Future: Multilateral Development Banks in the Changing World Order of the 21st Century* (Oxford: Oxford University Press, 2022).

³⁵ Pradumna B. Rana and Ramon P. Pardo, "Rise of Complementarity between Global and Regional Financial Institutions: Perspectives from Asia," *Global Policy* 9, no. 2 (2018): 231–43.

³⁶ Omar R.S. Oswald, "The New Architects: Brazil, China, and Innovation in Multilateral Development Lending," *Public Administration and Development* 39, no. 4–5 (2018): 203–14.

³⁷ Humphrey, *Financing the Future*.

³⁸ Richard Clark, "Pool or Duel? Cooperation and Competition among International Organizations," *International Organization* 75, no. 4 (2021): 1133–53.

World Bank and the AIIB could lead to ongoing cooperation, even given the tensions between the United States and China.

China and Norm Ambiguity: Meeting Gender and Environmental Norms “in the Middle”?

Beyond the volume and modes of finance, we can also identify ways in which China may be both challenging and supporting the post-Washington Consensus policies of the Western-dominated development finance institutions in noneconomic development policies such as gender and environmental protection. Scholars have recently examined how China compares to the World Bank in shaping gender-equality norms in Africa, noting that when the World Bank finances gender-sensitive sectors, it can influence women’s attitudes toward gender equality. No corresponding effect on gender equality was noted with China’s lending, which is unsurprising given that its lending does not promote the norm.³⁹ And while China does advocate gender equality as it pertains to economic rights, Beijing’s policy of nonintervention precludes incorporating the principle into its international development lending—China is thus not observing the norm linking gender equality with development, opening space for competition and contestation. This state of affairs could also lead the World Bank to follow China’s lead, should it be concerned about competing for projects in other sectors to maintain borrower interest. Should the World Bank begin to rollback emphasis on its gender and development norm in response to emulating Chinese lending, this would substantially undermine decades of activist work to make this norm part of the World Bank’s agenda. In this regard, China is contesting the gender and development norm by explicitly not engaging with it. For a norm to remain strong, most states must follow it, including those considered significant in the area where the norm is understood and upheld (in development finance, in this case).⁴⁰ The prevailing normative understanding in this space remains ambiguous, however, given that competing norms can and will coexist if Western-backed development finance institutions continue to promote them.

One space where China has identified that it will seek to uphold noneconomic norms is in relation to environmental policies, both outside

³⁹ Chonghong Zhang and Zhenqian Huang, “Foreign Aid, Norm Diffusion, and Local Support for Gender Equality: Comparing Evidence from the World Bank and China’s Aid Projects in Africa,” *Studies in Comparative International Development* 58, no. 3 (2023) ~ <https://doi.org/10.1007/s12116-023-09381-4>.

⁴⁰ Finnemore and Sikkink, “International Norm Dynamics and Political Change,” 887–917.

and within multilateral development finance institutions. For example, there is evidence that China is internalizing and seeking to diffuse environmental norms throughout the BRI.⁴¹ While there is evidence that BRI projects are contributing, and will contribute, to environmental damage,⁴² China has engaged in a process of norm localization to identify how its understanding of sustainability meets international frameworks for environmental protection.⁴³ Within multilateral development financing, the AIIB and the NDB committed from the beginning to being “lean and green” in their operations, again despite significant criticism.⁴⁴ China’s willingness to engage with environmental protections highlights space for harmonization between pre-existing World Bank policies and those established by China to meet international norms. In its co-financing with the World Bank to date, the AIIB has been meeting the World Bank’s environmental and social framework. As the AIIB becomes more established, it remains to be seen whether these norms will become entrenched in its lending practices enough to be taken as a given. In relation to energy policy, China has further demonstrated that it is willing to follow Western-led multilateral development finance institutions such as the European Bank for Reconstruction and Development (EBRD) in Central Asia. Bilaterally, China has shown that it is willing to recognize the importance of the EBRD’s financing in Central Asia and to meet the bank’s environmental benchmarks, specifically in relation to climate targets.⁴⁵ The ambiguity resides in not knowing which specific environmental norms China may opt to adhere to and support versus the ones it will not enforce or ignore altogether. Will China rise to meet its international obligations, will Western-led norms weaken to meet China, or will China and existing international norms stretch to meet each other in the middle?

Conclusion

China’s actions in international development and development lending are opening an ambiguous space for the reconciliation of a variety of norms

⁴¹ Sun and Yu, “Greening China’s Belt and Road Initiative.”

⁴² Alex Mark Lechner, Faith Ka Shun Chan, and Ahimsa Campos-Arceiz, “Biodiversity Conservation Should Be a Core Value of China’s Belt and Road Initiative,” *Nature Ecology and Evolution* 2, no. 3 (2018): 408–9.

⁴³ Sun and Yu, “Greening China’s Belt and Road Initiative.”

⁴⁴ Jue Wang, “China-IMF Collaboration: Toward the Leadership in Global Monetary Governance,” *Chinese Political Science Review* 3 (2018): 62–80.

⁴⁵ Morena Skalamera Groce and Seçkin Köstem, “The Dual Transformation in Development Finance: Western Multilateral Development Banks and China in Post-Soviet Energy,” *Review of International Political Economy* 30, no. 1 (2023): 176–200.

in the multilateral development finance arena. Through both internal pathways of influence in multilateral development finance institutions and external pathways as a major bilateral lender, China's actions are beginning to reveal the contours of its international development norm adherence. Some norms traditionally promoted by the Bretton Woods institutions are clearly contested—China promotes South-South cooperation, nonintervention, and state sovereignty over conditionality, for example. Although China is a significant force as a major creditor in international development, it may not necessarily seek to challenge all multilateral development norms. While increasing competition between China and traditional donors is reshaping international development to focus more on infrastructure over governance and institutional reform, China's impact on other norms embedded in development, such as concern for gender equality and the environment, paints a more ambiguous picture. These norms may continue to be promoted by the World Bank and followed by its borrowers while being ignored by China. Multiple norms can coexist in the same development space. Although the United States claimed that the AIIB would not be able to match the stringency of environmental and social protections upheld by the World Bank, and there is evidence that this has been true so far, it may not remain that way for long. China is increasingly supporting low-carbon projects, diversification away from fossil fuels, and the promotion of renewables.⁴⁶ Whether its adherence will extend to the full suite of environmental and social protections promoted by the World Bank, such as on biodiversity and Indigenous peoples, for example, remains to be seen. These are highly institutionalized and relatively robust norms in multilateral development finance. Further analysis of how China engages with them is needed. ◆

⁴⁶ Groce and Köstem, "The Dual Transformation in Development Finance."