

THE NATIONAL BUREAU of ASIAN RESEARCH

# ASIA POLICY

VOLUME 13  NUMBER 2

APRIL 2018

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ROUNDTABLE

Contending Visions of the  
Regional Order in East Asia

*Bhubhindar Singh, Yuen Foong Khong, Feng Zhang, Takashi Terada,  
Xinquan Tu and Yue Lyu, Hideshi Tokuchi, Rajeswari Pillai Rajagopalan,  
Andrew Carr, Thitinan Pongsudhirak, Dewi Fortuna Anwar, and Tran Viet Thai*

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ARTICLES AND ESSAYS

Japan's Return to Great Power Politics

*Kenneth B. Pyle*

Managing the U.S.-China Strategic Rivalry

*Timothy R. Heath and William R. Thompson*

Kazakhstan at a Crossroads

*Charles J. Sullivan*

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BOOK REVIEW ROUNDTABLE

Frédéric Grare's

*India Turns East:*

*International Engagement and U.S.-China Rivalry*

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research and policymaking on issues related to the Asia-Pacific*

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    - ≈ a Topic Statement
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Executive Summary [total length  
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EXECUTIVE SUMMARY

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This essay examines the linkages between China's national economy and foreign policy over the past 30 years, and assesses the claim that Chinese foreign policy has undergone an important shift in which domestic demand for energy and other raw materials heavily influence foreign policy decisions.

**MAIN ARGUMENT**

Assessments of Chinese foreign policy intentions and goals are often unreliable access to oil and other natural resources is a central factor in Chinese foreign policy and overall strategic considerations. The coherence of China's economic goals and the coordination needed to achieve them are eroding as multiple competing interests within the Chinese polity emerge to pursue and protect power and resources. This fragmentation of economic policy into multiple competing agendas has to be understood alongside assessments that resource needs drive Chinese foreign policy. The essay first surveys how shifting economic priorities have influenced Chinese foreign policy over the past 30 years. A second section discusses China's shift from an export-led, resource-dependent growth model to one that is more balanced toward domestic consumption. The essay concludes by noting that China's search for a rebalanced economy and for a new growth model creates opportunities and constraints on Chinese foreign policy.

**Article Topic** [preferably  
no longer than 2-3 lines]

**Policy Implications**

- While China's domestic economic factor in foreign policy, Chinese dig toward oil-producing states are driven by factors than a simple narrative of China's pluralized political economy. Those who now urge China to make a shift away from an export-heavy growth pattern are likely to grow increasingly frustrated unless they understand that the central leaders do not possess the instruments to quickly transform the Chinese economy.
- Given that China, like no other economy, has benefitted from the institutions of the global economy, China has a strong interest in maintaining these institutions and their liberal principles, even as the Chinese government seeks to play a stronger role in their operation and governance.

**Main Argument** [preferably  
no longer than 6-10 lines]

**Policy Implications** [preferably in the form of  
bulleted "if... then..." statements that spell  
out the benefits or problems associated with  
specific policy options rather than stating that  
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Ashley J. Tellis and Michael Wills, eds., *Strategic Asia 2004–05: Confronting Terrorism in the Pursuit of Power* (Seattle: The National Bureau of Asian Research, 2004), 22–42.

- **Chapter in an edited volume (with ISBN):** Author[s]' first and last name[s], "title of article," in *title of edited volume*, ed. editor[s]' first and last name[s] (city of publication: publisher, year), page number[s].

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- **Journal article (in a journal with ISSN):** Author[s]' first and last name[s], "title of article," *title of journal* [vol. #], no. [#] (year): page number[s].

Jingdong Yuan, "The Bush Doctrine: Chinese Perspectives and Responses," *Asian Perspective* 27, no. 4 (2003): 134–37.

- **Reports (no ISBN or ISSN):** Author[s]' first and last name[s], "title of report," publisher, report series, date of publication, page number[s].

Joshua Kurlantzick, "China's Charm: Implications of Chinese Soft Power," Carnegie Endowment for International Peace, Policy Brief, no. 47, June 2006.

- **Newspaper or magazine article:** Author[s]' first and last name[s], "title of article," *name of newspaper/magazine*, date of publication, page number[s].

Keith Bradsher, "U.S. Seeks Cooperation with China," *New York Times*, July 24, 2003, A14.

- **Electronic documents and website content:** Author[s]' first and last name[s], "title," URL. Footnote citation should emulate the corresponding print-source category if possible.

"Natural Resources," Office of Conflict Management and Mitigation of USAID, [http://www.usaid.gov/our\\_work/cross-cutting\\_programs/conflict/focus\\_areas/natural\\_resources.html](http://www.usaid.gov/our_work/cross-cutting_programs/conflict/focus_areas/natural_resources.html).

- **Public documents:** Government department or office, *title of document*, [other identifying information], date of publication, page number[s].

House Committee on Interior and Insular Affairs, Subcommittee on Energy and the Environment, *International Proliferation of Nuclear Technology*, report prepared by Warren H. Donnelly and Barbara Rather, 94th Cong., 2d sess., 1976, Committee Print 15, 5–6.

- **Personal communication and interview:** Author[s]' [personal communication/email/telephone conversation/interview] with [first and last name], place, date.

Author's interview with Hamit Zakir, Los Angeles, July 17, 2003.

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When writing the foreign-language title of a language that uses a non-Roman script, please adhere to one of the standard Romanization formats. NBR prefers Pinyin for Chinese, Hepburn for Japanese, and McCune-Reischauer for Korean.

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Sotōka Hidetoshi, *Nichi-Bei dōmei hanseiki: Anpo to mitsuyaku* [Half-Century of the Japan-U.S. Alliance: Security Treaty and Secret Agreements] (Tokyo: Asahi Shimbunsha, 2001), 409–35.

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Liu Jianfei, “Gouzhu chengshu de Zhongmei guanxi” [Developing a Mature Sino-U.S. Relationship], *Zhongguo kexue xuebao* 78, no. 2 (June 2003): 73–87.

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Harald Fritzsch, *An Equation that Changed the World*, trans. Karin Heusch (Chicago: University of Chicago Press, 1994), 21.

## Part 3: Subsequent Citation

Use author[s]' last name and shortened titles (four words or less) for previously cited sources. “Op. cit.” and “loc. cit.” should not be used.

**First use:** Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Touchstone, 1996), 136–37.

**Subsequent use:** Huntington, *Clash of Civilizations*, 136–37.

## ROUNDTABLE

### Contending Visions of the Regional Order in East Asia



*Bhubhindar Singh*

*Yuen Foong Khong*

*Feng Zhang*

*Takashi Terada*

*Xinquan Tu and Yue Lyu*

*Hideshi Tokuchi*

*Rajeswari Pillai Rajagopalan*

*Andrew Carr*

*Thitinan Pongsudhirak*

*Dewi Fortuna Anwar*

*Tran Viet Thai*

## Introduction

*Bhubhindar Singh*

This *Asia Policy* roundtable grew out of the workshop “Contesting Visions of Regional Order in East Asia” convened in November 2017 in Singapore by the Regional Security Architecture Programme—a research unit of the Institute of Defence and Strategic Studies at the S. Rajaratnam School of International Studies (RSIS). This workshop focused on the very important and much discussed topic of the evolving East Asian regional order. It considered the various visions of this order and analyzed the responses from regional states.

A common view within the academic and policy communities of East Asia is that the region is in a period of transition. While one could argue that this is a perennial feature of any regional order, the current transition in East Asia is unique in its own right. This is due to the fast-changing developments in the region that have escalated tensions and uncertainty. Some of the issues that contribute to this negative scenario are growing competition between the United States and China, increasingly strained relations between China and Japan, North Korea’s significant progress in its nuclear and ballistic missile programs despite international sanctions, and the fracture and disunity, perceived or real, within the Association of Southeast Asian Nations (ASEAN). Though the rise of tensions from these issues could be explained in a variety of ways, it is critical to note that these strategic challenges have escalated in seriousness under the specific condition of a transitioning East Asian order. One could argue that the common cause of these issues is the weakening or decline of the aging U.S.-led regional order.

The U.S.-led regional order, which is defined by several features, including the hub-and-spoke system of alliances, has been an important source of stability since the end of World War II. During the Cold War, it overcame the challenge posed by Communism and brought economic progress to East Asia. This U.S.-led order continued into the post-Cold War period, during which the United States was the sole superpower. The U.S. economic, political, and strategic presence in East Asia has evolved through the expansion of strategic partnerships with East Asian states; greater engagement in multilateral political, economic,

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and security arrangements (such as the East Asia Summit and the ASEAN Defence Ministers' Meeting-Plus); and the strengthening of the network of bilateral alliances. However, this order is increasingly strained, especially in the post-2010 period. Some have even argued that U.S. primacy has ended, and we are ushering in a new world order in which China's leadership will expand.<sup>1</sup> The arrival of Donald Trump in the White House has hastened the collapse of Pax Americana through the implementation of "America-first" and anti-globalization policies and the questioning of the value of the U.S. alliances with Japan and South Korea.

China has emerged as the main potential challenger to the U.S.-led order.<sup>2</sup> Though it has benefited from the U.S.-led postwar order, China is widely believed to desire an alternative order that would allow it to pursue its interests as an emerging power unhindered by existing rules and norms. This push is visible in China's efforts to launch the Belt and Road Initiative and the Asian Infrastructure Investment Bank under the strong leadership of President Xi Jinping—a leader who has enshrined his name in the Chinese constitution alongside Mao Zedong and Deng Xiaoping. In the completed 19th Party Congress held in October 2017, President Xi announced that China is on the path of being a "great modern socialist country," and "a global leader in terms of composite national strength and international influence" by 2050.<sup>3</sup> With bold initiatives supported by strong leadership and vast amount resources, it is not far-fetched to argue that Beijing will achieve its goal of building a Chinese-led order in the near future.

However, the picture of the evolving regional order is more complex than the situation described above. Much about the U.S. and Chinese approaches toward the East Asian regional order, as well as these countries' attitudes toward each other's role in the region, remains uncertain. While tensions between the United States and China are expected to rise as a result of the stiffening competition between them, it is not clear that the U.S.-led order will be replaced by a Chinese-led order in East Asia. States in the region continue to support the U.S.-led order, which is still backed by a strong U.S. military presence in the region. Even China supports the continuation of

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<sup>1</sup> See, for example, Hugh White, "Shangri-La Dialogue Should Address Asia's New Strategic Order," *Straits Times*, May 23, 2017 ~ <http://www.straitstimes.com/opinion/shangri-la-dialogue-should-address-asias-new-strategic-order>.

<sup>2</sup> Along with China, Russia is also crafting a vision for the regional order. However, the challenge from China to the U.S.-led order has received more attention from the policy and academic communities due to Beijing's bolder policy approach, which is supported by China's rapid economic growth.

<sup>3</sup> "Full Text of Xi Jinping's Report at 19th CPC National Congress," Xinhua, November 3, 2017 ~ [http://www.xinhuanet.com/english/special/2017-11/03/c\\_136725942.htm](http://www.xinhuanet.com/english/special/2017-11/03/c_136725942.htm).

this order in many respects. However, it is clear from Chinese behavior and policies that Beijing is interested in building an order in East Asia that is more conducive to its own interests. The question is whether it is crafting an alternative or a complementary order. What is clear is that, at the present moment at least, both powers are trying to avoid the “Thucydides trap,” as this would be detrimental to their interests.<sup>4</sup>

This complexity is present in the policy discussions of all the regional stakeholders in East Asia. To manage the effects of major-power competition, middle powers have adopted a flexible approach in their regional strategies and enhanced interstate relations among themselves. These efforts include strengthening cooperation through ASEAN-led platforms and initiating minilateral mechanisms with like-minded states. Nevertheless, for traditional U.S. allies such as Japan and Australia, bilateral alliances remain a priority, and these countries are likely to work toward ensuring that the United States stays committed to and present in East Asia. At the same time, they are aware of the realities of China’s push to recalibrate the order.

ASEAN, for its part, is facing challenges to its unity and centrality in the regional order, and it risks having to choose between the United States and China. Given the Sino-U.S. competition for regional influence and leadership, it is critical for ASEAN and its ten member states to think of alternative ways to deal with the changing strategic landscape, perhaps even revising the association’s cardinal principles (consensual decision-making, nonintervention in the domestic affairs of fellow members, and the avoidance of sensitive security issues). Questions remain about what strategies ASEAN could adopt to maintain its centrality in the multilateral architecture and preserve its own norms and mechanisms in the face of pressure from the major powers.

This roundtable tries to make sense of the evolving order in East Asia. Featuring contributions from a distinguished group of multinational experts from both the policy and the academic communities, the roundtable enhances our understanding of the complex interactions between great powers, middle powers, emerging powers, and institutions and offers a range of perspectives on the evolving regional order. The first four essays by Yuen Foong Khong, Feng Zhang, Takashi Terada, and Xinquan Tu and Yue Lyu analyze the U.S.-China strategic and economic competition. The next three essays by Hideshi Tokuchi,

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<sup>4</sup> See Graham Allison, “The Thucydides Trap: Are the U.S. and China Headed for War?” *Atlantic*, September 24, 2015.

Rajeswari Pillai Rajagopalan, and Andrew Carr focus on the views of three middle powers in Asia—Japan, India, and Australia. The final three essays by Thitinan Pongsudhirak, Dewi Fortuna Anwar, and Tran Viet Thai assess ASEAN's place in the evolving regional order. ♦

## A Regional Perspective on the U.S. and Chinese Visions for East Asia

*Yuen Foong Khong*

The visions that great powers have for their neighborhood or regions farther afield are almost always about themselves—i.e., their role, power, and prestige in that neighborhood or region. The Monroe Doctrine was about fending off European encroachment into Latin America so that the United States could establish itself as the hegemon of the region. Xi Jinping’s “China dream” is about internal rejuvenation, the consequence of which is a China that can stand tall in Asia. This essay examines how the United States and China view their respective roles and power in East Asia, how those views have changed over time, and what the implications are for the regional order. The Trump administration’s perspective, I argue, is similar to that of previous administrations in assuming that U.S. hegemony is essential to maintaining security order in the region. China’s perspective, on the other hand, has changed with time: while it welcomed the U.S. role in maintaining the security order in the past, China now believes that its growing clout makes it the United States’ coequal in the region. Yet it is unlikely that the Trump administration will grant China that coequality. This sets the stage for heightened Sino-U.S. rivalry in the years to come, with China challenging the United States on multiple fronts, and the rest of East Asia having to choose sides.

### *The United States’ Perspective and Policies*

The United States sees itself as an Asia-Pacific power that plays a crucial role in the maintenance of the region’s security order.<sup>1</sup> The U.S. position is premised on its preponderant military power, its network of military alliances and strategic partners, and the institutions and instruments of the global market economy. Successive administrations have deemed it a vital U.S. interest to prevent the rise of a hostile hegemon in three key regions of the world: Western Europe, the Persian Gulf, and East Asia. That is another

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<sup>1</sup> The “Indo-Pacific” is the preferred terminology of the Trump administration and U.S. allies and partners such as Japan, Australia, and India.



way of saying that the United States expects to remain the hegemon of these regions—from this perspective, U.S. hegemony is both good for the United States and good for world order.

For much of the Cold War and most of the 1990s, this view of the United States as the primary provider of security and economic order in East Asia was not seriously challenged. In retrospect, the United States' hot wars in Korea and Vietnam may be seen as responses to Communist challenges to its hegemonic position in the region. East Asian leaders welcomed the U.S. projection of military power in their region, as can be seen from the presence of U.S. troops and materiel in bases in Japan, South Korea, the Philippines, and Thailand. In the 1990s, Singapore, Malaysia, and Indonesia also encouraged the U.S. naval presence in Southeast Asia by allowing the United States to use their facilities. East Asian policymakers spoke of the need for a strong U.S. military presence to maintain peace and stability, when what they actually meant was that they were content with U.S. hegemony.

After September 11, some East Asian policymakers felt that the United States was distracted by its global war on terrorism and failed to pay sufficient attention to power shifts in the region. It is true that the United States skipped some multilateral meetings during the George W. Bush years, but it did what really mattered: consolidating its alliances with Japan, South Korea, and Australia, while bringing in India as a trusted strategic partner. Similarly, many in East Asia welcomed the Obama administration's pivot or rebalancing to Asia, which they portrayed as the United States "returning" to balance a rising China. But the United States never left the region, and the pivot was an attempt to reinforce U.S. hegemony, not balance China.

The Trump administration's "America first" National Security Strategy continues this emphasis on U.S. military preponderance and leadership. The document is replete with phrases about the importance of the United States retaining military "overmatch" vis-à-vis its adversaries and maintaining a "favorable balance of power" (i.e., hegemony).<sup>2</sup> Where the new National Security Strategy departs from previous statements is in its explicit diagnosis of the challenge in what it calls the Indo-Pacific: "a geopolitical competition between free [i.e., U.S.] and repressive [i.e., Chinese] visions of world order is taking place."<sup>3</sup> The United States plans to stay ahead in this competition,

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<sup>2</sup> White House, *National Security Strategy of the United States of America* (Washington, D.C., December 2017), 28 ~ <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

<sup>3</sup> *Ibid.*, 45.

projecting its military power and working in tandem with its allies and strategic partners to deter and defeat any adversary. Like his predecessors, Donald Trump takes for granted that U.S. hegemony is benign, is desired by allies, and deters adversaries from taking on the United States—and is hence the best recipe for the regional security order.

### *China's Perspectives and Policies*

The one regional power that has not shared this view of a benign U.S. hegemony is China. China felt compelled to intervene in the Korean War when the United States crossed the 38th parallel in 1950; China also aided the Vietnamese Communists' war of national liberation against the United States. The tacit alliance between China and the United States in the late 1970s and 1980s was an anomaly made necessary by their mutual enmity toward the Soviet Union. The 1989 Tiananmen Square incident greatly strained U.S.-China relations, and the implosion of the Soviet Union in 1991 rendered this tacit alliance redundant.

Over 30 years of explosive economic growth, made possible in part by having access to U.S. and European markets, has allowed China to lift 700 million of its citizens out of poverty, enabled the country to modernize its cities and military, and endowed it with greater confidence and ambition to play a larger role on the regional and world stage. By the turn of the century, China seemed ready to play a role in shaping East Asia's political-security order. Chinese intimations of an emerging multipolar world became more frequent. The EP-3 incident in April 2001, when a Chinese warplane collided with a U.S. Navy EP-3 spy plane, which forced the EP-3 to land on Hainan Island, signaled China's discomfort with a hegemonic U.S. presence in East Asia. China found the United States' ability to conduct such uninhibited, close surveillance of Chinese installations in the Paracel Islands grating. This incident was the first shot across the bow, signaling that a rising China took exception to the United States' exercise of such obtrusive military prerogatives.

For much of the 2000s, China's conception of its own role in international relations was not far off from Robert Zoellick's notion of a responsible great power and stakeholder. China's own constructs—"peaceful rise" and "harmonious society"—implied the emergence of a responsible China that is a major stakeholder in existing global arrangements. By the 2010s, however, China moved from conceiving of itself as a responsible stakeholder to advancing "a new model of great-power relations." At his

Sunnylands summit in June 2013 with Barack Obama, Xi Jinping described such relations as consisting of “no confrontation or conflict,” “mutual respect,” and “win-win cooperation.”<sup>4</sup> In September of the same year, in a speech at the Brookings Institution, Foreign Minister Wang Yi identified the Asia-Pacific as the priority site for the application of the concept: “It is both possible and imperative that our two countries start the building of this new model of relationship from the Asia-Pacific.”<sup>5</sup>

Xi’s vision for a new model of great-power relations is a variation on the group of two (G-2) idea and seeks to establish a U.S.-China condominium, with a recognized leadership role for China. In suggesting that this model be first applied to the Asia-Pacific (and more specifically, East Asia), China is implying that it deserves to have a role in shaping the political-security order of East Asia in ways commensurate with its status as the resident superpower. Put differently, China believes it is, or should become, the political equal of the United States in the region, with all the privileges and responsibilities that come with that state of being.

No observer summed up these visions of China better than the late Lee Kuan Yew, former prime minister of Singapore. In one of his last interviews, Lee responded to a question about whether China aspires to displace the United States “as the number one power in Asia,” or “the world,” in the following way:

Of course. Why not? They have transformed a poor society by an economic miracle to become now the second-largest economy in the world....The Chinese will want to share this century as co-equals with the U.S....It is China’s intention to be the greatest power in the world. The policies of all governments toward China, especially neighboring countries, have already taken this into account.<sup>6</sup>

Lee was perceptive to zoom in on China’s aspirations about sharing “this century as co-equals with the U.S.” In the medium (5–10 years) to long term (10–15 years), China would be prudent to seek coequality with the United States. Chinese policymakers tended to endorse the U.S. role in East Asia when China was weak. Today, they have repeatedly contended

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<sup>4</sup> Wang Yi, “Toward a New Model of Major-Country Relations between China and the United States” (speech delivered at Brookings Institution, September, 20, 2013), trans. by Brookings Institution ~ <https://www.brookings.edu/on-the-record/wang-yi-toward-a-new-model-of-major-country-relations-between-china-and-the-united-states>.

<sup>5</sup> Ibid.

<sup>6</sup> Graham Allison and Robert D. Blackwill, with Ali Wyne, *Lee Kuan Yew: The Grand Master’s Insights on China, the United States, and the World* (Cambridge: MIT Press, 2013), 2.

that China has no intentions of displacing the United States. The latter, one might surmise, could be left to the distant long term (20–30 years).

### *Convergence and Divergence*

The above portraits of U.S. and Chinese perspectives of regional order suggest that there are indeed points of convergence and divergence between the two countries. With respect to the points of convergence, they both agree that they have a stake in East Asia and that each has a role to play in maintaining the regional political-security order. They also both believe that they can cooperate usefully across a range of functional issues such as nuclear nonproliferation and counterterrorism.

The key point of divergence between the United States and China is over whether the existing hierarchy needs to be amended. The United States, as the established power or hegemon, is content with the status quo, whereas China, as the rising power, believes that the time has come for it to be recognized as the United States' equal in East Asia. This aspiration is encapsulated in China's vision for a new model of great-power relations.

The Trump administration is unlikely to grant China the coequality it demands for at least three reasons. First, the administration sees China as a peer competitor in East Asia, and one with values antithetical to those of the United States. Previous assumptions about U.S. support for China's rise have not been borne out: China's integration into the international order has not made it more liberal or restrained. Instead, contrary to U.S. hopes, China has become more repressive and "expanded its power at the expense of the sovereignty of others."<sup>7</sup> From the U.S. perspective, China's extensive claims, accompanied by its assertive behavior in the South and East China Seas, demonstrate to the United States that it is not a responsible power. Second, China's military and economic power (in nominal terms) remain far behind the United States, and the United States would prefer to keep it that way. Third, U.S. hegemony in East Asia is undergirded by the coalition of military allies and strategic partners described above, some of which (Japan, Taiwan, and probably South Korea) fear abandonment by the United States if the Chinese model becomes a reality.

China, for its part, may have to put its concept of a new model of great-power relations on hold and instead strive to displace the United States as the hegemonic power by accelerating its own economic growth,

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<sup>7</sup> White House, *National Security Strategy of the United States of America*, 25.

military modernization, and technological innovation so that it can eventually match, and perhaps overtake, the United States in all the relevant dimensions of power. On the military front, China's official defense budget has increased almost tenfold since the end of the Cold War, expanding from \$23.4 billion in 1991 (4.8% of U.S. military spending) to \$215.2 billion in 2016 (more than 35% of U.S. military spending).<sup>8</sup> The development and deployment of advanced military technologies and systems equipment, such as anti-ship ballistic missiles and the stealth fifth-generation fighter aircraft Chengdu J-20, have become a cause of concern for the Pentagon.

On the economic front, China's championing of new institutions such as the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank, as well as programs such as the Belt and Road Initiative (BRI), may be seen as attempts to challenge U.S. economic leadership globally. The impact of these policies on U.S. global leadership can best be seen in the United Kingdom's decision to join the AIIB as a founding member, despite U.S. opposition, which cleared the path for the rest of Europe to join the bank. The AIIB, the New Development Bank, and especially BRI are not just about economics and infrastructure development: if China succeeds in connecting so many countries in "win-win" ventures—a big "if," to be sure—it will emerge as the hegemon of Eurasia. China is also the greatest beneficiary of the U.S. rejection of the Trans-Pacific Partnership (TPP). In his speeches on the TPP, President Barack Obama predicted that without the agreement China would be "writing the rules of the global economy" and U.S. workers and businesses would be put at a disadvantage.<sup>9</sup> Many in East Asia agree and view Trump's decision as ceding economic leadership to China.<sup>10</sup> In short, even as the United States denies China the coequal status it wants, China has already set in motion processes and strategies that have the potential to force the United States to recognize its equality or superiority within a generation.

An important question is what implications the intensifying Sino-U.S. rivalry will have for the states of the region. Each great power will want to get as many countries on its side as it can. Most regional states, however, would prefer not to choose. Yet choose they will have to. The role of East Asian

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<sup>8</sup> Stockholm International Peace Research Institute, "Military Expenditure by Country" ~ <https://www.sipri.org/sites/default/files/Milex-constant-2015-USD.pdf>.

<sup>9</sup> "Obama Jabs at China as He Defends TPP Deal," *Straits Times*, October 11, 2015 ~ <http://www.straitstimes.com/world/americas/obama-jabs-at-china-as-he-defends-tpp-deal>.

<sup>10</sup> Arunajeet Kaur, "Aborting TPP Erodes U.S. Global Leadership," *Straits Times*, November 28, 2016 ~ <http://www.straitstimes.com/opinion/aborting-tpp-erodes-us-global-leadership>.

countries in choosing whether to align with China or the United States in the decades ahead will be relevant to how the issue is settled. If the majority of them throw their weight behind the United States, China will be isolated and its strategic options will be significantly narrowed. If most bandwagon with China, the United States is likely to withdraw militarily from the region and allow China to fill the power vacuum. Reality will of course be more complicated. Japan and Taiwan can be expected to align strongly with the United States, given their distrust of China. South Korea's loyalty—especially that of its younger generation—is less certain. Among the member states of the Association of Southeast Asian Nations, it is likely that most—with the possible exception of Vietnam and Singapore—might move closer to China on economic grounds. And even though Vietnam and Singapore might feel greater strategic comfort with the United States, there may be serious economic costs, as well as strategic risks, in siding with a declining (and unpredictable) power that would force them to reconsider their loyalties.

This analysis of the United States' and China's perspectives on their roles in East Asia's security order reveals serious divergences. The geopolitical competition between the two countries can therefore be expected to intensify in the years ahead. The United States will do everything it can—insofar as domestic politics and public opinion allow—to maintain its primacy in East Asia. China can probably count on overtaking the United States to become the world's largest economy by 2030. Meanwhile, China is making heavy investments in the military and technological arenas that it hopes will allow it to match the United States. On the political-diplomatic front, a possible game changer in this contest is the role of BRI in enabling China to “win friends and influence people”: states that will side with China on the important issues of the day. ♦

## Chinese Visions of the Asian Political-Security Order

*Feng Zhang*

Under President Xi Jinping's leadership, China has developed a newfound conviction to articulate and build its own vision of regional and international order. This conviction is often shrouded in the vagueness and ellipses that are the hallmarks of official Chinese discourse. Thus, in a 2015 speech, Foreign Minister Wang Yi managed to proclaim that China is preserving, building, and contributing to the international and regional order all at the same time.<sup>1</sup> Yet even such a masterfully opaque statement does not obscure China's unique views and aspirations about the future world order.

Chinese leaders have always chosen the United Nations as the platform for their grand proclamations about international order, as they regard the organization as the central pillar of the contemporary international order. President Hu Jintao introduced the concept of a "harmonious world" in his 2005 speech to the United Nations. Ten years later, in 2015, President Xi sought to do the same with the new concept of "a community with a shared future for mankind." He argued that constructing "a new type of international relations" based on the core principle of "win-win cooperation" was the surest way to realize such a community. In particular, he stressed that a new approach of "dialogue not confrontation, partnership not alliance" in interstate relations must be developed to build "global partnership relationships." China's new security concept of "common, comprehensive, cooperative, and sustainable security" must replace all Cold War mentalities.<sup>2</sup>

One year earlier, in May 2014, Xi had canvassed some of these ideas in a widely noted speech to the Conference on Interaction and Confidence Building Measures in Asia (CICA), held in Shanghai. This hitherto obscure

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<sup>1</sup> Wang Yi, "China's Role in the Global and Regional Order: Participant, Facilitator and Contributor—Speech at the luncheon of the Fourth World Peace Forum" (speech at the World Peace Forum, Beijing, June 27, 2015) ~ [http://www.xinhuanet.com/english/2015-06/28/c\\_134361597.htm](http://www.xinhuanet.com/english/2015-06/28/c_134361597.htm).

<sup>2</sup> Xi Jinping, "Working Together to Forge a New Partnership of Win-Win Cooperation and Create a Community of Shared Future for Mankind" (remarks at the UN General Assembly, New York, September 28, 2015) ~ [http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/t1305051.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1305051.shtml).

conference provided the occasion for Xi to make a major statement on China's vision of the Asian security order. He proposed the "Asian security concept" of "common, comprehensive, cooperative, and sustainable security" that he was to proclaim in every major foreign policy speech thereafter. This vision is one of the twin security norms, along with the "new security concept" of mutual trust, mutual benefit, equality, and cooperation that China promoted in the 1990s, that the country seeks to advance in the international and regional orders.

More significantly, to the alarm of some outside observers, Xi intimated during CICA his intention to exclude the United States from Asian security affairs. "Asian affairs," he said, "must ultimately be dealt with by Asians. Asian problems must ultimately be addressed by Asians. Asian security must ultimately be maintained by Asians. Asians have the capacity and wisdom to realize Asian peace and stability through enhanced cooperation."<sup>3</sup>

Ridiculing some countries—not least the United States—as "having pulled their bodies into the 21st-century but left their heads in the old era of Cold War mentality and zero-sum struggle," Xi declared that China would construct a new architecture for regional security and cooperation and strive to carve out a mutually built, mutually shared, and win-win Asian security way.<sup>4</sup> During his March 2015 speech to the Boao Forum for Asia, Xi introduced his full vision of the Asian regional order and declared China's goal of creating an "Asian community with a shared future."<sup>5</sup>

The remainder of this essay outlines the main features of China's vision for the Asian political-security order and compares it with the U.S.-led order. In contrast with the liberalism embedded in the U.S. order, China prefers political pluralism and promotes the legitimacy of all forms of political systems and social development models. Furthermore, in contrast with the centrality of alliances in the U.S. order, China opposes alliances and promotes its own brand of partnership diplomacy. The U.S. and Chinese visions of regional orders are thus in conflict, although cooperation is still possible when their practical interests converge.

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<sup>3</sup> "Xi Jinping zai Yaxin Huiyi zuo zhuzhi fayan (quanwen)" [Xi Jinping Delivers Keynote Speech to CICA (Full Text)], *People*, May 21, 2014 ~ <http://world.people.com.cn/n/2014/0521/c1002-25046183.html>.

<sup>4</sup> *Ibid.*

<sup>5</sup> "Xi Jinping zhuxi zai Boao Yazhou Luntan 2015 nian nianhui shang de zhuzhi yanjiang" [President Xi Jinping's Keynote Speech to the 2015 Annual Convention of the Boao Forum for Asia], *Xinhua*, March 28, 2015 ~ [http://news.xinhuanet.com/politics/2015-03/29/c\\_127632707.htm](http://news.xinhuanet.com/politics/2015-03/29/c_127632707.htm).



### *Political Inclusionism*

China has now formulated its vision of the Asian political-security order. Its distinctiveness may be best illustrated by considering the points of convergence and divergence with the U.S. vision of the Asian order. The two countries agree on many fundamental security norms of modern international relations, including nonaggression, peaceful settlement of disputes in accordance with international law and diplomatic consultation, arms control and nonproliferation, and specific norms advanced by regional security institutions, such as the Association of Southeast Asian Nations. But from the official Chinese Communist Party (CCP) perspective, the postwar U.S.-led order is guilty of two sins, in the political and security domains respectively, that China will seek to rectify.

The political sin is American liberalism in the form of the never-ceasing impulse to export the values of democracy and human rights to other parts of the world. Whether Washington seeks to promote democracy and human rights around China's periphery or inside the country, the CCP, which seeks to rule China as a one-party state in perpetuity, too easily succumbs to its insecurity about perceived political encirclement. Frequent, if careless, calls from U.S. analysts for a grand coalition of democracies internationally or for wider liberalization in Asia in response to authoritarian challenges only serve to aggravate such a mentality.<sup>6</sup>

No wonder that under Xi, the CCP has trumpeted self-confidence in the path, theory, and institution of socialism with Chinese characteristics. The party's political insecurity decrees the preservation of China's domestic order as a primary foreign policy task. Indeed, according to Wang Jisi at Peking University, the central conflict in Sino-U.S. relations is the competition between China's CCP-led domestic order and the U.S.-led liberal international order.<sup>7</sup> For many Chinese elites, the political conflict between the Chinese and U.S. visions of regional order, rooted in fundamental ideological and cultural differences, is more serious and intractable than the security conflict that may arise during a power transition.

Beijing's preference, which it desperately wishes Washington to grasp, is for political and cultural inclusionism. The three consistent themes of Xi's speeches have been safeguarding the principle of noninterference in the

<sup>6</sup> Bilahari Kausikan, "Asia in the Trump Era: From Pivot to Peril?" *Foreign Affairs*, May/June 2017, 150.

<sup>7</sup> Wang Jisi, "Tong yige shijie, tong yige mengxiang: Zhongguo yu shijie zhixu" [One World, One Dream: China and World Order], in *Zhongguo guoji zhanlüe 2015* [China International Strategy 2015], ed. Wang Jisi (Beijing: Shijie zhishi chubanshe, 2015), 10.

domestic affairs of other countries, protecting individual countries' right to choose their own social systems and development paths, and facilitating civilizational exchanges on the basis of harmony with difference. Happily for China, not only has the Western liberal advance been halted, but there is some evidence to suggest that it is in retreat.<sup>8</sup> Some U.S. elites have belatedly recognized this "liberal overreach," and the Trump administration has rejected the liberal agenda in Asia.<sup>9</sup> In a pointed jab at the United States' failure to export democracy and Western values since the George W. Bush administration, Fu Ying, a former Chinese vice foreign minister, blamed Washington for bringing chaos to the world. Approving of U.S. introspection since then, she welcomed the Trump administration's adjustment of the United States' international goals.<sup>10</sup> If future U.S. administrations suppress political liberalism in their regional order-building, the political clash between the Chinese and U.S. orders will be reduced.

### *Partnership Strategy*

The security sin of the U.S.-led regional order is the hub-and-spoke bilateral alliance system that the United States has maintained since the early years of the Cold War. For a time following the end of the Cold War, some Chinese elites developed a reluctant appreciation of the U.S. alliance system's contribution to Asian security, especially in containing the specter of Japanese militarism. But that appreciation, never firm and always in danger of being undermined by strategic mistrust, disappeared when the Obama administration launched the Asia "rebalance" strategy. Far from seeing the rebalance as a benign reassurance about building a constructive relationship with China, as U.S. officials claimed, Chinese elites considered it a major strategic challenge that needed to be met.<sup>11</sup> As Zhou Fangyin observes, the dominant view since then has characterized the U.S. alliance system "as more of a security impediment than security facilitator."<sup>12</sup> Behind this bland characterization lies a deeper fear of the alliance

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<sup>8</sup> Michael J. Mazarr et al., *Measuring the Health of the Liberal International Order* (Santa Monica: RAND Corporation, 2017), iii–xviii.

<sup>9</sup> Ibid., xviii; and Hal Brands, "The Unexceptional Superpower: American Grand Strategy in the Age of Trump," *Survival* 59, no. 6 (2017): 18.

<sup>10</sup> Fu Ying, "Quanjie de biange yu Zhongguo de juece" [Global Transformations and China's Role], *Zhongguo Rendu*, April 5, 2017, 27.

<sup>11</sup> Feng Zhang, "Challenge Accepted: China's Response to the U.S. Rebalance to the Asia-Pacific," *Security Challenges* 12, no. 3 (2016): 45–60.

<sup>12</sup> Zhou Fangyin, "The U.S. Alliance System in Asia: A Chinese Perspective," *Asian Politics and Policy* 8, no. 1 (2016): 208.

system being used as a tool for the encirclement or containment of China. According to Chinese hard-liners, the U.S. hub-and-spoke system has been fulfilling this perfidious function ever since the end of the Cold War. Even some moderates accuse the United States of aggravating China's security environment by preventing China from achieving strategic reconciliation or resolving territorial disputes with its neighbors.<sup>13</sup>

Chinese leaders have nothing good to say about alliance politics. In his CICA speech, Xi argued that "strengthening a military alliance targeted at third parties does not promote regional common security."<sup>14</sup> Having consistently portrayed U.S. alliances as "relics of the Cold War," the Chinese are disappointed by the system's stubborn refusal to perish. Meanwhile, Beijing has settled on a long-term strategy of "partnership not alliance" mentioned in Xi's 2015 UN speech. Driven by the concern of finding friends abroad without establishing Western-style alliances, the partnership strategy is Beijing's solution to enhance foreign relationships, weaken the U.S. alliance system, and establish a regional order conducive to its interests.<sup>15</sup>

In Chinese diplomacy, while partnerships are more than the establishment of diplomatic ties, they are less than alliances based on military cooperation with formal treaty obligations. For this reason, Chinese hard-liners have questioned the utility of a partnership strategy. Yet achieving clear security benefits is only one of China's aims. Establishing a global and regional diplomatic network of partnership countries that can plausibly be seen as China's "friends," thus increasing Chinese influence in a general way, is more important. Promoting a Chinese way of international relations that eschews alliances and embraces cooperation—Xi's "new type of international relations" based on "win-win cooperation"—is even more important. In a thinly veiled challenge to the alliance-centric U.S. order, these are the security and diplomatic norms that China is seeking to promote for the regional and international order.

Beijing understands that the U.S. alliance system in Asia is deeply entrenched and will not be easily uprooted. At the same time, however, it has developed a sophisticated appreciation of this system's strategic limits and constraints. The United States did not come to the aid of the Philippines during the 2012 Scarborough Shoal incident, after which China seized

<sup>13</sup> Zhou, "The U.S. Alliance System in Asia," 211.

<sup>14</sup> "Xi Jinping zai Yaxin Huiyi zuo zhuzhi fayan (quanwen)."

<sup>15</sup> Feng Zhang, "China as a Global Force," *Asia and the Pacific Policy Studies* 3, no. 1 (2016): 121.

control of the area. Nor did it try to prevent China's massive island-building exercise after 2014. In the face of Chinese assertiveness, Washington is caught between "light pressure" that may have no effect on Beijing and "strong pressure" that may lead to risks of conflict it is not ready to accept.<sup>16</sup> Taking comfort in having trapped Washington in this strategic quandary and realizing the United States' limited ability to manipulate China's strategic space, Beijing now takes a more relaxed attitude toward the U.S. alliance system and is content to live with it for the time being.

### *Conclusion*

Does China have its own vision for the regional and international order? Does Beijing seek to challenge the postwar U.S.-led liberal international order and its regional manifestations in Asia? The answer to both questions is an unmistakable "yes," as exemplified in Chinese leaders' major foreign policy speeches. In contrast to the liberal international order, the preference of Xi's China is for "a community with a shared future" that is not liberal but plural in nature. Out of disdain for two pillars of the U.S. order—political liberalism and security alliances—China has proclaimed political inclusionism and strategic partnerships as the foundation of the Chinese order.<sup>17</sup>

This Chinese vision is an alternative, not a complement, to the U.S. vision, although at the moment China is compelled to accept coexistence with the U.S.-led order in Asia. Those who suspect that China's real long-term intention is to build its own regional order are correct. However, whether it can succeed in that effort is unclear, as is the question of whether the Chinese order will become a blessing or a curse for the region. The competition between the Chinese and U.S. visions of regional order will be long and arduous, but that does not preclude cooperation when their interests converge. All regional countries must now brace themselves in the years to come for an Asian security structure characterized by a mixture of competition and cooperation between the U.S. and Chinese visions. ◆

<sup>16</sup> Zhou, "The U.S. Alliance System in Asia," 212.

<sup>17</sup> Xi Jinping, "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Aspects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era" (speech, Beijing, October 18, 2017) ~ <http://jhsjk.people.cn/article/29613458?isindex=1>.

## The Competing U.S. and Chinese Models for an East Asian Economic Order

*Takashi Terada*

In the Asia-Pacific two competing approaches to economic cooperation have emerged: development regionalism and trade regionalism, each championed by a major regional power. China and the United States have both sought to impose rules and norms on East Asia through their regional economic agendas. In doing so, Sino-U.S. competition has primarily developed around setting standards through institution-building rather than through an arms race or a trade war.

China, for its part, has pursued a development model. The launch of the Chinese-led Asian Infrastructure Investment Bank (AIIB) as a key financial institution used to bolster China's Belt and Road Initiative (BRI) challenges the U.S. preference for democracy and a market economy based on free and transparent trade. The United States has thus far displayed its discontent with this approach by rejecting the AIIB and BRI and pressuring allies such as Japan to not participate.

The United States, by contrast, has traditionally embraced a policy of trade regionalism. The Obama administration, for example, prioritized negotiation of the Trans-Pacific Partnership (TPP) and emphasized the importance of including 21st-century standards such as a competition policy, which deals with state-owned enterprises (SOEs); protection of intellectual property rights; and mechanisms for enforcing labor standards. However, the Trump administration has expressed skepticism about multilateral agreements such as the TPP and instead is employing an "America first" approach with a strong orientation toward bilateral deals. The administration appears to view economic openness and globalization as harmful for U.S. jobs and is turning toward protectionism, including through the withdrawal of the United States from the TPP. In the eyes of the region, this policy stance displays a lack of respect for multilateral institutions and contributes to the growing doubts in East Asia about the credibility of U.S. leadership.

This essay examines the U.S. and Chinese visions for the East Asian economic order and discusses the specific points of convergence and divergence. It assesses the potential for the development-focused initiatives

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proposed by China, such as the AIIB and BRI, to disrupt the existing U.S.-led regional economic architecture. A competition between these two superpowers has evolved around the rules governing the regional economic order, and whose rules become dominant is at the core of this power game. This essay argues that, should the Trump administration continue to withdraw from Asian trade multilateralism, the United States may create an economic power vacuum in which China can expand its influence—for instance, by promoting the Regional Comprehensive Economic Partnership (RCEP) with lower-quality provisions as an alternative regional integration framework. The Abe administration's efforts to conclude the TPP without the United States were thus significant to position the resulting TPP-11 agreement as a rule-setter in the Asia-Pacific.<sup>1</sup>

### *The United States under Trump and Trade Regionalism in Asia*

Regardless of who serves as president, U.S. foreign economic policy has traditionally exhibited several consistent principles, including the commitment to open, transparent, free, and fair trade. Global free-trade practices flourished in the postwar period with the world economy under the leadership of a great power that promoted open commerce and enforced the rules of a cooperative game. The United States' preponderant technological advances and gigantic market size were essential for stabilizing international and regional economic institutions by forcing its allies and partners to support the liberal international order. The TPP was a typical example of this pattern of U.S. behavior.

The TPP, for example, sought to ensure a level playing field for SOEs, or competitive neutrality between SOEs and private companies, despite exceptions for local SOEs and sovereign wealth funds. Protectionist tendencies in China make it difficult for the country to play a leading role in trade regionalism, which primarily aims to promote economic liberalization and deregulation. The dominance of state capital in key sectors, including petrochemicals, finance, and steel, poses a major obstacle to China's participation in a high-standard regional integration framework. Under the Obama administration, the United States was also a vanguard in promoting the enhanced protection of corporate rights within the TPP, and the fast-track trade promotion authority bill included two specific provisions creating competition policy and rigorous intellectual

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<sup>1</sup> Takashi Terada, "How and Why Japan Has Saved the TPP: From Trump Tower to Davos," Asan Institute for Policy Studies, Asan Forum, February 19, 2018.

property rights. Both provisions reflected the divergent U.S. and Chinese approaches and deterred China from participating in the TPP.

Like previous administrations, the Trump administration's trade policy has emphasized the need for rules-based arrangements to help increase the competitiveness of U.S. exports and create American jobs. The fundamental difference lies in President Donald Trump's preference for bilateral rather than multilateral deals. This is underscored by his decision not only to withdraw from the TPP but also to abandon negotiations for the Transatlantic Trade and Investment Partnership. Both initiatives advanced key American values such as open, transparent, free, and fair trade. In particular, the Obama administration saw the TPP as an effective way to shape the regional economic order in East Asia and protect U.S. interests and values in a regional environment increasingly influenced by China's state capitalism.<sup>2</sup>

### *China and Development Regionalism in Asia*

Confronted with the TPP's development, especially after Japan showed interest in participating in September 2010, China accelerated the establishment of a regional free trade agreement (FTA) framework in which it could set its own standards for regional integration. Its trade deal of choice, the RCEP, reflects a much lower level of ambition for trade liberalization than the TPP. The RCEP includes the ten ASEAN members and the six countries with which they have FTAs (Australia, China, India, Japan, New Zealand, and South Korea). Although ASEAN introduced the agreement at its summit in November 2011, urged by both China and Japan, which attributed the failure to make progress in East Asian integration to ASEAN's lack of interest, negotiations have suffered from a regression to the lowest common denominator as a result of the differing positions between developed and developing states. The actions of liberalization-oriented countries are fettered by countries that do not desire liberalization, which ends up holding back trade liberalization and impeding regional integration. The RCEP attempts to accommodate the different needs of its sixteen members by allowing countries to have flexibility in opening their economies. China's commitment to the RCEP is strongly oriented toward developing countries and favors more exemptions in tariff elimination duties, with few requirements for states to deregulate

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<sup>2</sup> See, for example, Michael Froman (remarks at Asian Architecture Conference at the Center for Strategic and International Studies, Washington, D.C., September 22, 2015).

domestic economic systems. The speed and level of liberalization under the RCEP will thus be based on the standard that China, India, and ASEAN's developing countries generally prefer. This is a major reason behind the United States' decision not to join the agreement.

President Xi Jinping has since articulated his vision for national rejuvenation (the so-called China dream), which includes several key economic initiatives in China's Fifth Plenum communiqué issued in November 2015; the buzzword "institutional voice" emerged and was later incorporated into guidelines for the 13th Five-Year Plan (2016–20). This term clarified China's intention to impose its preferences on systems of international governance. In December 2015 the International Monetary Fund (IMF) added the renminbi to the basket of currencies that make up its special drawing rights, or its international reserve assets for use in currency-related and other crises. China's position in the IMF was further strengthened by the U.S. Congress's approval of the long-awaited IMF reform package, which by reallocating quotas and increasing the voting rights of emerging economies has made China the third-largest contributor in the IMF, only slightly behind second-ranked Japan. These moves bolstering China's growing institutional voices have been reinforced by the launch of the AIIB, which possesses \$100 billion in capital and has become a pivotal component of the Chinese version of the "rebalance Asia" strategy, especially toward Central and South Asia.<sup>3</sup> The rapidly growing demand for infrastructural development in Asia, including railways, roads, and energy infrastructure, cannot be fulfilled by existing multilateral banks, whose burden the AIIB promises to reduce. More importantly, however, the AIIB can serve as a critical institution whose management and administration China can dominate without U.S. or Japanese involvement.

The United States views China's establishment of these economic institutions as a means to create more like-minded states that could be mobilized to advance its political and strategic interests. China's growing influence on the region is demonstrated by the impact of its massive economic assistance to Laos and Cambodia, which has been instrumental in dividing ASEAN members on the territorial disputes in the South China Sea. As a U.S. official observed, "Debt slavery is one of the most pernicious instruments the Chinese use to wield strategic advantage."<sup>4</sup> More than

<sup>3</sup> Asian Infrastructure Investment Bank, presentation, March 1, 2018 ~ [https://www.aiib.org/en/about-aiib/basic-documents/\\_download/AIIB-Presentation.pdf](https://www.aiib.org/en/about-aiib/basic-documents/_download/AIIB-Presentation.pdf).

<sup>4</sup> Daniel Twining, "Rivalry and Illusion Shape Asia's Connectivity Contest," *Nikkei Asian Review*, August 31, 2017.



50 Chinese SOEs have already invested in over 1,700 BRI projects.<sup>5</sup> In fact, in the Chinese military circle, BRI has been viewed as instrumental to supporting China's military strategy through the provision of easy access to foreign ports, especially in the Indian Ocean. In many cases, management of these ports has been relegated to Chinese SOEs by the local governments.<sup>6</sup> Foreign governments have taken note of this strategy. As a U.S. official commented, BRI is "a nice way of shaping the world in China's interest, building concentric circles of security going outward."<sup>7</sup> Through initiatives such the RCEP and BRI, China is thus using its economic prowess and foreign economic policy to reshape the regional economic order in line with its political and strategic interests.

### *China's Challenge to Western Institutional Norms and Reception in East Asia*

The preceding discussion contrasts the U.S. model for the regional order in East Asia, focused on economic liberalization and deregulation, with the Chinese model, focused on development. On the heels of the global financial crisis in 2008–9, China began to view the existing international financial architecture—based largely on the U.S. dollar—as "a thing of the past."<sup>8</sup> China launched the AIIB to help fund development initiatives such as BRI.<sup>9</sup> The AIIB's loan rules do not involve any political conditionalities, such as the protection of human rights; rather, they focus on building infrastructure and delivering finances quickly. Along with the smaller New Development Bank, headquartered in Shanghai, and the New Silk Road Fund, the AIIB advances the Chinese government's ambition to increase China's standing in international financial markets and to challenge incumbent Western institutions such as the IMF and the World Bank, both headquartered in Washington, D.C.

However, the AIIB's decision to promote joint projects with the World Bank and Asian Development Bank to share best practices has helped dispel

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<sup>5</sup> Anthony Rowley, "China's BRI Could Be Administrative Nightmare," *Nikkei Asian Review*, October 31, 2017.

<sup>6</sup> "Ittai Ichiro: Gun-tenkai-no yashin" [One Belt, One Road: Ambition of Military Deployment], *Yomiuri Shimbun*, August 31, 2017.

<sup>7</sup> Twining, "Rivalry and Illusion Shape Asia's Connectivity Contest."

<sup>8</sup> Andrew Browne, "China's President Lays Groundwork for Obama Talks," *Wall Street Journal*, January 17, 2011.

<sup>9</sup> Remy Stuart-Haentjens, "Power sans Control on Belt and Road: China's Control over the AIIB Is Eroding," *Frontera*, July 11, 2017.

concerns in some quarters about the lack of transparency and China's dominance of the AIIB's governance structure. It seems a positive sign for future cooperation that Prime Minister Shinzo Abe has warily expressed interest in working with China on BRI, possibly signaling a relaxation of Japan's stance toward Chinese infrastructure initiatives in Asia.<sup>10</sup> Another factor in Japan's shifting position on BRI (and pursuit of its own high-level infrastructure initiatives such as the Partnership for Quality Infrastructure in Asia) is the retreat of U.S. leadership in East Asia. The United States' declining leadership has been underscored by the Trump administration's decision to withdraw from the TPP and the United States' wavering commitment to funding multilateral development banks—for instance, by rejecting a capital increase by the World Bank that the bank viewed as “necessary to expand its global anti-poverty mission.”<sup>11</sup> Partly thanks to the cooperative stances that Chinese development initiatives have taken, in July 2017 the AIIB received top credit ratings from several agencies, facilitating funds procurement and paving the way for further ambitions and independent projects.<sup>12</sup> If China and its sponsored financial institutions continue to employ a cooperative stance toward Western-based institutions, this would contribute to the perception of the AIIB as a detached institution from the BRI strategy, which China uses as a tool of geopolitics.

### *Conclusion*

President Trump attended a series of summit meetings during his trip to Asia in November 2017, but he failed to articulate a coherent vision for the regional order in East Asia. His emphasis so far has been on signing bilateral trade deals, which has generated considerable concern over the credibility of U.S. regional commitments. The absence of the United States in Asian trade multilateralism may create an economic power vacuum in which China can expand its influence through injecting more capital with a view to maximizing its political clout. It also remains unclear what Trump's America-first foreign policy means for the United States' role in regional infrastructure investment. In fact, China is responding to this lack of leadership in the global system by accelerating its efforts to build its

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<sup>10</sup> Shinzo Abe, “Asia's Dream: Linking the Pacific and Eurasia” (speech at the the 23rd International Conference on the Future of Asia, Tokyo, June 5, 2017).

<sup>11</sup> “Trump Administration Rejects World Bank Capital Increase,” Agence France-Presse, October 14, 2017.

<sup>12</sup> Nina Trentmann, “China-Led Infrastructure Bank Secures AAA Rating from Fitch,” *Wall Street Journal*, July 14, 2017.

own networks, including around the traditional Western-dominated power structures. As discussed above, these efforts are centered on establishing the AIIB and BRI to build infrastructure linking China with western Asia, Europe, and Africa, while negotiating a lower-standard trading arrangement (the RCEP) suitable to China's preferred approach of state-led growth. If the Trump administration fails to articulate a vision for the regional economic order, it may accelerate this process, forcing many countries in East Asia to lean toward China for the lack of an alternative.

That being said, the fact that the Trump administration may be handing China a strategic opportunity to strengthen its role in regional economic and financial governance does not mean that the country can effectively take advantage of it. Considering the domestic challenges that Beijing faces, such as lower economic growth, ballooning national debt, and winnowing returns on investment, the opportunity may indeed have presented itself just a decade or so too early.

A key question is to what extent China, in its bid to reshape the regional economic order, will consider the maintenance of the liberal norms and values that have guided global and economic governance and practice over the past 70 years. The desire to protect these norms and values is a common motivation for the United States, Japan, India, and Australia. These countries have become more enthusiastic about the potential for the free and open Indo-Pacific concept to counterbalance China's vision for the regional order under BRI by upholding economic rules based on freedom, openness, transparency, and fairness. The fact that two adjectives, free and open, are linked with the Indo-Pacific is important. These two words symbolize these states' intention to distinguish their approach to economic diplomacy from that of China. Japan and the United States thus tend to stress, for instance, that the procurement process should be transparent and fair and that any infrastructure project should be "economically viable," be "financed by debt that can be repaid," and not "harm the soundness of the debtor nation's finances."<sup>13</sup> Whether the free and open Indo-Pacific concept can generate a concrete policy or institutional body partly depends on the United States' return to multilateralism. 

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<sup>13</sup> Abe, "Asia's Dream: Linking the Pacific and Eurasia."

## Contesting Visions of East Asia's Regional Economic Order: A Chinese Perspective

*Xinquan Tu and Yue Lyu*

Despite being the biggest country in Asia, China only within the last century has developed a sense of itself as a regional country. Historically, China considered itself the center of the world. It was not until the early twentieth century, after Western powers overwhelmingly defeated the Qing Dynasty and forced the country to open its markets, that the Chinese people began to observe the world from the perspective of a country located in East Asia. Since the government's economic reforms and opening in the 1980s, China has become a significant destination for trade and investment and a key link in the regional production network. In 2010, China surpassed Japan to become the world's second-largest economy.

This essay will provide a Chinese perspective on the contending U.S. and Chinese visions of the regional economic order in East Asia. The discussion is divided into four sections examining China's vision of the East Asian economic order, China's perception of the U.S. role in this order, the points of convergence and divergence between the Chinese and U.S. visions, and the impact of China's recent initiatives on the existing regional economic architecture.

### *China's Vision of the East Asian Economic Order*

In the first three decades after the founding of the People's Republic of China in 1949, the relationship between China and its East Asian neighbors was difficult due to ideological differences. However, the rapid development of some of these ideological opponents became a mirror for China to reflect on its own backwardness and seclusion. Deng Xiaoping's visits to Japan, Singapore, Thailand, and Malaysia in 1978 were considered a strong stimulus for his decision to reform and open up the Chinese economy. These neighbors set a good example for economic development, and China was eager to learn from and cooperate with them. China's opening was

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also a great investment opportunity for these countries, in particular their overseas Chinese communities.<sup>1</sup>

Since then, diplomatic and economic relations between China and many East Asian countries have grown closer, and China has re-emerged as a major power in the region. However, it is not yet powerful enough to set up the regional architecture it prefers. In addition to the challenges China faces from the two incumbent powers, the United States and Japan, issues such as the South China Sea and North Korea complicate China's relations with the Association of Southeast Asian States (ASEAN) and South Korea, respectively.<sup>2</sup> These tensions are causing China to rethink its strategy for regional integration. With no pressing need to build an East Asian community, China has chosen to lower its expectations and take a more pragmatic approach.

At the same time, China has begun to look beyond East Asia and see itself not only as a regional power but also as a global actor. Beijing has attempted to establish frameworks beyond East Asia in order to bypass the constraints imposed by Japan and the United States. This has, in part, involved launching cooperative forums with other regions of the world. For example, China started the China-Africa Cooperation Forum in 2000, took the lead in establishing the Shanghai Cooperation Organisation (SCO) with Russia and Central Asian states in 2001, and launched the China-Latin America Forum in 2014. Recently, most attention has been paid to the Belt and Road Initiative (BRI), which President Xi Jinping proposed in 2013. Although the plans for this wide-ranging and ambitious initiative have not been fully disclosed, it is obvious that East Asia is only a part of China's global strategy.

In East Asia, which is still very important for China in terms of trade and investment, Beijing's main approach has shifted from regionalism to bilateralism. Though the China-Japan-Korea Free Trade Agreement (FTA) has stalled, China signed FTAs with South Korea, ASEAN, and Australia in 2015, indicating its pragmatic approach to regional integration in East Asia and the Asia-Pacific. In December 2015 the State Council released

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<sup>1</sup> In the early years of China's opening up, FDI from overseas Chinese in Hong Kong, Taiwan, and Southeast Asia accounted for the majority of inbound investment. See Kuang-Hann Chou, Chien-Hsun Chen, and Chao-Cheng Mai, "The Impact of Third-Country Effects and Economic Integration on China's Outward FDI," *Economic Modelling* 28, no. 5 (2011): 2154–63.

<sup>2</sup> Myrna S. Austria, "Moving Towards an ASEAN Economic Community," *East Asia* 29, no. 2 (2012): 141–56.

the first official document regarding China's regional economic policies.<sup>3</sup> The document states that China's strategy is to establish an FTA network centered on neighboring countries, extending to the BRI countries, and opening globally. Although the focus of this strategy appears to be on countries in East Asia, the wording is quite flexible. All partners are valuable in the final network, and no clear priority is given to any country. By contrast, the United States has preferred to establish a U.S.-centered regional trade bloc in the Asia-Pacific, as it did in North America and tried to do in South America.

### *China's Perception of the U.S. Role in the Regional Economic Order*

The U.S. role in East Asian integration is complicated and frequently one of interference. The combination of mutual mistrust and interdependence between China and the United States has resulted in a volatile relationship. Washington would never accept an East Asian community led by China that excludes the United States. Instead, it favors the concept of the Asia-Pacific, which encompasses the United States and key allies and partners in the Western Hemisphere. Japan, as a U.S. ally, also supports this vision. This is the main reason that so many pan-regional initiatives that include non-Asian countries have emerged. The United States had been the dominant economic and military patron for East Asia for decades. Now that its economic weight in the Asian production network is inevitably declining, the United States is keen to sustain its leading role in maintaining and establishing an institutional framework in the region.

The presidency of Donald Trump is disrupting this traditional U.S. strategy toward East Asia, which had been largely consistent for decades. The Trump administration's turn to protectionism marks a dramatic change in U.S. economic policy, one that is more concerning for U.S. allies than U.S. rivals. The most unexpected and drastic shift is the United States' decision to withdraw from the Trans-Pacific Partnership (TPP), which was considered by many observers as the smartest strategy to constrain China's economic influence in East Asia. Trump has not yet proposed an alternative to the TPP, leaving a big question mark about U.S. economic

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<sup>3</sup> In English, see "The State Council Issues Opinions on Speeding up the Implementation of Free Trade Zone Strategy," Xinhua, December 18, 2015 ~ <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201512/20151201224234.shtml>; and "Official of the Department of International Trade and Economic Affairs of the Ministry of Commerce Interprets the Opinions of the State Council on Speeding up Implementation of Free Trade Zone Strategy," Ministry of Commerce of the People's Republic of China, Press Release, December 21, 2015 ~ <http://english.mofcom.gov.cn/article/newsrelease/policyreleasing/201601/20160101228504.shtml>.

leadership in the region. In a particularly surprising move, he decided to impose punitive tariffs on steel and aluminum imports from the whole world, including critical allies in East Asia, with only temporary and conditional exceptions to the U.S. partners in the North American Free Trade Agreement (NAFTA). China is eager to fill any vacuum created by the United States' recent turn inward.

*The Points of Convergence and Divergence between the Chinese and U.S. Visions*

In contrast to Trump, President Xi Jinping has become the standard-bearer of globalization. His speech at the 2017 Davos Forum surprised the world, particularly in the aftermath of Trump's election.<sup>4</sup> The distinction between the two leaders was most evident in their statements at the Asia-Pacific Economic Cooperation (APEC) summit in Vietnam in late 2017.<sup>5</sup> The reversal of usual policy positions is confusing to the world. While the long-time leader of globalization, the United States, is pursuing an "America first" agenda and blaming globalization for its woes, China, which is still often accused of protectionist policies and state capitalism by Western countries, is suddenly standing up to endorse globalization. This sudden change could be explained by two facts. First, China has become the largest manufacturing country in the world and is thus in need of a freer world market. Conversely, the United States has lost its competitiveness in most manufacturing industries and thus has a greater interest in self-protection. Second, with the United States becoming more inward-looking and losing its appetite for globalization, China is happy to fill this vacuum to strengthen its own economic and political advantages.

However, the sudden change of attitudes toward trade liberalization does not reflect the current extent of liberalization in the two countries. Though the United States is turning more protectionist, and China is endeavoring to lead globalization, the United States is still much more liberalized in trade and investment policies than China. China's tariffs and restrictions on FDI are still higher than in many countries, including the United States. However, if Trump really intends to extend his protectionism of steel and aluminum to a wider range of industries, China would be pleased to ally with

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<sup>4</sup> See Xi Jinping, "Jointly Shoulder Responsibility of Our Times, Promote Global Growth" (keynote speech at the World Economic Forum, Davos, January 17, 2017)  $\sim$  <https://america.cgtn.com/2017/01/17/full-text-of-xi-jinping-keynote-at-the-world-economic-forum>.

<sup>5</sup> See, for example, "APEC Summit: Trump and Xi Offer Competing Visions for Trade," BBC, November 1, 2017  $\sim$  <http://www.bbc.com/news/world-asia-41937426>.

the victims to defend globalization. Therefore, from an optimistic perspective, it is possible that the shift in the two countries' positions is actually moving them closer to each other. If they could meet at a point acceptable to both sides, a new consensus on globalization could be established.

From the perspective of China, the United States is the essential actor to work or compete with on rebuilding a global economic consensus, though other actors are also valuable. China's strategies are largely responsive to U.S. actions. For example, U.S. participation in the TPP immediately aroused considerable suspicion in China and intensified its support for the Regional Comprehensive Economic Partnership (RCEP) and the China-Japan-Korea FTA. By contrast, the Chinese government and media have hardly mentioned the conclusion of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11), led by Japan, because a TPP without the United States is not considered a threat to China.

### *The Impact of China's Recent Initiatives on the Existing Regional Economic Architecture*

The production model of the East Asian economies originated from the so-called flying geese model. Led by Japan, the first industrialized nation in Asia, economic development trickled down to other East Asian countries as they gradually incorporated manufacturing and trade activities into their economies. Since the mid-2000s, China has surpassed the original regional leaders, including Japan, to become the key link in the East Asian production network.

China understands that as its economy matures and income levels rise, the lower-wage industries that have fueled the country's growth will migrate to less-developed nations, where labor costs are lower. To consolidate its position at the center of global supply and manufacturing networks, China has launched BRI and the Asian Infrastructure Investment Bank (AIIB). BRI adheres to a multilateral framework for development and intends to make full use of existing mechanisms such as the SCO, ASEAN +1 (China), and APEC to build infrastructure and increase connectivity across Eurasia. Likewise, the AIIB seeks to play a vital role in the region by alleviating poverty through investment in infrastructure. Despite U.S. opposition, the bank now has 80 members, 29 of which are extraregional, including staunch U.S. allies such as the United Kingdom, France, and Germany.

Of course, there are differences in objectives between U.S.- and Chinese-led initiatives. China hopes to establish a Chinese-centered radial network



rather than becoming a U.S.-style world leader based on multilateralism. As President Xi stated in his 2017 speech at the Belt and Road Forum for International Cooperation, BRI “focuses on the Asian, European and African continents, but is also open to all other countries. All countries, from either Asia, Europe, Africa or the Americas, can be international cooperation partners.”<sup>6</sup> China’s strategy is therefore a more inclusive development strategy, welcoming the participation of countries with differing traditions, ideas, and historical legacies to seek common development.

Importantly, however, from China’s perspective the AIIB and BRI are not replacing or intended to create confrontation with existing U.S.-led institutions.<sup>7</sup> Their relationship to these organizations should be understood as complementary. China and the United States have distinct cultural and political traditions that are the basis for their visions of international order. As the two largest powers in the world, they naturally propose what they are familiar with. But the two approaches could live with each other. China claims that it supports the existing multilateral system and is not trying to replace or destroy the U.S.-led order, from which it has benefited over the last couple of decades. The AIIB, for example, is cooperating with and learning from the World Bank in many ways.

In conclusion, from the Chinese perspective, it is beneficial for both East Asia and the world to have more options and contributions from the leading powers. In the marketplace of global public goods, competition is better than a monopoly. The United States can and should adapt and compete. However, the Trump administration blames China’s exploitation of the existing world system, which was created under the United States’ leadership. The probability of hostile confrontation rather than peaceful competition on all fronts between the two powers seems much higher than before. In the end, the result will largely depend on whether they can manage their domestic political, economic, and social challenges and translate these strengths into external influence. ♦

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<sup>6</sup> Xi Jinping, “Work Together to Build the Silk Road Economic Belt and the 21st Century Maritime Silk Road” (speech at the Belt and Road Forum for International Cooperation, Beijing, May 14, 2017).

<sup>7</sup> Yiping Huang, “Understanding China’s Belt and Road Initiative: Motivation, Framework and Assessment,” *China Economic Review* 40 (2016): 314–21.

## The Role of Japan in Sustaining Regional Order in East Asia

*Hideshi Tokuchi*

East Asia faces a diverse set of security challenges, both traditional and nontraditional. Countries have attempted to address these challenges through a variety of security measures, including alliances, political and security communities, and other frameworks for regional cooperation. These initiatives are often independent from each other but not mutually exclusive. It is important for countries to share a clear understanding of what the core element of the regional order is and to try to network their various endeavors in order to generate maximum synergy.

Many in Japan view the U.S.-centered alliance network as the bedrock institution of the regional security structure in East Asia and believe that the U.S.-Japan alliance is the central piece of this network. This essay examines this conception of the regional order and is organized into three sections. The first section provides an overview of the regional security environment, while the next section explains the importance of the U.S.-Japan alliance in the regional security system. The essay then concludes by discussing the prospects for multilateral cooperation to strengthen the regional order.

### *The Regional Security Environment*

East Asia has been stable for decades but includes numerous sources of potential instability. Asia is home to four established nuclear powers, and five nuclear weapons states in total with the addition of North Korea. Three of these countries are in East Asia, and Japan neighbors all of them. Moreover, the region includes two hot spots with long-standing military disputes that involve divided states—the Korean Peninsula and the Taiwan Strait—as well as a flashpoint for potential conflict, the South China Sea, given the escalation of territorial disputes between China and other claimant states.

The most serious threat to regional stability is North Korea's rapidly developing nuclear weapons and missile programs. North Korea has conducted six nuclear tests since October 2006, and one can reasonably assume it has already, or is close to, successfully miniaturizing

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nuclear warheads. Pyongyang has also conducted tests of intercontinental ballistic missiles with the capability to reach much of the continental United States. Just as the Korean War militarized and globalized the Cold War over a half a century ago, the current situation on the Korean Peninsula reminds the world of the global nature of the security threat posed by North Korea.

Another serious challenge in East Asia is China's maritime expansion. China's land reclamation and militarization in the South China Sea continue, while in the East China Sea Chinese law-enforcement vessels regularly enter the contiguous zone surrounding the Senkaku Islands and intrude into Japan's territorial waters.<sup>1</sup> To become a maritime power has been a dream of China's since its defeat to the United Kingdom in the Opium Wars in the 1800s.<sup>2</sup> China's provocative actions in the East and South China Seas have heightened tensions with regional states and disrupted the East Asian order by trying to alter the status quo by force and challenging the U.S. presence, which is the basis of the regional security system.

Looking at the big picture, today we see more competition between sovereign states and more confrontation between liberal democracy and authoritarianism. This trend is accelerating WMD proliferation and disrupting free and unimpeded access to the global commons, particularly in the maritime sphere. China, with its growing power and influence, is trying to keep the United States as far away as possible from the Asian continent. If this situation continues, the balance of power will tilt more toward China, which would be detrimental to the national interests of Japan.

However, it is also important to note that the Sino-U.S. competition is not a Cold War-style competition. Because of globalization, both the United States and China have national interests that overlap in a number of areas, as does Japan. In those areas, there is room to broaden cooperation. The international security agenda in East Asia today intertwines complex traditional and nontraditional issues and requires delicate diplomacy by all players involved.

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<sup>1</sup> "Update: China's Continuing Reclamation in the Paracels," Center for Strategic and International Studies, Asia Maritime Transparency Initiative, August 9, 2017 ~ <https://amti.csis.org/paracels-beijings-other-buildup>; "Crisis Management at Sea: Urgent Proposals from the Field," Institute for International Policy Studies, October 28, 2016, 26–30; *Yomiuri Shimbun*, August 5, 2017, 7; and Ken-ichi Yoshida, "Chuugoku-kosen taiatari, betonamu-gyosen chinbotsu" [China's Public Vessel Rams to Sink Vietnamese Fishing Boat], *Yomiuri Shimbun*, August 17, 2017, 7.

<sup>2</sup> Ko Ha, *Chuugoku ha naze "kaiyou-kyoukoku" wo mezasunoka—"Shin-joutai" jidai no kaiyou-senryaku* [Why Does China Aim at "Maritime Strong Power"?—Maritime Strategy in the Age of "New Normal"] (Tokyo: Nihon Kyouhousha, 2016), 12.

## *The Importance of the U.S.-Japan Alliance in the Regional Security System*

The basis of the regional order in East Asia is the U.S.-centered hub-and-spoke system, which has served as the instrument of maintaining a balance of power by facilitating cooperation among U.S. partners and allies, such as through the Trilateral Strategic Dialogue between the United States, Japan, and Australia. In addition, this system provides useful infrastructure for multilateral cooperation, such as the All Partners Access Network (APAN) and the Rim of the Pacific (RIMPAC) exercise. APAN is an unclassified information-sharing and collaboration enterprise that U.S. Pacific Command established for regional partners to facilitate multilateral humanitarian assistance and disaster-relief (HADR) operations. RIMPAC, which the U.S. 3rd Fleet hosts, began as a naval exercise of Western navies during the Cold War but now covers HADR and involves China and sometimes Russia. Thus, the U.S.-centered regional security system remains indispensable to the maintenance of both the regional and global order.

The U.S.-Japan alliance is the central piece of this security system for the following three reasons. First, Japan and the United States confront the same core security challenges, namely China, North Korea, Russia, and international terrorism.<sup>3</sup> No other U.S. ally shares all these issues with the United States. Second, Japan is one of very few countries in the region that can provide a dependable stationing environment for U.S. forces.<sup>4</sup> Third, both Japan and the United States are maritime democracies with many common security interests in the diverse seascape of the Asia-Pacific. Thus, efforts to make the U.S.-Japan alliance more robust contribute directly to the enhancement of the regional security system and the maintenance of the regional order.

Some people have argued that the United States is no longer dependable because U.S. power is declining. This perceived decline, however, is not absolute but relative. The United States is still at the pinnacle of the international hierarchy in almost every dimension of power and is likely to remain there for the foreseeable future.<sup>5</sup> Also, this relative decline is due

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<sup>3</sup> Although the security challenges that Russia poses to Japan are different from those it poses to the United States, Russia is a common security concern for both countries.

<sup>4</sup> Hideshi Tokuchi, "The Defense Force of Japan Awakens to Address the Contemporary Security Environment," in *CSCAP Regional Security Outlook 2017*, ed. Ron Huiskens (Canberra: Council for Security Cooperation in the Asia Pacific, 2017), 14.

<sup>5</sup> Bilahari Kausikan, "An Age Without Definition" (IPS Nathan Lecture, Singapore, January 29, 2016), 8.

in large part to the success of the U.S. postwar recovery project.<sup>6</sup> Although the worldview and remarks of President Donald Trump have caused considerable concern internationally, and even at times have appeared to destabilize U.S. alliances, the U.S.-Japan alliance still enjoys broad support from the American public and will continue to be the best option for Japan.<sup>7</sup>


Since Trump assumed office, his foreign and security policy seems to be shifting from his original “America first” position to the traditional line of the United States, placing greater emphasis on alliances. The U.S.-Japan alliance, in particular, has proved to be as robust as before, if not even more robust. This is not just the result of the personal connection between Trump and Prime Minister Shinzo Abe. It underscores the fact that the alliance is an institutional relationship undergirded by strong military ties and deeply rooted in both countries for decades.

The uncertainty and unpredictability in U.S. policy could persist for years, but it is worth remembering that the alliance relationship is not maintained by U.S. efforts alone. It is important to examine what Japan should do in order to strengthen the alliance. First, the need for closer communication between the two allies, and also among U.S. allies and friends, cannot be overemphasized. Japan should take the lead in keeping channels of constant communication with the United States open to help Washington establish a clearly defined policy based on its alliance relationships, lest malicious actors in the region be tempted to take advantage of the policy vacuum.

Second, Japan must assume a greater role in regional and global security. The fundamental problem of the U.S.-Japan alliance is its asymmetrical nature. The United States assumes responsibility for the defense of Japan, while Japan does not assume the reciprocal obligation and instead agrees to provide bases and facilities to the U.S. military. The alliance needs to become more symmetrical to increase its credibility. To this end, Japan must take further steps to assume a larger role in regional security. The security legislation of 2015 is instrumental to achieving this goal, but the asymmetrical nature of the alliance remains intact. Thus, Japan must conduct a further review of its security roles, missions, and capabilities.

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<sup>6</sup> Takashi Shiraishi, *Kaiyou-Ajia tai tairiku-Ajia—Nihon no kokka-senryaku wo kangaeru* [Maritime Asia vs. Continental Asia—Thinking about Japan's National Strategy] (Kyoto: Mineruva Shobou, 2016), 17–18.

<sup>7</sup> With regard to the U.S.-Japan Security Treaty, the percentage of Americans who answered that the United States should maintain the treaty was 82% in March 2017. See Ministry of Foreign Affairs (Japan), “Opinion Poll: U.S. Image of Japan,” Press Release, December 20, 2017  [http://www.mofa.go.jp/press/release/press4e\\_001851.html](http://www.mofa.go.jp/press/release/press4e_001851.html).

This effort, however, cannot be made in a bilateral context alone. Today's security challenges are so complex that a multilateral approach is indispensable to strengthen the hub-and-spokes system, together with other U.S. allies and partners in East Asia. For this reason, the 2015 Guidelines for Japan-U.S. Defense Cooperation emphasize the importance of "cooperation with regional and other partners, as well as international organizations."<sup>8</sup> Bilateral cooperation between the United States and Japan should be appropriately placed in a larger multilateral approach. Minilateral cooperation is an essential part of this endeavor.

### *Prospects for Minilateral Cooperation to Strengthen the Regional Order*

As discussed above, East Asia confronts a variety of security challenges, such as the proliferation of WMDs, maritime security, international terrorism, and large-scale natural disasters. Each of these covers a diverse set of issues; maritime security, for example, includes natural disasters, pollution, piracy, human trafficking, drug trafficking, and illegal, unreported, and unregulated fishing. Given that different players are needed to address different issues, a flexible combination of like-minded actors is important. The following discussion will focus on the opportunities for Japan to cooperate with South Korea, Australia, and the Association of Southeast Asian Nations (ASEAN) as major partners in forming minilateral security frameworks in East and Southeast Asia.

*South Korea.* South Korea and Japan are the two U.S. allies in Northeast Asia and enable the United States' robust presence there. As any measures to address North Korea must involve their common ally, trilateral cooperation is essential. The joint statement of the Trilateral Defense Ministers' Meeting on June 3, 2017, sent a strong message to condemn North Korea's provocations.<sup>9</sup> However, operationalizing the message by joint exercises and by more frequent high-level trilateral exchanges is important. The three countries should also broaden the scope of their cooperation beyond the immediate threat from North Korea to include maritime security and HADR. Such a broader perspective would also contribute much to their cooperation on the North Korean issue.

<sup>8</sup> "The Guidelines for Japan-U.S. Defense Cooperation," April 27, 2015 ~ [http://www.mod.go.jp/e/d\\_act/anpo/shishin\\_20150427e.html](http://www.mod.go.jp/e/d_act/anpo/shishin_20150427e.html).

<sup>9</sup> "Joint Press Statement of the Trilateral Defense Ministerial Meeting," June 3, 2017 ~ <https://www.defense.gov/Portals/1/Documents/pubs/US-Japan-South-Korea-Defense-Joint-Statement-June-2017.pdf>.

*Australia.* Australia and Japan, as advanced maritime democracies, should work together to keep the United States engaged in the entire Asia-Pacific region by pursuing new opportunities for practical cooperation. In this regard, they should consider expanding and renewing the framework of their bilateral security relationship, i.e., the Japan-Australia Joint Declaration on Security Cooperation of March 2007. This declaration reflects the security environment of ten years ago, focusing on WMD proliferation and international terrorism but not on maritime security or cybersecurity. Updating the Japan-Australia bilateral framework is essential to reinforce deeper cooperation between the two states. As a further step, these two U.S. allies should consider establishing a new framework for trilateral cooperation with the United States that is linked to the three bilateral security relationships.

*ASEAN.* With the progress ASEAN has made toward the establishment of the ASEAN Political-Security Community, it has become more important for Japan to cooperate with this institution. Given that Japan and ASEAN share numerous traditional and nontraditional security concerns, greater defense and security cooperation would be highly fruitful. As the South China Sea is a big artery of the global economy, and as Southeast Asia is a hub of economic growth, securing sea lanes and protecting freedom of navigation through this region is particularly important. But cooperation between Japan and ASEAN should not be limited to maritime security. A holistic approach is indispensable in order to meet the diverse requirements for cooperation. HADR will be an easy area. Counterterrorism cooperation may be more difficult, but it is worth exploring.

As illustrated by the above three cases, multilateral and minilateral cooperation must be based on a shared vision for the future of the regional security architecture, and this vision must be based on shared information and understanding. Without common goals, such cooperation will not be successful, meaningful, or enduring. Therefore, information sharing to facilitate practical cooperation and establish a common strategy is essential for multilateralism to be effective.

### *Conclusion*

The most important element of international order is power, and thus the balance of power is the first thing to be considered in building an enduring order in East Asia. In Japan's view, the regional security order based on the U.S. alliance system is appropriate to continue serving as the

mechanism to generate the necessary balance of power in East Asia. The same system also provides infrastructure for security cooperation, and this aspect of the system is growing. Both aspects of the hub-and-spoke system should be equally highlighted.

In the coming years, U.S. allies and partners should pay greater attention to the management of their security cooperation with the United States in order to keep U.S. leaders engaged in the region. There is no alternative for maintaining regional stability in the face of threats from North Korea and growing Sino-U.S. competition. Japan, which recently acquired a new legal tool to enhance its security role in the international community, should lead such regional efforts by working to strengthen the U.S.-Japan alliance and expand the regional security web. In this way, Japan can reposition itself as the bridge between the United States and East Asia. ◆



## India's Vision of the East Asian Order

*Rajeswari Pillai Rajagopalan*

Asia's importance in global politics has grown dramatically over the last decade. Though the United States remains the dominant unipolar power, the perception that it lacks either the capability or willingness to maintain order in the region has created new power dynamics. As a result of this perception of U.S. decline, the regional security environment is increasingly uncertain and competitive, and the potential for unresolved border disputes or sovereignty issues to escalate into conflicts cannot be underestimated.

China's rise and the United States' seeming reluctance to balance it has raised the profile of India, especially among China's smaller neighbors to which India has become somewhat responsive. Traditionally, India was reluctant to play balance-of-power games, but it has now been compelled to adopt a more pragmatic and power-centric approach to its foreign and strategic engagements. There are two reasons for this. First, the strategic balance between India and China has tilted in ways that are inimical to Indian interests. Second, the uncertainties around China's growing military and strategic power have made regional countries apprehensive about its impact on the larger strategic balance. China's exclusivist approach to the Asian strategic framework has been a concern for many, including India. New Delhi does not want to see an Asia that is dominated by another Asian power. Still, it is also important to examine India's capacity and capability to shape the Asian strategic order.

This essay will first look at how India views its role in Asia and then analyze its wherewithal to shape the regional order in terms of economic, nuclear, and conventional military capabilities. East Asian countries have shown some interest in India playing a balancing role in the region, and this fits well with India's own interests. The challenge is that India still lacks the capacity to play such a role.

### *India and the Asian Strategic Order*

The current state of uncertainty offers India abundant opportunities to play a leading role in Asia and beyond. The question is what kind of

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regional order India wants and what kind of role it sees for itself. Most basically, India wants a non-hegemonic Asia—in other words, a region that is not dominated by a single Asian power. As then foreign secretary S. Jaishankar has explained, India “welcomes” both a multipolar world and a multipolar Asia.<sup>1</sup> The meaning of these words is clear: India does not want an Asia that is dominated by China, considering that no other Asian power could make much of a claim to dominate the region. In addition, it wants a rules-based order. In fact, India has taken an unusually strong stand on the territorial disputes in the South China Sea, considering the distance from Indian shores.

This does not mean that there is consensus in India about how these objectives should be met. Some suggest that New Delhi should formulate a new nonalignment policy that exploits both the United States and China, without necessarily aligning with either country against the other.<sup>2</sup> On the other hand, a growing body of opinion argues that China’s enormous power and clear opposition to India necessitates that New Delhi partner with Washington to counter Chinese hegemony. According to this view, Chinese regional hegemony is a greater threat than U.S. global hegemony.<sup>3</sup>

India is reluctant to acknowledge that it is concerned about the increasing likelihood that the combination of the United States’ inattentiveness and China’s rising power will require some kind of a regional balancing effort against China. India’s relations with Japan, Australia, Vietnam, and Singapore have dramatically improved, with a strong focus on defense and security cooperation. This includes not only military exchanges and bilateral and multilateral exercises but even potentially weapons transfers. This emerging regional security alignment is not coming at the expense of engagement with the United States, of course; India and its partners remain committed to doing all they can to maintain the U.S. commitment to the region, including by bearing a greater share of the military burden. Rather, this new regional security alignment is a supplement to the United States’ presence, as well as a potential hedge against the possibility of a further reduction in the U.S. commitment to the region. But the problem is that it is unclear whether such a regional focus is viable because India itself might

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<sup>1</sup> S. Jaishankar (IISS Fullerton Lecture, Singapore, July 20, 2015) ~ <http://www.mea.gov.in/Speeches-Statements.htm?dtl/25493/iiss+fullerton+lecture+by+dr+s+jaishankar+foreign+secretary+in+singapore>.

<sup>2</sup> Sunil Khilnani et al., *Nonalignment 2.0* (New Delhi: Centre for Policy Research, 2012); and Shiv Shankar Menon, *Choices: Inside the Making of India’s Foreign Policy* (New Delhi: Penguin, 2016).

<sup>3</sup> C. Raja Mohan, “Xi, Trump, Asian Disorder,” *Indian Express*, November 11, 2017 ~ <http://indianexpress.com/article/opinion/columns/xi-jinping-donald-trump-asian-disorder-4931884>.

not have sufficient capabilities to carry out such a policy, as detailed in the next section.


### *Indian Capabilities*


On the economic front, India is the third-largest economy in Asia, with a GDP of just over \$2 trillion. The size of its economy, however, is dwarfed by China at \$11 trillion.<sup>4</sup> Moreover, India's growth rate has declined from a high of 10.3% in 2010 to 6.7% in 2017 and is estimated to grow at 7.4% in 2018, according to projections from the International Monetary Fund.<sup>5</sup> This suggests that the country will continue to lag behind China for a considerable period of time, which reduces its capacity to balance China.

In the security domain, India is one of the four Asian nuclear powers, and the only one that can compete directly with China. Yet it is estimated to have only around one hundred warheads, of which only half are considered to be strategic missiles. India's objective is not to match China but to develop capabilities that can provide a sufficient deterrent. But India is not thought to possess this capability yet, given that it lacks missiles with sufficient range to target all of China. The Agni-V and Agni-VI missiles, with ranges of 5,000 kilometers (km) and 6,000 km, respectively, are still under development, and will eventually provide India with sufficient reach into all of China when deployed.<sup>6</sup> Although the INS *Arihant*, India's lone nuclear-powered ballistic missile submarine, entered service in August 2016, its submarine-launched missiles—for instance, the 700 km-range K-12 and the 3,500 km-range K-4—are not sufficient to cover China if fired from the Bay of Bengal.<sup>7</sup> India is expected to develop longer-range missiles for the additional submarines currently being built.<sup>8</sup> The fact that these capabilities will be directed at China is likely to become an additional issue in the security politics between the two countries.

<sup>4</sup> "GDP (Current US\$)," World Bank, World Development Indicators  <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>.

<sup>5</sup> "India's GDP to Grow at 7.4 Per Cent in 2018: IMF," *Business Today*, January 23, 2018  <https://www.businesstoday.in/current/economy-politics/india-gdp-grow-at-74-per-cent-in-2018-imf-world-bank/story/268609.html>.

<sup>6</sup> Zachary Keck, "India Developing Its First 'Real' ICBM," *Diplomat*, September 19, 2013  <https://thediplomat.com/2013/09/india-is-developing-its-first-real-icbm>.

<sup>7</sup> Manu Pubby, "India's First Nuclear Submarine INS *Arihant* Ready for Operations, Passes Deep Sea Tests," *Economic Times* (New Delhi), February 23, 2016  <http://economictimes.indiatimes.com/news/defence/indias-first-nuclear-submarine-ins-arihant-ready-for-operations-passes-deep-sea-tests/articleshow/51098650.cms>.

<sup>8</sup> *Ibid.*

Regarding conventional military capabilities, while India boasts the second most powerful military in Asia, it suffers serious deficiencies in terms of capacity gaps and a sputtering defense modernization effort. India's ground forces are large but face multiple problems. One is the need to prepare for two different adversaries, on completely different terrain, requiring essentially two distinct armies. The second is India's infantry-heavy counterinsurgency commitment that ties down a significant portion of its forces both in the northeast and in Jammu and Kashmir. A third problem is serious shortages in everything from artillery to war reserves and even officers.

The Indian Air Force faces similar problems. It has enough aircraft to field only 34 squadrons, well below the desired number of 42. Moreover, India has yet to decide on replacements for several types of combat aircraft that are nearing obsolescence.

India's traditional naval edge is also beginning to decline. The balance of forces with regard to submarines is a case in point. The Indian Navy has only fourteen operational submarines, all of which are of 1980s vintage.<sup>9</sup> Procurement woes are a result of several different factors, including budget allocation under capital expenditure. The defense budget as a percentage of GDP continues to be below 2%, and for 2018–19 stands at 1.62%, the lowest since the 1962 Sino-Indian War.<sup>10</sup> A second budgetary problem is the inefficiency of procurement and development. While there has been some effort to improve the acquisition process, it is still ad hoc and driven by the narrow interests of particular services rather than integrated with any national strategy.

### *India's Vision for the Regional Order*

India has conducted focused diplomatic outreach to compensate for these limitations in economic and military capabilities. The growing synergetic partnership with the United States, improving relationships with countries such as Japan and Australia, and deepening engagement with Southeast Asian countries such as Singapore and Vietnam on diplomatic and security issues advance New Delhi's vision for a multipolar Asia.

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<sup>9</sup> International Institute for Strategic Studies (IISS), *The Military Balance 2016* (London: Routledge, 2016), 252.

<sup>10</sup> Nyanima Basu, "Why Is Defence Spending Not Booming?" *Hindu Business Line*, February 1, 2018  
 ~ <http://www.thehindubusinessline.com/economy/budget/defence-spending-down-to-just-162-of-gdp/article22625150.ece>.

India, for example, has dramatically expanded military cooperation with the United States and Japan through the annual Malabar naval exercise.<sup>11</sup>

These emerging “minilaterals” in Asia are proving to be useful in creating and revitalizing strategic linkages. In India’s view, a thicket of networks helps rather than hinders strategic stability. The United States has up to this point been the only firm anchor through its hub-and-spoke alliance structure that connects countries with strong disagreements in a common security order. But given the uncertain outlook for U.S. leadership in Asia, this single unified structure is unlikely to continue, which suggests that the future regional order might be shaped by multiple minilaterals. Fueled by China’s aggressive posturing, India is a lot more comfortable today in taking the lead in forming new minilaterals to create a web of strategic engagements that serve as a buffer to China. The Quadrilateral Security Dialogue between the United States, Japan, India, and Australia is a case in point. Other such groupings are the France-Australia-India and India-Japan-Australia trilateral meetings, which might be elevated to the Track 1 level, thus creating greater support for India without antagonizing other countries.

India has a unique opportunity to play a role in shaping the emerging East Asian strategic order. The United States’ possible withdrawal from Asia, or at least reduced commitment to the region, makes India’s role more important. Its growing economy and strong, determined political leadership are factors that will help India fulfill this role. At the same time, it also faces several challenges. Due to the capacity gaps discussed above, India cannot maintain any balance in Asia on its own. Moreover, it is geographically remote from much of the region and does not yet have sufficient capacity to project power in East and Southeast Asia.

India’s growth and emergence as a major strategic actor could also encourage China to behave more assertively. The consequence is likely to be increased competition not only between China and India but across the Indo-Pacific. This trend will push India closer to the United States and U.S. allies such as Japan and Australia, which also are concerned about the strategic consequences of China’s rise. In Tokyo and Canberra, there is growing recognition that, though Japan and Australia continue to be under the U.S. security umbrella, they need to forge new partnerships or reinvigorate older relationships. But it is not clear that such cooperation

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<sup>11</sup> “India’s Emerging Strategic Response to China,” in IISS, *Asia-Pacific Regional Security Assessment 2017* (London: Routledge, 2017), 67–80.

among regional states will be possible or even sufficient to balance China, because China is far stronger than all the rest combined. India's ability to effectively balance China and shape an inclusive East Asian regional order will continue to be stymied until it has the material wherewithal. East Asia has become a battleground. Leadership in such a strategically competitive environment demands economic strength, effective diplomacy, and a credible military capability that is globally visible. Still preoccupied with border skirmishes with its neighbors, India has not yet developed the capabilities to fulfill this role in the Indo-Pacific. ♦

## A Pilot Fish Returns to School: Australia Explores New Approaches in East Asia's Evolving Regional Order

*Andrew Carr*

East Asia's love of fish is well known. Fish are integral to the region's diet, culture, and strategic thought. South Koreans talk of their nation as a "shrimp among whales," while Singapore's military strategy is described as that of a "poisoned shrimp"—an unpalatable choice for the large and hungry.

Australians also love their seafood. Many would recognize their nation's strategic approach in the behavior of the pilot fish. These small fish swim in the shadow of a much larger predator to gain protection. But after decades of utility for Australia, the merits of this approach are threatened. Canberra is now quietly exploring alternatives, seeking protection in a school or loosely coordinated group of similarly sized fish. This essay will explore this inflection moment by first describing Australia's view of the contemporary East Asian order. It will then examine the new roles that the country is seeking to play in this order and the viability of its alternative approaches.

### *Australian Conceptions of the East Asian Order*

Australia does not have a clear vision for regional order in East Asia, nor does it see the need to develop one. As a country formed from Western dominance in Asia, and in a region that is unlikely to become explicitly liberal anytime soon, Australia knows that the current order is about as good as it could hope for. Any deliberately imagined Australian vision would do little more than mirror today's world.

Australia is also not clear about the nature and scope of the changes that are occurring. Its policymakers have a tendency to swing between expecting nothing to change—with both China and the United States seeing the light and returning to their "appropriate" roles—and believing that everything will change, and at a scale and pace never before seen. Embodying this turbulent swell, the Australian foreign minister views the region as caught

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“in a strategic holding pattern.”<sup>1</sup> Yet while wary of change, Australia is not unwilling to change. As such, it is not a status quo-oriented power as the middle-power literature often assumes.<sup>2</sup>

Instead, Australia is best seen as a stability-oriented power. As Hedley Bull noted, from the 1970s onward, Canberra’s policymakers “came to gradually recognize that Australia’s interests lay not simply in bolstering up the power and presence of the United States...but rather in an equilibrium among all the great powers.”<sup>3</sup> This nuance has been obscured at times, yet as Hugh White, principal author of the 2000 defense white paper explains, even under the conservative government of John Howard from 1996 through 2007, “Australia’s primary interest [was] in the stable strategic balance itself.”<sup>4</sup> For this reason, Canberra has consistently welcomed Asia’s rise—including China—well aware that this could change the region and undermine the U.S. position.<sup>5</sup>

Australian leaders have tended to reject hierarchical assessments of Asia’s order, for both normative and pragmatic reasons. As such, while acutely aware that the Sino-U.S. relationship is increasingly competitive, policymakers have preferred to focus on the health of the global rules-based order. How well or poorly each great power supports this order is thus more important than the precise balance of their relationships (short of war).

As such, while the United States is today a status quo power seeking to hold Asia’s actors and institutions in place—for instance, by rejecting the proposed Asian Infrastructure Investment Bank (AIIB)—Australia desires mediated and manageable change that sustains the regional order. Its overriding concern is that East Asia remain “a world where big fish neither eat nor intimidate the small.”<sup>6</sup> As such, once checks and balances were in

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<sup>1</sup> Julie Bishop, “Change and Uncertainty in the Indo-Pacific: Strategic Challenges and Opportunities” (IISS Fullerton Lecture, Singapore, March 13, 2017).

<sup>2</sup> See Eduard Jordaan, “The Concept of a Middle Power in International Relations: Distinguishing between Emerging and Traditional Middle Powers,” *Politikon: South African Journal of Political Studies* 30, no. 1 (2003): 167.

<sup>3</sup> Hedley Bull, “Australia and the Great Powers in Asia,” in *Australia in World Affairs 1966–1970*, ed. Gordon Greenwood and Norman Harper (Melbourne: Australian Institute of International Affairs, 1974), 326.

<sup>4</sup> Hugh White, “Strategic Interests in Australian Defence Policy: Some Historical and Methodological Reflections,” *Security Challenges* 4, no. 2 (2008): 76.

<sup>5</sup> For a discussion of Australia’s approach to China in light of U.S. concerns in Asia, see Shannon Tow, *Independent Ally: Australia in an Age of Power Transition* (Melbourne: Melbourne University Press, 2017).

<sup>6</sup> Malcolm Turnbull, “IISS Shangri-La Dialogue 2017 Keynote Address” (speech at the Asia Security Summit, Singapore, June 2, 2017).



place and clear regional support for the AIIB had emerged, Australia signed on to the new institution, regardless of U.S. displeasure.

The central tension within this approach is thus not whether to choose between the United States and China (of which there is no question), but rather what kinds of change Australia should support. An emphasis on short-term stability may be implicitly reassuring but could prevent necessary long-term accommodations. An emphasis on the long-term outcome, by contrast, may require uncomfortable short-term reversals and uncertainty. To help judge what changes to support and what to oppose, Australia is increasingly looking to see how other medium-sized and small fish in the region are moving.

### *Safety in Numbers*

Australian foreign policy is currently on two tracks. The “pilot fish” track involves continual efforts to strengthen and expand the Australia, New Zealand, United States Security Treaty (ANZUS) alliance, as part of a two-decade trend toward deeper institutionalization and interoperability between Australia and the United States. Unlike in previous decades, however, the support of a great and powerful friend is no longer seen as enough. Canberra is unwilling to be lashed entirely to the mast of U.S. actions. These concerns predate the election of Donald Trump, though his erratic behavior has reinforced many of them.

As such, Australia is also undertaking a significant new effort to align its views, ideas, and language with other countries in the region. This is the “school” track—seeking to understand what direction other similarly sized fish are taking and moving with them to mitigate the risks and capitalize on the opportunities of a changing strategic order. When deciding how to respond to change, Australia increasingly wants to ensure that it is neither the first nor the last to move and is able to operate in the safety of a larger pack.

This may seem small, but it represents a significant shift from the 1990s, when Australia was deeply engaged yet happily the “odd man out,” or from the 2000s, when many of its strategic dialogues in Asia were focused on talking rather than listening. In identifying partners to move with, Australia has a slight partisan divide. The center-left Labor Party emphasizes the role of geography in creating overlapping strategic interests. When last in office, it produced the 2009 and 2013 defense white papers and the 2012 *Australia in the Asian Century* white paper, all of which highlighted the importance of Australia’s immediate region. The 2013 defense white paper was quietly

revolutionary, overturning half a century of Australian defense thinking by declaring that a strong Indonesia was an asset—not a threat—to Australia.<sup>7</sup>

The center-right Liberal-National Coalition has emphasized values and capacity as the most reliable basis for strategic cooperation. This focus has led to strengthened ties with Japan. During his time in office, Prime Minister Tony Abbott (2013–15) described Japan as Australia’s “best friend in Asia” and a “strong ally.”<sup>8</sup> He was on the cusp of finalizing a deal for twelve Soryu-class submarines—which would have been Japan’s largest defense export contract in its history—before domestic politics and his own fall from office scuttled the deal. Notions of a “quadrilateral” involving Japan, Australia, the United States, and India have also gained right-wing support. The current conservative prime minister, Malcolm Turnbull, has tried to borrow from both the left and the right. He has supported joining the quadrilateral and continues to engage Japan by signing acquisition and logistics agreements.<sup>9</sup> Yet more notably (if less publicly), he has sought to expand Australia’s role in Southeast Asia.

Turnbull’s 2016 defense white paper famously talked about supporting “a global rules based order” (mentioned 56 times). However, the massive new military spending is almost entirely directed toward and justified in light of a different interest: “A secure nearer region encompassing maritime South East Asia and the South Pacific.”<sup>10</sup> Key acquisitions include expanded and upgraded intelligence, surveillance, and reconnaissance capacity; the doubling of the submarine fleet; new surface combatants; and investments in strike, air combat, and amphibious warfare.

In March 2018, Australia hosted the second ASEAN-Australia Special Summit. The preparations received substantial resources and support from the prime minister. The Turnbull government also appointed a former ambassador to Indonesia, Greg Moriarty, as head of the Department of Defence. The government sees regional issues such as the 2017 insurgency in Marawi in the Philippines as emblematic of the increasingly difficult regional environment and the necessity of a heightened focus on Southeast Asia.

Ultimately, however, Australia has pursued regional engagement not as an activist middle power or leader but from a somewhat passive

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<sup>7</sup> Stephan Frühling, “The 2013 Defence White Paper: Strategic Guidance without Strategy,” *Security Challenges* 9, no. 2 (2013): 47.

<sup>8</sup> Graeme Dobell, “The Abbott Strategic Trifecta (2): Japan as ‘Strong Ally,’” Australian Strategic Policy Institute, Strategist, December 17, 2013.

<sup>9</sup> “Malcolm Turnbull and Japanese Prime Minister Shinzo Abe Commit to Stronger Defence Ties,” News Corp Australia Network, January 14, 2017.

<sup>10</sup> Department of Defence (Australia), *2016 Defence White Paper* (Canberra, February 2016), 68.

desire to prepare, wait, and listen. As Allan Behm has argued, the Australian government continues to pursue a transactional rather than transformational foreign policy.<sup>11</sup> This suits the character and identity of the government, and its foreign minister in particular, but prevents any substantial attempt to shape or preempt change. It trades coherence for flexibility, direction for discrimination. Australia has been a keen supporter of minilateral and issue-based forums spearheaded by other countries, such as South Korea's creation of MIKTA (an informal partnership between Mexico, Indonesia, South Korea, Turkey, and Australia) and ASEAN's leadership of the Regional Comprehensive Economic Partnership (RCEP), along with Japan's regional activism. Likewise, it embraced the U.S. rebalance to Asia in 2011 and would look favorably on any significant Trump administration initiative in the region. But seemingly gone are the days of "middle power norm entrepreneurship."<sup>12</sup> Nor would a change of government necessarily shift this strategy. While the Labor Party now talks of a new "FutureAsia" ambition, it has only just begun exploring what this policy would look like or achieve.

To be fair, Australian policymakers often feel like they have no choice but to adopt a cautious and reactive role. Their country's future is one of relative economic, technological, and military decline, with the immediate region becoming much larger and more assertive than it was during earlier periods of Australian activism. Even when Canberra would like to be strongly involved on an issue—such as the Marawi insurgency—regional sensitivity over image and sovereignty often places hard limits on Australian contributions.

### *Twin Tracks: Parallel or Diverging?*

In his keynote speech to the Shangri-La Dialogue in 2017, Prime Minister Turnbull stated: "In this brave new world we cannot rely on great powers to safeguard our interest. We have to take responsibility for our own security and prosperity."<sup>13</sup> These lines may seem unique given Australia's

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<sup>11</sup> Allan Behm, "It's Time for a Transformational Foreign Policy," Australian Strategic Policy Institute, Strategist, September 8, 2016.

<sup>12</sup> For a history of this activism in Asia, see Andrew Carr, *Winning the Peace: Australia's Campaign to Change the Asia-Pacific* (Melbourne: Melbourne University Press, 2015).

<sup>13</sup> Turnbull, "The IISS Shangri-La Dialogue Keynote Address."

pilot fish reputation, yet they speak to the country's long-standing—if often futile—desire to find reliable collective security alternatives.

In the twentieth century, Australia was a member of the British Commonwealth, League of Nations, United Nations, Southeast Asia Treaty Organization, Asian and Pacific Council, and the Five Powers Defence Arrangement. Almost every decade has seen some initiative from Australia for a collective security initiative or forum. Even the ANZUS alliance between Australia and the United States was originally conceived as part of a wider Pacific pact and operated as a tri-party grouping from 1951 to 1986, when New Zealand's participation was suspended. Australia has often embraced its pilot fish strategy as the last viable option after collective security vehicles fail. In some ways, other states will thus make the decision for Canberra about which of the two tracks it ultimately pursues in the future.

On many issues, Australia's twin approaches are likely to operate in parallel. Nontraditional security concerns provide an effective overlap of interests between the United States, Australia, and the countries of Southeast Asia. Indeed, on some issues, such as Marawi, Washington has explicitly looked to cooperation between Australia and Southeast Asia to solve the problem. There are already established mechanisms and institutions that can be scaled as necessary.

However, when addressing state-based threats, a divergence between the United States and Australia is not only possible but plausible. Washington's idea of success is preserving the status quo and its own primacy. For ASEAN and Australia, success is keeping Southeast Asia stable and reducing the spillover from great-power competition. The nature of change, rather than change itself, is ultimately the most important factor when it comes to security for these states. To the extent that China is content to buy and build—rather than bully or beat—its way to regional preeminence, they will not actively resist change.

Today, Australia is an increasingly uncomfortable pilot fish. Though it will retain, and indeed is strengthening, its U.S. alliance, the country is coordinating with other medium-sized and small states in deciding how to respond to regional upheaval. Australia's indecision should therefore give middle-power theorists pause. Advocates need to recognize that the stereotype of creative niche diplomacy has historically been the exception rather than the norm. Yet equally, critics must scale back claims that middle-power states merely support the status quo.

In the absence of good ideas and activist personalities in key positions, Australia has fallen into a “holding pattern” strategy. It is calibrating its approach with others but is largely passive as to the vision pursued. Should the twin tracks of Australian foreign policy diverge, it is highly likely that the country’s pilot fish history will reassert itself, with policymakers preferring the substance of the U.S. alliance—however uncomfortable—to the current shadow of cooperation offered by the other middle powers and small states of Asia. ◆

## Locating ASEAN in East Asia's Regional Order

*Thitinan Pongsudhirak*

Like other regions and the international order more broadly, East Asia is in flux. It benefits less than it used to from the U.S.-led liberal international order that was instituted in the immediate aftermath of World War II.<sup>1</sup> Different conceptions, dynamics, and goals now dominate the regional order, posing direct consequences for the Association of Southeast Asian Nations (ASEAN). The power shifts and transitions inherent in these competing visions are singularly underpinned by China's rise and expansion into the East Asian geopolitical and geoeconomic space at a time when ASEAN itself—Southeast Asia's one and only regional organization—had just overcome five decades of trials and tribulations.

Notwithstanding occasional border conflicts and diplomatic disputes, ASEAN has successfully prevented the outbreak of war among its member states, some of which were once bitter rivals, and has maintained regional unity. Yet after celebrating its golden jubilee in 2017, ASEAN still faces a range of challenges, old and new. To address these issues, it will need to hold itself together amid intensifying global power shifts. Doing so will require the organization to engage with the major powers, while keeping them at bay, to preserve its centrality in the regional architecture as a broker of peace and prosperity. This is a tall order but not beyond reach in view of how far ASEAN has come.

This essay briefly traces the contours and dynamics of ASEAN from its early years to its emergence as Southeast Asia's premier regional organization after the Cold War. However, ASEAN has faced new headwinds in the 2010s as a result of China's inexorable rise and has become more divided.

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**NOTE** ~ Parts of this essay are adapted from the author's previously published work "To Survive Another 50 Years, ASEAN Must Learn from Its Past," *Nikkei Asian Review*, August 4, 2017 ~ <https://asia.nikkei.com/Features/ASEAN-AT-50/To-survive-another-50-years-ASEAN-must-learn-from-its-past>; and "Trump Faces Prosperity and Insecurity in Southeast Asia," *Pacific Forum CSIS, PacNet*, no. 83, November 9, 2017.

<sup>1</sup> The literature on the breakdown of the international liberal order has been growing like a cottage industry in recent years. For a relatively early account, see Richard N. Haass, "The Unraveling: How to Respond to a Disordered World," *Foreign Affairs*, November/December 2014.

Intraregional tension has revolved around two main issues: China's efforts to build and weaponize artificial islands in the South China Sea, and its diversion of water resources by building upriver dams in the Mekong region. Confronted with these challenges, ASEAN has no choice but to regroup and reassert a unified position in order to maintain regional autonomy and avoid major-power rivalry and domination in its neighborhood.

### *ASEAN Institutionalization*

ASEAN's ripe middle age belies its early challenges. After previous attempts at forming a regional organization failed following decolonization, ASEAN emerged as Thailand played a peacemaker role to extinguish the conflict between Indonesia and Malaysia known as Konfrontasi. Thailand, Indonesia, Malaysia, and the Philippines realized that they needed a collective Southeast Asian voice to keep the major powers from undermining them, as well as to assist their own nation-building efforts. Along the way, they weathered the bipolar Cold War confrontation between the United States and the Soviet Union and attendant local Communist insurgencies.

ASEAN did not encompass all ten Southeast Asian countries until after the Cold War in the 1990s. Building on the Asia-Pacific Economic Cooperation (APEC) in 1989 and the ASEAN Free Trade Area in 1992, expanded membership enabled the organization to become a hub for broader cooperation through the creation of the ASEAN Regional Forum, ASEAN +3 (China, Japan, and South Korea), the East Asia Summit, the ASEAN Defence Ministers' Meeting-Plus, and the Regional Comprehensive Economic Partnership. ASEAN also crafted a charter that codified existing norms and envisaged a collective Southeast Asian community focused on shared political, security, economic, and sociocultural principles.

In economic terms, ASEAN's impact is growing. Over the past twenty years, intra-ASEAN trade has remained around 25%, while overall trade has become more enmeshed with partners outside the region.<sup>2</sup> In the mainland economies, integration of the labor market has deepened, with several million migrants from Cambodia and Myanmar, for example, working in Thailand.<sup>3</sup> Since 1995, Vietnam has become Thailand's

<sup>2</sup> ASEAN *Economic Community Chartbook 2017* (Jakarta: ASEAN Secretariat, 2017), 15.

<sup>3</sup> Benjamin Harkins, Daniel Lindgren, and Tarinee Suravoranon, *Risks and Rewards: Outcomes of Labour Migration in South-East Asia* (Bangkok: International Labour Organization and International Organization for Migration, 2017).

second-largest trade partner in the region, supplanting Singapore, and Thai FDI in nearby Cambodia, Laos, Myanmar, and Vietnam has increased markedly. Infrastructure connectivity has enabled road travel from Myanmar to central Vietnam, across Thailand and Laos.

This is not to downplay ASEAN-wide cooperation among the maritime and mainland states. Southeast Asia, with a population of 635 million people and a total GDP of \$2.6 trillion, has been the world's fastest-growing region over the last decade.<sup>4</sup> Intra-ASEAN investment has risen dramatically, accounting for 25% of total investment flows.<sup>5</sup> Thus, even though mainland Southeast Asia is more economically integrated and visibly connected than the region as a whole, broader ASEAN economic integration is increasing, especially in investment.

### *Rivalries and Divisions in the Regional Order*

At 50, ASEAN faces challenges reminiscent of its formative years, this time driven by history and geography rather than ideology. Rivalries among the major powers once again threaten to dominate the region, setting China against the United States in the South China Sea and elsewhere, and to a lesser extent against Japan in mainland Southeast Asia. Through its inexorable rise, China appears intent on reclaiming its past glory as Asia's center and source of power. Its modern version of "manifest destiny" is focused on the Belt and Road Initiative (BRI). China developed the Asian Infrastructure Investment Bank to support BRI by financing projects in much of developing Asia and beyond. In addition, it plays a leading role in other lending and financing organizations outside the Bretton Woods system, such as the New Development Bank among the BRICS countries (Brazil, Russia, India, China, and South Africa). Whereas the United States under the Trump administration pulled out of the twelve-member Trans-Pacific Partnership, China remains eager to accelerate its preferred arrangement, the Regional Comprehensive Economic Partnership, which excludes the United States.

China perceives its entitlements from history to include land reclamation and the construction of artificial islands in the South China Sea. In mainland Southeast Asia, it has built many dams upstream on the Mekong River to the detriment of downstream communities in Cambodia, Laos, and Vietnam.

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<sup>4</sup> ASEAN *Economic Community Chartbook* 2017, 1–2.

<sup>5</sup> *Ibid.*, 41.



Similar to its conduct in the South China Sea, China has put forth its own rules for the Mekong via the Lancang-Mekong Cooperation mechanism, marginalizing the long-established Mekong River Commission.

At the same time as China's presence has been increasing, U.S. geopolitical influence in Southeast Asia has been waning. During the eight years of the Obama administration, the United States effectively lost Southeast Asia to China. The resurgence of authoritarianism in the region, from Thailand and Cambodia to Malaysia and the Philippines, played into Beijing's hands, while the United States' emphasis on democracy and human rights over geopolitical expediency alienated several regimes. By contrast, China's strategy of working bilaterally to win over countries in the region has led to a divergence of interests between mainland and maritime members and driven a wedge through ASEAN. The mainland countries do not feel threatened or concerned by China's island building or weapons installations in the South China Sea, just as the Philippines and Indonesia are not provoked by Chinese dam-building on the Mekong River.

### *Looking Ahead: ASEAN's Vision for the Regional Order*

Unless ASEAN re-establishes its unity vis-à-vis China, its role as a hub in East Asia's regional architecture and a broker between rival countries cannot be taken for granted. The breakdown of ASEAN unity and the erosion of ASEAN centrality are damaging not only to Southeast Asian countries but also to regional stability. If the organization no longer works, China will be in a position to dominate East Asia, even with greater Japanese engagement in mainland Southeast Asia and the United States conducting freedom of navigation operations in the South China Sea.

Now, as during its formative years, ASEAN is in search of a new regional balance as a consequence of global power shifts and transitions. Regional countries can neither deny nor avoid China's towering influence as a resident superpower intent on recovering its civilizational role from centuries past, especially now that President Xi Jinping has seen to it that presidential term limits are removed and can potentially prolong his power beyond 2023 as head of state, the Chinese Communist Party, and the Central Military Commission. For ASEAN, Xi's consolidation of power means that Japan, the United States, and other outside powers must play a greater role in the regional mix. Japan has been forthcoming in checking China's runaway power, while President Donald Trump's penchant for bilateralism and transactional approaches also appears to be a good match for China's

similar preferences. Trump's foreign policy orientation in Southeast Asia thus far has arguably encouraged greater U.S. engagement in the region than that of his predecessor Barack Obama, whose lofty geostrategy of the rebalance to Asia essentially came to naught.

A more engaged United States, including a stepped-up military personnel presence in the multinational Cobra Gold exercise and greater participation in ASEAN-related summits, can effect a more balanced neighborhood. Yet member states must be wary of the United States and other major powers overshadowing ASEAN and replacing it as the main platform for action and rule-making. The concept of the Indo-Pacific, for example, threatens to supplant the Asia-Pacific as the geographic framework for architecture-building in the region. If the "quad" grouping of Australia, India, Japan, and the United States has its geopolitical way of containing China through the Indo-Pacific framework, the center of gravity would likely shift toward South Asia. ASEAN would no longer be front and center in the regional architecture.

Moreover, the quad could end up antagonizing China into provocative actions similar to those it undertook in the South China Sea (e.g., island building) in the face of the Obama administration's rebalance. The name of the game has not changed for ASEAN. Its highest priority is still maintaining ASEAN centrality as the organizing vehicle of the regional order in East Asia. But to remain in the driver's seat amid the power shifts and transitions, ASEAN must come up with a new playbook. It must draw in the major powers in nimble and nuanced ways that prevent any one country from dominating the others. Most importantly, member states must gently rein in each other from tilting too far toward any major power. Doing so requires a leadership and camaraderie that ASEAN has lost in recent years but can regain in the future by recognizing that it is better to be united as a whole than divided into parts by any of the major powers. ♦

## Indonesia's Vision of Regional Order in East Asia amid U.S.-China Rivalry: Continuity and Change

*Dewi Fortuna Anwar*

Indonesia's vision of the desirable order in Southeast Asia and the wider region has evolved over time, influenced by changes in both domestic politics and the external environment. Perceptions of external threats, national priorities, and the best means of promoting national interests have not remained constant. Nevertheless, Indonesia's "free and active" (*bebas aktif*) foreign policy that stresses nonalignment and strategic outlook that emphasizes the importance of national and regional resilience have provided important principles of continuity. First and foremost, Indonesia desires strategic autonomy for itself and the immediate environment in Southeast Asia, whereby regional states are masters of their own destinies rather than simply succumbing to the dictate of one or more external powers.

This essay will examine Indonesia's vision of an East Asian regional order in the context of the current rivalry between the United States as the resident power and China as the ascendant power. This rivalry, if not conflict, has been the permanent backdrop for Indonesia's foreign policy since the early days of independence and has informed much of it.

### *The History of Indonesian Foreign Policy*

Indonesia's foreign policy has been shaped by a combination of factors such as geography, history, natural endowment, and level of economic development. On the one hand, Indonesia's successful revolutionary struggle for independence, huge geographic size and strategic location, wealth in natural resources, and large population have inculcated a strong sense of national confidence, an activist foreign policy outlook, and an unwillingness to simply become a follower of a great power or an alliance of powers. On the other hand, the long history of colonial exploitation under a divide-and-rule policy, the difficulty of uniting an unwieldy and porous archipelago with a highly heterogeneous population, the frequent intervention of competing external powers, a relatively low level of economic development, and limited

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capacity in terms of real power have all contributed to Indonesia's constant feeling of vulnerability and deep-seated suspicions of all major powers.<sup>1</sup>

These historical experiences play a particularly important role in Indonesia's perceptions of itself and its relations with the outside world. In 1948, three years after its declaration of independence and coinciding with the onset of the Cold War, Indonesia affirmed that its foreign policy would be "free and active." Essentially this meant that Indonesia would not join any military alliances or Cold War power blocs but would instead chart its own course as an active subject, and not simply an object, in international affairs.<sup>2</sup>

Indonesia's policy toward its immediate regional environment, however, has been informed not only by normative principles but also by internal politics. In the first twenty years of independence under President Sukarno, Indonesia prioritized the completion of its de-colonization process, seeing Western neocolonialism and imperialism as the main threats to its independence and territorial integrity. Reflecting both its sense of vulnerability and regional entitlement, Jakarta opposed the Federation of Malaysia, which Sukarno perceived as a strategy to encircle Indonesia. This confrontation with Malaysia (known as *Konfrontasi*) continued until the rise of the New Order government under President Suharto in 1966. During this period, Indonesia developed particularly close relations with China, forging an axis of progressive countries, which badly strained relations with the United States.

In contrast, the army-led New Order government under Suharto that dominated Indonesian politics until the 1997–98 Asian financial crisis regarded Communist subversion, particularly coming from China, as the main threat to national security and political stability. The Suharto government banned the Indonesian Communist Party and froze diplomatic relations with China between 1967 and 1990. Indonesia also ended its confrontational regional foreign policy and became a primary supporter of cooperation as the best means of maintaining peace and stability in Southeast Asia, regarded as a prerequisite for economic development. The New Order's foreign policy was mostly characterized by its pragmatism and emphasis on the economic benefits of foreign policy. Indonesia became a co-founder of the Association of Southeast Asian Nations (ASEAN), which was seen in part as a shield against the

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<sup>1</sup> Michael Leifer, *Indonesia's Foreign Policy* (1983; repr., London: Routledge, 2014).

<sup>2</sup> Mohammad Hatta, "Indonesia's Foreign Policy," *Foreign Affairs*, April 1953, 441–52.

China threat, while it developed close relations with the West, including through defense cooperation with the United States.<sup>3</sup>

### *Key Elements of Indonesia's Foreign Policy*

Notwithstanding the very different threat perceptions, priorities, and styles of leadership of Sukarno and Suharto, important elements of continuity underpinned Indonesian foreign policy in both periods. Furthermore, given the length of the rule of these first two presidents, their influence continues to shape the country's view of the regional order in the present day.

The first and most constant aspect of Indonesia's foreign policy, particularly vis-à-vis the immediate environment of maritime Southeast Asia, is its opposition to foreign military bases and interference by outside countries. Over the years, Jakarta has continued to reject the direct role of external military powers in securing the waters of Southeast Asia. As far as Indonesia is concerned, only the littoral states' security forces should safeguard navigation in Southeast Asian waters, while external countries that wish to help should just provide technical assistance to improve the capacities of the regional states.

Second, there has been continuity in Indonesia's insistence that regional countries, without undue influence from the major powers, bear the primary responsibility of shaping the order in Southeast Asia. Indonesia developed the concepts of national and regional resilience, regarded by Jakarta as being mutually reinforcing and later formally adopted by ASEAN at its first summit in Bali in 1976. These concepts emphasize the importance of each ASEAN member's internal strength and close cooperation as the main ingredients for regional peace and stability, rather than looking to a powerful external country like the United States to provide a security guarantee.

Third, despite the confrontation with Malaysia during the Sukarno era, Indonesia has tended to favor diplomacy to secure its desired regional order rather than rely on military capability. It introduced the Archipelagic Outlook strategy in 1957 and led the international diplomatic campaign for the acceptance of the United Nations Convention on the Law of the Sea (UNCLOS) in 1982, which recognizes Indonesia as an archipelagic state. Indonesia has played a leading role in the development of regional norms and principles in Southeast Asia, including the ASEAN declaration that Southeast Asia is a Zone of Peace, Freedom and Neutrality in 1971, the

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<sup>3</sup> Dewi Fortuna Anwar, *Indonesia in ASEAN: Foreign Policy and Regionalism* (Singapore: Institute of Southeast Asian Studies, 1994).

Treaty of Amity and Cooperation in Southeast Asia in 1976, and the Treaty on the Southeast Asian Nuclear-Weapon-Free Zone in 1995.

Like the other founding members, Indonesia initially only conceived of ASEAN as a minimalist and loose association not aimed at regional integration. Its primary function was to promote good neighborly relations that would contribute to regional peace and stability, which in turn would allow the member states to devote their attention and scarce resources to national development. Even in the absence of external threats, maintaining regional harmony remains the primary *raison d'être* of ASEAN, which cannot be taken for granted. A cohesive and self-confident ASEAN provides a buffer against external threats, protects the region from becoming a theater of great-power conflict, and contributes to the development of an autonomous regional order.<sup>4</sup>

In the post-Cold War era, it has been possible for Indonesia to be more true to its foreign policy principles and desire to promote the peaceful coexistence of contending powers. Attracted by China's economic modernization, Jakarta normalized diplomatic relations with Beijing in 1990. While remaining wary of China's intentions, bilateral relations blossomed rapidly, particularly in the economic domain, with the signing of a strategic partnership in 2005. Within Southeast Asia, all the non-ASEAN countries were brought into the regional fold, even the Communist states of Vietnam and Laos.

The fourth continuous element of Indonesia's vision of regional order is the principle of inclusive regionalism that transcends ideological and political differences. While prioritizing the consolidation of ASEAN after its enlargement to ten member states, Indonesia has also tried to promote engagement with the wider region through the creation of a more encompassing regional architecture with ASEAN as its hub. The establishment of the ASEAN Regional Forum in 1994, the first multilateral forum for discussing geopolitical and security issues encompassing the Asia-Pacific region, and later the East Asia Summit (EAS) in 2005 clearly reflects this inclusive regionalism, where former and current adversaries are accepted as members.

The challenges of managing relations with a multiplicity of major powers in a more fluid regional environment, coupled with the domestic transition from authoritarianism to democracy, have also transformed Indonesia's attitude toward ASEAN regionalism. Like the other member

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<sup>4</sup> Anwar, *Indonesia in ASEAN*.

states, Indonesia has worked to transform ASEAN from a loose regional association into a community with a binding charter with economic, political and security, and social and cultural pillars. In particular, Indonesia has taken the lead in promoting the development of the ASEAN Political-Security Community, which equally emphasizes the original ASEAN values of member states' noninterference in each other's internal affairs and new values of democracy, human rights, and the rule of law. A stronger and more unified community based on shared fundamental values has come to be regarded as a desirable end in itself. At the same time, a more unified ASEAN is regarded as essential for the organization to carry out its role as the hub of the wider regional architectures. Despite some dissatisfaction, the prevailing view in Indonesia continues to emphasize ASEAN as the cornerstone of Indonesian foreign policy, given the association's centrality in fostering wider regionalism.

### *Challenges and Opportunities for the Regional Order*

The continuing major-power rivalry for regional leadership and influence, particularly between the United States and China, has provided both challenges and opportunities for the exercise of strategic autonomy and the realization of ASEAN centrality. The development of regional processes such as the ASEAN +1 (ASEAN bilaterals), the ASEAN +3 (China, Japan, and South Korea), and the EAS clearly demonstrates member states' preference for multiple, multilayered, and functional regional orders in which ASEAN is the undisputed hub of the variegated spokes within wider and more outward-looking circles. By engaging all the major powers and integrating them into a complex of regional processes, ASEAN hopes that these powers, including the United States and China, will have a stake in the continuing stability and prosperity of Southeast Asia and the wider East Asian region.

Reflecting its constant preoccupation with preventing any one power or a concert of powers from exercising regional hegemony, on the one hand, and with ensuring ASEAN's centrality, on the other, Indonesia has taken the lead in developing a more inclusive and cohesive regional architecture where all the salient powers are present so that they can counterbalance each other. The EAS was first conceived as the continuation of the ASEAN +3 framework, but Indonesia was concerned that China would come to dominate such a grouping. Together with Singapore, it proposed including Australia, India, and New Zealand in the

EAS, thus broadening the geopolitical meaning of East Asia, to ensure the development of a “dynamic equilibrium.” Indonesia was also keen for both the United States and Russia to join the EAS. Both countries eventually joined in 2011, when Indonesia was the ASEAN chair and hosted its related summits in Bali, thereby completing the circle of participating powers that can counterbalance each other.

Indonesia and other ASEAN countries worry that Southeast Asia will be the primary theater where the rivalry between Washington and Beijing is played out. To prevent the region from once again becoming a theater of proxy wars, it is critical to realize the vision of a truly functioning ASEAN community. Ensuring ASEAN unity in order to safeguard Southeast Asia’s strategic autonomy, founded on the member states’ national and collective resilience, remains the core principle of Indonesia’s vision of regional order. Furthermore, by engaging both the United States and China in various ASEAN-centric initiatives to promote peace, stability, and prosperity in East Asia, Indonesia hopes that these two rival powers will see the value of respecting ASEAN’s unity and centrality. A more integrated and confident ASEAN can also provide China and the United States with opportunities to collaborate on areas of mutual interest. From the perspective of Indonesia, these goals are best served by a multilayered and functional regional order based on ASEAN’s centrality and a dynamic equilibrium between the major powers. This order should aim at fostering inclusive cooperation to mitigate the negative impacts of inevitable major-power rivalries, while at the same time benefiting from the opportunities that these rivalries can offer.

### *Conclusion*

Maintaining the unity of ASEAN and ensuring its centrality in the development of the wider regional architecture have become even more challenging in recent years. Intra-ASEAN disputes, such as the border dispute between Cambodia and Thailand over Preah Vihear Temple, which led to armed skirmishes and a number of deaths in 2011 and was the first open conflict between member countries since ASEAN was established in 1967, have hampered the development of the ASEAN Community. The rise of China and its increasingly aggressive policy to assert its claim in the South China Sea have also divided the organization. At the 2012 summit in Phnom Penh, ASEAN failed to issue a joint communiqué for the first time in its history when Cambodia, at the behest of China, vetoed



the inclusion of a paragraph about the South China Sea dispute. On both occasions, Indonesia took the lead in strengthening ASEAN unity. Foreign Minister Marty Natalegawa mediated an agreement to end the open conflict between Cambodia and Thailand over the disputed territory and undertook shuttle diplomacy to different ASEAN capitals to get a consensus on a joint communiqué that was later released in 2012. While careful not to be too assertive and be seen as having a regional hegemonic ambition by its smaller neighbors, Indonesia is generally regarded as a natural leader of ASEAN. Many important milestones reached by the association occurred during Indonesia's chairmanship. The nurturing role played by Indonesia and the country's exercise of "leadership from behind," as first practiced by President Suharto, remain critical to the unity of ASEAN and its ability to be the driver of wider regional architecture.<sup>5</sup> ♦

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<sup>5</sup> Suharto deliberately adopted a low-profile foreign policy in ASEAN and carried out the Javanese concept of *tut wuri handayani* (leading from behind) to reassure neighboring countries that Indonesia had truly abandoned Sukarno's confrontational foreign policy.

## The Evolving Regional Order in East Asia: A View from Vietnam

*Tran Viet Thai*

In recent years, East Asia has witnessed profound and daunting changes that have significantly transformed the regional order and created the highest level of uncertainty in the strategic environment since the end of the Cold War. In the current environment, both regional institutions and norms are being challenged. China has proposed or launched many initiatives that will have a significant impact on the regional order in East Asia, including the Belt and Road Initiative and the Asian Infrastructure Investment Bank, which is slated to fund various infrastructure projects across the region. The United States under President Donald Trump withdrew from the Trans-Pacific Partnership and appears to be ready to re-examine some of the long-standing core pillars of U.S. foreign policy. Japan is proactively adjusting its foreign and defense policies, including laying out five new principles for diplomacy and expanding their application to its relations with the Association of Southeast Asian Nations (ASEAN). Russia has become more active in regional affairs, pursuing a closer relationship with China and paying more attention to ASEAN. Finally, India is quickly shifting from a Look East to an Act East policy.

Given all these competing ideas and proposals, East Asia is experiencing its most difficult period since the end of the Cold War. All countries, within and outside the region, have been forced to rethink and recalculate their policy choices, amplifying the desire to form a new regional order to effectively manage these rapid and complex changes. This essay will briefly analyze the evolving nature of the regional order in East Asia from Vietnam's perspective and examine what role Vietnam could play in such a fast-changing environment.

### *The Regional Strategic Environment for Vietnam*

Since the end of the Cold War, Vietnam has been quite successful in its reforms and opening up. This success partly comes from the fact that the country has enjoyed a relatively stable and peaceful regional environment. This strategic environment has exhibited several key features over the past

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three decades. First, freed from the ideological competition between the former Soviet Union and the United States, Vietnam no longer must take sides with any major power but is able to choose its own policy options. It normalized relations with China in 1991 and with the United States in 1995, and in 1995 it signed a framework agreement for cooperation with the European Union. Second, at the regional level, Vietnam joined ASEAN in 1995 and was successfully integrated into its cooperative mechanisms. Third, domestically, Vietnam's decision to reform its economy and embrace market-oriented principles has made it an integral and dynamic part of the regional economy. Favorable conditions in the region allow Vietnam to spend its limited resources on achieving its national development goals.

However, in recent years the rapidly changing regional strategic environment has presented Vietnam with many challenges. The first and greatest challenge is balancing between major powers, especially between a rising and revisionist China and the United States, which wants to maintain the status quo. The second challenge is managing regional security issues in the short and medium term so that they do not negatively affect the peaceful and favorable environment that Vietnam is enjoying. In recent years, hot spots in the Asia-Pacific such as the South China Sea, East China Sea, and Korean Peninsula have risen in temperature. Therefore, Vietnam faces the risk of having to divert resources from national development to other areas. The third challenge is dealing with nontraditional issues such as climate change and cybersecurity in an interconnected and globalized context. Finally, maintaining momentum for further domestic reforms will be a priority for Vietnam in the coming years.

### *Fundamental Changes in the Regional Order*

Vietnam holds the view that peace and prosperity, which many countries in East Asia have enjoyed until recently, stem mostly from the current regional order, which was established and has been maintained by the United States over the last seven decades. Four key elements have sustained this regional order for such a long time: (1) the relatively stable balance of power and the dynamic relationships between the major powers, with the United States as an unchallenged hegemon, (2) the established regional institutional arrangements that serve as vehicles for all the regional actors to interact with each other for the sake of dialogue and trust building, (3) common rules and norms, and (4) the role of ASEAN as a unique and

important group of small and medium-sized countries in mediating between major powers.

Since the beginning of the 21st century, however, and especially since the global financial and economic crisis in 2008–9, these pillars of the current regional order have all been seriously eroded.<sup>1</sup> First, the balance of power in East Asia is being upended by the rapid change in the comprehensive national power of many regional actors. The dramatic economic growth of China is the most important driving factor behind this shift. In 2010, China overtook Japan to become the biggest economy in Asia in terms of GDP, second only to the United States worldwide. According to some estimates, the country's GDP (with purchasing power parity) will reach \$26.9 trillion by 2020 and \$58.5 trillion by 2050.<sup>2</sup> This rosy forecast makes China more confident in challenging U.S. primacy in the region. Apart from China, regional countries such as South Korea, Indonesia, and Vietnam are also rising and becoming more active and influential in international and regional affairs.

Second, competition for influence and leadership between major powers, especially the United States and China, is likely to heighten tensions in the region. Currently, there exist too many differences, ranging from economic and trade issues to security, human rights, and territorial and sovereignty issues. The trust gap between the United States and China will not be closed overnight. Managing the strategic competition between the two most important powers in the region will be the core challenge for building a new and peaceful regional order. The involvement of other major countries such as Japan, India, Russia, and Australia in regional affairs at various levels is further complicating international relations in East Asia.

Third, since the end of the Cold War, regional countries, especially ASEAN members, have spent great effort in building institutional arrangements such as the ASEAN Regional Forum, the East Asia Summit, ASEAN +1 (ASEAN bilaterals), ASEAN +3 (China, Japan, and South Korea), and the ASEAN Defence Ministers' Meeting-Plus. Along with these ASEAN-led groupings, the U.S. alliance system and the Asia-Pacific Economic Cooperation (APEC) are also important mechanisms for maintaining peace and prosperity in the region.<sup>3</sup> By facilitating dialogue

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<sup>1</sup> Zhang Tuosheng, "The Changing Regional Order in East Asia," *China-U.S. Focus*, January 4, 2014 ~ <https://www.chinausfocus.com/foreign-policy/the-changing-regional-order-in-east-asia>.

<sup>2</sup> PwC, "The World in 2050" ~ <https://www.pwc.com/gx/en/issues/economy/the-world-in-2050.html>.

<sup>3</sup> Myung-koo Kang, "Review: East Asian Regionalism," *Journal of East Asian Studies* 10, no. 1 (2010): 160–62.

and building trust, these arrangements have helped manage disputes and prevent the use or threat of force. In addition, various agreements, both binding and nonbinding, such as the Treaty of Amity and Cooperation, the Bali Concord I and II, the ASEAN Charter, the Treaty on the Southeast Asian Nuclear-Weapon-Free Zone, and the Declaration on the Conduct of Parties in the South China Sea have provided basic principles guiding the behavior and relations among countries in and outside the region.

Fourth, over the past 50 years, ASEAN has successfully established frameworks to promote dialogue and cooperation, increase connectivity in East Asia, and encourage the participation of major countries by acting as a balancer and honest broker for their competing interests. But the role of ASEAN in regional security is changing. The three biggest challenges for the organization are improving its effectiveness and efficiency in a fast-changing environment, maintaining its centrality in the regional order in the face of intervention by external powers, and protecting against the loss of collective bargaining power due to lack of unity and strong leadership. In looking forward to the next 50 years, ASEAN will need to make bold reforms to address these challenges.

### *What Role Can Vietnam Play in the Regional Order?*

In such a rapidly changing landscape, Vietnam holds the view that open regionalism is extremely important for ensuring peace and stability and promoting development. Open regionalism means that East Asia should be open for all, rather than being dominated by a single power, and based on the rule of law and common norms and standards. Vietnam also shares with other ASEAN members an interest in preserving the centrality of ASEAN and its unity on various international and regional issues. Maintaining the balance of power, upholding firm rules and norms, and keeping regional institutions open are fundamental to the order in East Asia. Vietnam can play the following roles in working toward these goals.

First, Vietnam can continue its domestic reforms to promote development and improve national capacity, especially in prioritized areas such as maritime security and the fishing industry. Actions the country can take to achieve these goals include developing its coast guard, raising maritime domain awareness, and modernizing its fishing fleet. By doing so, it can contribute to a new, dynamic strategic balance of power in the region.

Second, Vietnam will be consistent in its dynamic balancing policy in relations with major powers. The country has rich experience in dealing

with China and the United States, especially in the strategic and military domains. With China, priority will be given to maintaining stability and mutual trust, promoting cooperation as much as possible, and managing differences, especially those in the maritime domain. With the United States, Vietnam will work to build trust and deepen the comprehensive partnership for the sake of pursuing bilateral interests and contributing to peace and stability in the region. Vietnam welcomes the United States' positive contributions to regional security and supports upgrading the relationship between the United States and ASEAN to a strategic partnership. With other major powers, Vietnam will continue to engage on the basis of its commitment to open regionalism.

Third, within ASEAN-led mechanisms, Vietnam is committed to ensuring that these institutional arrangements are open, sustainable, rules-based, and not dominated by any single country. It will not only respect but also stand ready to cooperate with other member states to protect and use them effectively. Vietnam considers full group consultation on new initiatives proposed by external powers as very important in building trust in the region. It continues to regard ASEAN as the most important regional organization and is committed to the values of ASEAN centrality and unity.

In sum, within the evolving landscape in East Asia, Vietnam is now ready to play a more active role in regional and world affairs. Four key factors that have upended the regional order are the dramatic rise of new national powers in and outside the region; increasing strategic competition between major powers, especially the United States and China; the serious challenges to established regional institutions and norms; and the changing role for ASEAN in regional security. To be a more engaged and responsible member of ASEAN, Vietnam will continue to support open regionalism, vital domestic reforms, a foreign policy of international integration, and a dynamic balancing policy among major powers. In addition, Vietnam's foreign policy attaches great importance to ASEAN and is committed to strengthening ASEAN-led mechanisms. ◆

SPECIAL ESSAY

# Japan's Return to Great Power Politics: Abe's Restoration

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**NOTE** ≈ This essay draws on the author's forthcoming book, *Japan in the American Century* (Cambridge: Belknap Press of the Harvard University Press, 2018).

**KEYWORDS:** JAPAN; SHINZO ABE; FOREIGN POLICY; U.S.-JAPAN ALLIANCE

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## EXECUTIVE SUMMARY

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This essay explains how Prime Minister Shinzo Abe is engineering a seismic shift in Japan's foreign policy from a postwar position of dependence and subordination in the U.S.-led order to a proactive and independent role, which in the uncertain regional environment is likely to gain increasing popular support.

### MAIN ARGUMENT

After more than 70 years of subordination in the U.S.-led world order, Japan is pulling free from its self-binding constraints and restoring an activist foreign policy not seen since 1945. Coming to power with a surge of conservative nationalist support in the Liberal Democratic Party, Abe has engineered Japan's return to great-power politics. He has achieved a historic reinterpretation of the constitution to permit collective self-defense, ended the ban on arms exports and other self-binding policies, and pressed for new offensive military capacity, all of which have made possible a much more cohesive and integrated U.S.-Japan alliance. Although Abe and the policy elite have had to override public opposition in returning Japan to this activist role, in such circumstances of transition in the international order, Japan has historically experienced rapid swings in geopolitical position. With the growing uncertainty of regional conditions, we should not be surprised if the pacifist identity that postwar generations have long embraced gives way and we see changes in the prolonged resistance of the Japanese public to revision of the constitution and to an activist and assertive foreign policy.

### POLICY IMPLICATIONS

- Japan will closely weigh the reliability of U.S. assurances and the future direction of U.S. policy in Asia, especially as they relate to the management of the nuclear threat from North Korea and to Japanese interests vis-à-vis China.
- Japan's immediate priority will be to strengthen its alignment with the U.S., but in the longer term it will increasingly move toward a more independent foreign policy that offers greater autonomy and room to adjust to its perception of the shifting regional balance of power.
- Although Abe appears likely to remain in office until 2021, even should his term be shortened, his policies now have a momentum that will be very difficult to reverse. These policies are supported by all likely LDP candidates to succeed him, and the political opposition is weaker than at any time in the postwar period.




In 2018, Japan is celebrating the 150th anniversary of its modern revolution, the Meiji Restoration of 1868. The nature of a country's modern revolution illuminates a great deal about the national character, the strategic principles, and the logic of a people. Just as 1776 tells Americans so much about ourselves—the ideals and purposes that we hold central—so the Meiji Restoration reveals much about the nature and purpose of modern Japan. The restoration was not a class upheaval proclaiming new values. Rather, it was a conservative nationalist revolution, carried out “from above” by a party within the old samurai elite and driven by the dangers posed by the Western imperial powers. Its purpose was to strengthen Japan, adapt to the changes in the external environment, restore the independence that was infringed by the West, and bring Japan into the company of the great powers. Over the next two decades, borrowing broadly from the Western powers, the Meiji Restoration achieved one of the most remarkable institutional innovations in world history: Japan became Asia's first rising power. This formative experience of Japan's entry into the modern world established a strategic style of realism and pragmatism in response to shifts in the international system.

In the prime ministership of Shinzo Abe, we are witnessing a similar accommodation to changes in the international system. Like the Meiji Restoration—albeit on a more limited historical scale—Abe is engineering a foreign policy revolution carried out from above by a conservative elite. When his cabinet in 2014 approved a radical reinterpretation of the constitution to allow collective self-defense, Abe reportedly told leaders of the ruling Liberal Democratic Party (LDP) that the achievement was “as significant as the Meiji Restoration.”<sup>1</sup> Despite the obvious hyperbole, it is nevertheless apparent that he is bringing about a major transformation in postwar Japan that follows in the tradition of the founding of the modern Japanese state. Since World War II, the nation has been subordinated in the U.S.-led world order as a military satellite, some would say a “client state,” deeply dependent on the United States for most aspects of its national security. Abe's conservative nationalist agenda is restoring an activist foreign policy not seen since 1945, and with it the long period of U.S. domination of Japan is passing.

No other nation was more profoundly affected than Japan by the United States' rise to world power in the twentieth century. Henry Luce wrote his

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<sup>1</sup> “Japanese PM Shinzo Abe Likens Military Revision to Meiji Restoration,” *South China Morning Post*, July 3, 2014  <http://www.scmp.com/news/asia/article/1545083/japanese-pm-shinzo-abe-likens-military-revision-meiji-restoration>.

famous essay “The American Century” in 1941, shortly before the bombing of Pearl Harbor, urging Americans to lay aside the “moral and practical bankruptcy” of isolationism and take the opportunity provided by U.S. power to rehabilitate the world. The “American century,” he said, “must be a sharing with all people of our Bill of Rights, our Declaration of Independence, our Constitution, our magnificent industrial products, our technical skills.” The values and institutions that came out of the American experience were for all peoples, and the United States must be active and forceful in leading the world to realize them. Americans must “accept wholeheartedly our duty and our opportunity as the most powerful and vital nation in the world and in consequence to exert upon the world the full impact of our influence, for such purposes as we see fit and by such means as we see fit.”<sup>2</sup>

Since World War II, the United States has defined, as Luce had hoped, an extraordinary period in world history. But early in the 21st century the international order is reaching an inflection point, and a new, less U.S.-centric order is emerging. The erosion of the U.S.-led world order and the resulting uncertainty have given Abe unexpected momentum to achieve a more independent role for Japan. Just as no other nation was affected more by the establishment of the American world order than Japan, so no other nation is likely to be influenced more by the erosion of that order.

By placing the foreign policy of the Abe administration in a broad historical perspective, this essay underscores the revolutionary transformation it represents. I first discuss how the United States’ unconditional surrender policy in World War II led to a radical, liberal reconstruction of Japan and to its subordination in the U.S. Cold War system through an unpopular military alliance. The essay shows how Japan chose to insulate itself from Cold War involvement, allowing the country to concentrate on economic growth, but leaving it wholly dependent on the United States for security. I then describe how Abe is overcoming this legacy of dependence, pulling free from past constraints and returning to an activist, independent role in Asian geopolitics not seen since 1945.

## JAPAN’S POSTWAR SUBORDINATION

The uniqueness of the U.S.-led order’s impact on Japan can be traced to the unprecedented goal for which the United States chose to fight

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<sup>2</sup> Henry R. Luce, *The American Century* (New York: Farrar & Rinehart, 1941), 23–24, 32–33, 39.

World War II in the Pacific. The goal was not to drive the enemy back to its own borders and negotiate a peace. Nor was it simply to establish a favorable balance of power in the region. Diplomacy and compromises were both ruled out. This was the only foreign war in U.S. history fought to unconditional surrender. The goal was to achieve a revolution in international affairs and a new world order of the kind that Thomas Paine had dreamed and Woodrow Wilson had attempted. Americans overwhelmingly embraced the view that it was our destiny to shape the future of the world. Confidence in the moral imperative of this crusading international role legitimated the use of maximum military might. When this unconditional surrender policy provoked the unconditional resistance of Japan's military leaders, it resulted in the firebombing and devastation of more than 60 Japanese cities, the use of two atomic bombs, and the death of more than 750,000 civilians in the last months of the war.

We tend to forget how extreme the United States' unconditional surrender terms were. During the war, President Franklin Roosevelt enumerated them: surrender of sovereignty and occupation of the entire country; dissolution of the empire; war crimes trials; permanent disarmament; democratization of the political, social, and economic systems; and re-education of the people. Supremely confident in the universality of American values and institutions and undeterred by deep cultural differences with Japan, an insular nation that had experienced no major immigration for nearly two millennia, the United States set out to remake in its own image an ancient, deeply conservative, and complex civilization. The result was the most intrusive reconstruction of another nation in modern history. To conform with the new U.S.-led international order, reforms were made to transform Japan into a permanently disarmed liberal democratic state. Emblematic of the remaking of Japan was the imposition of a U.S.-authored constitution that General Douglas MacArthur called "the most liberal constitution in history."<sup>3</sup> And probably it was. It guaranteed many more human rights (including gender equality) than the U.S. constitution. The preamble proclaimed that Japan's security would be preserved by "trusting in the justice and faith of the peace-loving peoples of the world."<sup>4</sup> Equally emblematic was the redesign of the education system to teach liberal values of democracy, individualism, internationalism, and peace.

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<sup>3</sup> Douglas MacArthur, *Reminiscences* (New York: McGraw-Hill, 1964), 301.

<sup>4</sup> "The Constitution of Japan," Prime Minister of Japan and His Cabinet, November 3, 1946 ~ [http://japan.kantei.go.jp/constitution\\_and\\_government\\_of\\_japan/constitution\\_e.html](http://japan.kantei.go.jp/constitution_and_government_of_japan/constitution_e.html).

## *A Twisted Cold War Alliance*

The onset of the Cold War forced Americans to admit the mistake of the constitution's utopian Article 9, which prohibited a military and the right to belligerence. The United States sought to remilitarize Japan to serve as its principal ally in Asia. In a deft but controversial initiative, the shrewd prime minister Shigeru Yoshida contrived to accept a long-term military alliance and U.S. bases in Japan in return for an end to the occupation. The great majority of the Japanese people, still deeply traumatized by their war experience, were dead set against these new priorities for their country, but with their sovereignty still in the hands of the Americans and with over 200,000 U.S. troops still occupying the country, it was the U.S. national interest that determined Japan's future. The peace treaty signed in 1951 formally ended the occupation, but a military alliance signed at the same time was privately described by John Foster Dulles, its drafter, as amounting to "a voluntary continuation of the Occupation."<sup>5</sup> The semi-colonial status imposed on Japan by the imperial powers in the nineteenth century (the immediate cause of the Meiji Restoration) did not intrude nearly so much on Japanese sovereignty as this hegemonic alliance. It became a means to control Japanese foreign policy, ensuring that Japan did not choose neutrality in the Cold War or undertake an independent rearmament, effectively subordinating Japan in the U.S.-led struggle against the Soviet bloc.

Japan, however, adapted to the Cold War order and found ways to exploit it. Yoshida and his successors formulated a unique strategy of pursuing Japanese economic interests while passively deferring to U.S. political and military domination. Insisting on adherence to Article 9, Yoshida stoutly resisted U.S. efforts to remilitarize Japan for participation in the Cold War struggle.

"The day [for rearmament] will come naturally when our livelihood recovers," he told an aide. "It may sound devious (*zurui*), but let the Americans handle [our security] until then. It is indeed our Heaven-bestowed good fortune that the Constitution bans arms. If the Americans complain, the Constitution gives us a perfect justification. The politicians who want to amend it are fools."<sup>6</sup>

To satisfy the Americans, Yoshida and his successors in the LDP agreed to establish the Japan Self-Defense Forces (JSDF) but in succeeding years adopted a series of self-binding measures to preclude active involvement in

<sup>5</sup> Roger Buckley, *U.S.-Japan Alliance Diplomacy 1945-1990* (Cambridge: Cambridge University Press, 1992), 78.

<sup>6</sup> Miyazawa Kiichi, *Tokyo-Washington no mitsudan* [Secret Discussions between Tokyo and Washington] (Tokyo: Jitsugyo no Nihonsha, 1956), 160.

the power politics of the Cold War. I call these measures “the nine no’s”: no overseas deployment of the JSDF, no participation in collective self-defense, no power-projection capability, no possession of nuclear arms, no arms exports, no sharing of defense-related technology, no spending more than 1% of GNP for defense, no military use of space, and no foreign aid for military purposes. Japan defined itself as a trading state and paid the United States billions of dollars to provide its security. The Mutual Security Treaty became a peculiar, contradictory, and twisted alliance, lacking common purpose and mutuality. Between the U.S. forces and the JSDF there was no interoperability, no joint command, little consultation, and almost no coordination. Such dependence on another nation for security was demeaning and costly of Japan’s self-respect. Nevertheless, this grand strategy of avoiding great-power politics worked brilliantly both to propitiate the pacifist instincts of the Japanese people and to facilitate the “economic miracle.”

### *The Post–Cold War Interval*

Throughout its modern history the recurrent pattern of Japanese geopolitics has been one of adapting Japan’s political system to meet the conditions of the international environment. Beginning with the Meiji Restoration, Japanese leaders repeatedly accommodated policies and institutions to changes in the prevailing external realities. The historically formed character of the conservative elite has always been noted for its realism and pragmatism, its readiness to adapt to meet the needs of national power. As the post–Cold War reality sank in, Japan behaved in classic fashion. Once again the country’s conservative elite would change its foreign policy and revise the domestic infrastructure in response to the changing external order.

The Yoshida strategy was designed to succeed in the Cold War system, but it was immediately outmoded when the conflict ended. With the end of superpower rivalry, the United States was no longer willing to provide automatic guarantees of Japanese security and demanded that its junior partner shoulder greater responsibility for its own security and for the international order. Step by step, fitfully, Japan began undoing its strategy and groping for a new one to fit the still-emerging post–Cold War order. A new direction and sense of national purpose, however, did not come readily. Disoriented by the new international circumstances, the configuration of domestic politics shifted in a topsy-turvy fashion. In the postwar period, there had long been three centers of political power in the Diet: first, the LDP’s conservative mainstream that adhered to the Yoshida strategy of concentrating on economic growth;

second, the opposition Japan Socialist Party, which advocated neutrality during the Cold War; and third, the political nationalists composing the right wing of the LDP who wanted to revise the constitution, rearm, and assert a more independent role in the world. The end of the Cold War undermined the first two. The mainstream Yoshida school of the LDP lost its footing, while the Socialist Party collapsed. Left standing was the nationalist right wing of the LDP, which soon became the party's new mainstream.

Still, the Yoshida strategy, which was deeply embedded in Japan's postwar institutions and sanctioned by its extraordinary successes in building Japan's international economic power, had great staying power and was not easily overturned. For 40 years, Japan had anchored both its foreign policy and domestic system in the unique conditions of the bilateral order. Sections of the bureaucracy, the opposition parties, remnants of the Yoshida school, the Komeito Party (the LDP's junior coalition partner), and much of the voting public resisted any change that might entangle Japan in military matters. The economic bureaucrats had long dominated the JSDF budget, and elite bureaucrats in the Cabinet Legislation Bureau maintained firm control of the narrow interpretation of the constitution's Article 9. It was difficult to replace a strategic policy so deeply entrenched in the bureaucratic politics amid persistent public resistance to change.

No country was less prepared for the post-Cold War era than Japan. Japan had neglected, and in fact deliberately averted its attention from, developing an infrastructure to take responsibility for its security. Incredibly, the Japanese had no plan or legislation that would allow the government to deal with national emergencies. Dependence on the United States had become the foundation of the nation's foreign policy. Exclusive concentration on economic growth left Japan without political-strategic institutions, crisis-management practices, intelligence-gathering capabilities, or resources for strategic planning. Adopting a more orthodox role in a conflict-prone world would require an institutional revolution and the formation of a security infrastructure lacking in the years of the Yoshida strategy. If Japan were to become an actor in international politics after more than a half century of shunning this role, it would need organizations responsible for strategic and military planning. Developing a foreign policy with greater symmetry between the economic and political dimensions of its international role would challenge the institutional and informal practices sanctified by decades of success in purely economic matters. The Ministry of Finance's domination of the budget-making process would need to be modified in ways that give military and strategic criteria greater influence. The prime minister's capacity

to provide bold leadership in foreign policy—to formulate a strategic vision and implement security policy—must be greatly enhanced to deal with rapidly changing international circumstances. The constitution must be amended or reinterpreted to define the role of the military, to make collective self-defense legal, and to clarify the national purpose. In short, Japan would need to undergo a major transformation of its foreign policy and supporting institutions.

The United States, exercising the leverage that Japan's subordination in the hegemonic alliance provided, kept relentless pressure on Japan. Following the terrorist attacks of September 11, 2001, and the organizing of Operation Enduring Freedom to defeat the Taliban in Afghanistan, the U.S. deputy secretary of state summoned the Japanese ambassador in Washington to deliver the message that the United States expected Japan to “show the flag.” Similarly, when the invasion of Iraq began in 2003, Washington asked Tokyo for “boots on the ground.” In both cases, the debates in Japan were protracted, and the fundamental issue was always whether the constitution allowed collective self-defense. The government drafted special legislation to allow noncombat, logistical support of U.S. and other coalition forces in the Afghanistan and Iraq campaigns. With successive international crises involving the United States and its allies, Japan's more active engagement continued to evolve. The pace of Japanese adaptation to the post–Cold War conditions might have continued at a slow, incremental pace had not the emergence of a newly assertive China and a belligerent North Korea created a more threatening regional environment. Yet the external environment was not the only cause; fundamental shifts in domestic politics also fueled a more rapid tempo of change.

## ABE'S FOREIGN POLICY REVOLUTION

### *A Surge of Conservative Nationalism*

The opportune time for the political nationalists arrived in 2012 with the LDP's landslide victory in the general election and Abe's return as prime minister. After a brief first term (2006–7) marked by mishaps and bad judgment, Abe was followed in the next five years by a succession of five weak prime ministers. From 2009 to 2012, the LDP briefly lost its hold on government to the Democratic Party of Japan, which proved hapless and incapable of retaining public confidence. When Abe regained power in 2012 after such political disarray—he was the first prime minister since Yoshida to

be given a second chance—his return did not reflect his popularity among the majority of voters, who either stayed at home or voted for the LDP simply out of disgust for the opposition's record. Rather, it was the surge of conservative nationalist support in his party that gave Abe the opportunity.

Abe is a political blue blood whose ancestors hailed from one of the two feudal domains that led the Meiji Restoration. Steeped in the elitist traditions of Japanese politics, his father had been foreign minister and his grandfather and great uncle had been prime ministers. Abe's nationalist perspective was shaped by the memory of his maternal grandfather, Nobusuke Kishi, who was a member of the war cabinet and imprisoned by the occupation as a suspected war criminal, before returning to politics and serving a tumultuous three-year term as prime minister (1957–60) in which he failed in an attempt to remilitarize Japan. Returning to power, Abe vowed to “take back Japan” (*Nippon o torimodosu*) and end the long subordination of Japan in the U.S.-led order. In his book *Toward a New Country*, he declared his intention to end the legacy of the occupation and to recover Japanese autonomy. For too long the Japanese people had enjoyed prosperity without “the clear awareness that the lives and treasure of the Japanese people and the territory of Japan must be protected by the Japanese government's own hands.”<sup>7</sup> His goal, as often said, was “an end to the postwar structure” (*rejimu*) and the “recovery of independence” (*dokuritsu no kaifuku*).

The post-Cold War period was the seed time of conservative nationalism. Given the extent of the occupation's reforms, it should come as no surprise that there would be a conservative reaction. What was surprising was that it was so long in coming. The politics of the Cold War held it in abeyance. Abe was the darling of dozens of new conservative groups, who denounced the imposed constitution, its liberal social values, the hegemonic alliance, and above all the victors' version of history, which concentrated blame for the Asia-Pacific War on Japan. They were resentful of the Tokyo War Crimes Tribunal, which they regarded as victors' justice, one-sided and biased in its verdicts. The Greater East Asian War, as they called it, should not be attributed to Japanese militarism alone. It was the West's original intrusion into Asia that led Japan to arm and expand to defend itself. Though many conservatives acknowledged that the Japanese military committed aggression against Japan's Asian neighbors, they bristled at these neighbors' interference in how the Japanese taught their own history. They contended that the Chinese

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<sup>7</sup> Shinzo Abe, *Atarashii kuni e* [Toward a New Country], rev. ed. (Tokyo: Bungei shunju, 2013), 254. This was a revision of a book entitled *Utsukushii kuni e* [Toward a Beautiful Country] published at the time of Abe's first administration.



had not come to an honest assessment of the crimes committed because of Maoist policies and that the Koreans had not been willing to acknowledge the positive contributions of Japanese colonial rule. They rejected descriptions of the Nanjing massacre and of coerced sexual slavery as inaccurate and exaggerated. As for the war with the United States, they argued that the attack on Pearl Harbor was a desperate act by a Japan driven into a corner by U.S. ultimatums. The war's ending, in their view, was a cruel bombing of a country that was already seeking a mediated settlement.

The group that drew the most attention in the media for its size and influence among the policy elite was Nippon Kaigi (the Japan Council or Conference), founded in 1997. As of 2016, it claimed 38,000 members, headquarters in all 47 prefectures, 240 local branches, 1,700 local assembly members, and 281 Diet members, with Abe and his deputy prime minister Taro Aso as special advisers. Its goals were revising the constitution, implementing patriotic education, building a strong national defense to assume an active international security role, and establishing a positive view of Japanese history to replace the verdicts of the war crimes trials.<sup>8</sup> The large number of Diet members belonging to these groups was indicative of a new generation of LDP politicians who were no longer inclined to adopt a low posture in the face of persistent demands from China and South Korea for apologies and remorse for Japan's wartime atrocities.

### *Abe's Agenda*

Having had five years to reflect on his failed first opportunity to lead Japan, Abe hit the ground running. He first addressed economic issues and captured the public imagination by announcing "three arrows" to be unleashed to revive the economic dynamism of an earlier time: loose monetary policy, fiscal stimulus, and structural reform. The results of this bold initiative were slow in coming, but Abe was credited with strong leadership. Together with his economic policies (known as Abenomics), he moved swiftly to make a series of major institutional reforms necessary to realize his goal of replacing a dependent foreign policy with an activist international role. Above all, he wanted to strengthen the U.S. alliance by making it possible for Japan to provide military support to the United States

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<sup>8</sup> For discussion of Nippon Kaigi and its influence, see Sugano Tamotsu, *Nippon Kaigi no kenkyu* [Research on the Japan Council] (Tokyo: Fusosha, 2016). See also David McNeill, "Nippon Kaigi and the Radical Conservative Project to Take Back Japan," *Asia-Pacific Journal: Japan Focus* 13, no. 50 (2015).

and third countries even when Japan itself was not directly under attack. National security required readiness to engage in collective self-defense—a right that Japan had always rejected as unconstitutional.

In 2013, his first year of his new term in office, Abe established Japan's first-ever National Security Council, staffed with its own secretariat to overcome the notoriously balkanized policymaking process. Intent on strengthening his role in making foreign policy, he wrested power from the bureaucrats and consolidated it in the prime minister's office, where he had the counsel and intelligence needed to determine strategy and manage crises. At Abe's direction, the National Security Council soon promulgated Japan's first National Security Strategy. For 70 years, depending on the United States, Japan had never developed a comprehensive plan for pursuing its security interests. The National Security Strategy argued the need for collective self-defense by emphasizing the changing balance of power in Asia, globalization, new technological developments, and a range of emergent threats from cyber to maritime security. It concluded that Japan could not ensure its security by itself but rather required international collective responses, tighter alliance relations, and closer security partnerships. Next, in the face of public opposition voicing fears that civil and political liberties would be infringed on, Abe pushed through controversial legislation to provide greater protection of state secrets in order to encourage intelligence sharing with the United States.

Most significant—the centerpiece of his foreign policy revolution—was Abe's breaking the postwar deadlock on collective self-defense in a series of calculated steps. He set out to overturn the long-standing interpretation of Article 9, which permitted only individual self-defense and the minimum level of defense capability to act if Japan were attacked directly. Once again wresting power from the bureaucrats, he asserted political control over the Cabinet Legislation Bureau, which had maintained minimalist interpretations of the constitution, and appointed a commission to review and advise him on the legal interpretation of Article 9. The handpicked commission predictably recommended a new and broader interpretation that would allow for collective self-defense in a variety of scenarios. On July 1, 2014, the cabinet approved this interpretation. Subsequently, legislation passed the Diet to implement the new interpretation of the constitution allowing the exercise of the use of force in support of countries with which Japan is in close relationship. Certain broad constraints on the exercise of collective self-defense were

included in the legislation.<sup>9</sup> However, as Christopher Hughes argues in his recent exhaustive study, these constraints are so vague and subject to flexible executive interpretation as to be potentially hollow and hostage to future security contingencies.<sup>10</sup>

A firewall in place for over 60 years was breached. Article 9 had been subject to manipulation and reinterpretation in the past as a result of a 1959 Supreme Court decision in which the court declined to interpret Article 9, ruling it to be a “political matter” that must be left to the political branches of government. Abe’s bold demarche is the most substantial and controversial reinterpretation since the establishment of the JSDF in 1954. The precedent he set of overtly asserting political control over the interpretation of Article 9 opened the way for further loosening of the constraints on him and his successors advancing an activist security policy in the future. With this new constitutional interpretation, Hughes concludes, “Japan has embarked on a genuinely radical trajectory in security policy...It does indeed mark a sharp break with the antimilitaristic principles of the past....and necessitates consideration of Japan as a far more serious military player in international security.”<sup>11</sup>

This revolutionary change in policy was carried out from above by the policymaking elite in the face of public opinion polls showing strong opposition to a new foreign policy that might entangle Japan in international conflicts. Legal scholars in Japanese universities overwhelmingly opposed the decision to ignore prescribed procedures for amending the constitution, which required passage by a two-thirds majority in both houses of the Diet and a simple majority in a national referendum. The cabinet’s decision to reinterpret Article 9 sparked massive public demonstrations of opposition, and an older generation of postwar progressives watched wistfully as the essence of Article 9, so important to their national identity, further eroded. Nevertheless, given the unprecedented weakness of opposition parties in government, Abe was free to move ahead.

Foreign policy has traditionally been the area in which the prime minister has the most freedom of action, not having to satisfy any factional constituency. Moreover, a skilled prime minister can act independently of public opinion on foreign policy without suffering political consequences,

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<sup>9</sup> Collective self-defense can be exercised only under conditions in which an attack on a closely aligned country poses a threat to Japan’s survival and the peoples’ well-being, when there is no other appropriate means to repel an attack, and where the use of force is limited to the minimum necessary. Prior Diet approval is required except in “emergency” situations.

<sup>10</sup> Christopher W. Hughes, “Japan’s Strategic Trajectory and Collective Self-Defense: Essential Continuity or Radical Shift?” *Journal of Japanese Studies* 43, no. 1 (2017): 93–126.

<sup>11</sup> *Ibid.*, 126.

given that other issues usually weigh more heavily on voters. Abe is a notable example of a prime minister whose foreign policy initiatives have often been unpopular without preventing his electoral success. By emphasizing popular economic and welfare issues, and downplaying his controversial security policies at election time, he has circumvented public opinion and achieved his foreign policy revolution “from above.”

In addition to overturning the ban on collective self-defense, Abe has finally and decisively ended all but one of the other self-binding policies (the nine no's) adopted to keep Japan from involvement in great-power politics. The exception is the ban on possession of nuclear arms, which is nevertheless under constant review. Some of these rollbacks preceded Abe, but they were tentative and constrained. For example, since 2003, Japan's cooperation with the United States on ballistic missile defense had quietly transgressed the prohibitions on militarization of space and collective self-defense. Among his reforms, Abe ended the long-standing ban on arms exports (in place since 1976) and gave new stimulus to the domestic arms industry. He revised the foreign aid charter to permit support abroad for defense-related projects. He brushed aside the formal policy of limiting defense expenditure to 1% of GNP.<sup>12</sup> In a Diet speech in March 2017, he said there was no thought in his administration to maintaining that limitation. Picking up on this assertion, the LDP's Research Committee on Security recommended that Japan use as a point of reference NATO's 2% of GDP benchmark for defense expenditure. For a half century, Ministry of Finance bureaucrats had pressured politicians to maintain the 1% limit, but Abe installed Taro Aso, his vice prime minister, to serve concurrently as minister of finance to oversee the ministry's usually veiled processes. During the Abe administration there have been annual increases in defense spending, despite Japan's debt-to-GDP ratio of 250% and the competing demands of the welfare budget for an aging society. The 2018 defense budget is the highest ever and accounts for over 5% of the entire government budget, which is also at a postwar high.<sup>13</sup> Increases allow Abe to eye plans for new capacity to project military power, including developing cruise missiles capable of hitting foreign bases and converting the Izumo-class helicopter carrier into an aircraft carrier that could accommodate new F-35B jets.

<sup>12</sup> The 1976 Defense Program Outline read: “The total amount of defense expenditure in each fiscal year shall not exceed, for the time being, an amount equivalent to 1/100th of the gross national product of the said fiscal year.” See Kenneth B. Pyle, *The Japan Question: Power and Purpose in a New Era* (Washington, D.C.: American Enterprise Institute, 2nd ed. 1996), 33–34.

<sup>13</sup> “Rising Asia Tensions Push Japan's Defense Budget to Record High,” *Nikkei Asian Review*, December 21, 2017.

Reinterpretation of the constitution to allow collective self-defense has set in motion the most profound change in the U.S.-Japan alliance since the end of the occupation. The alliance is taking on the character of a classic alliance in which states aggregate their power against a commonly perceived threat. Revised U.S.-Japan Defense Guidelines, agreed on in 2015, offer a blueprint for greater integration, interoperability, coordination of strategy, and geographic scope of cooperation. With consciousness of shared interests, the alliance could become more cohesive; with agreement on expectations and defined obligations to act in specified contingencies, it could become more operational. The JSDF still has more restrictions than a normal military, but in this more coordinated relationship, the allies have a common purpose of building intra-Asian strategic cooperation to maintain a balance of power as Chinese military power expands.

### *Abe and an Indo-Pacific Security Framework*

In his ambition to return Japan to great-power politics, Abe has been its most activist postwar leader, reporting to the Diet that in his first five years in office he has “visited 76 countries and regions and held 600 summit meetings.”<sup>14</sup> The initiative to which Abe is most committed is building a matrix of cooperative security and economic relations among Asian countries. He has promoted strategic relationships with the members of the Association of Southeast Asian Nations (ASEAN), Australia, and India as a counterbalance to China’s ambitions for regional hegemony. As an island nation, devoid of natural resources and deeply dependent on trade, Japan regards maritime issues such as free trade and freedom of navigation as paramount concerns. Its relations with India and key ASEAN members are also vitally important given that these countries are likely to emerge as the drivers of regional economic growth in the decades to come. India is forecast to pull ahead of Japan by 2030 to become the world’s third-largest economy.<sup>15</sup> However that may be, the two countries seem destined to be Asia’s second- and third-largest economies for the foreseeable future.

The relationship between India and Japan is free of the history problems that confound Japan’s relations with its neighbors. Abe has long felt an affinity with India growing out of its wartime sympathy for Japan’s struggle against

<sup>14</sup> Shinzo Abe (policy speech to the 196th Session of the Diet, Tokyo, January 22, 2018) ~ [https://japan.kantei.go.jp/98\\_abe/statement/201801/\\_00002.html](https://japan.kantei.go.jp/98_abe/statement/201801/_00002.html).

<sup>15</sup> Masashi Uehara and Kengo Tahara, “India’s Economy to Be World’s No. 3 by 2028: Forecast,” *Nikkei Asian Review*, December 7, 2017.

Western colonialism. The Indian jurist Radhabinod Pal was the only one of the eleven justices on the Tokyo War Crimes Tribunal to reach a not-guilty verdict for Japan's wartime leaders.<sup>16</sup> India, like Japan, has border disputes with China and is alarmed at the prospect of Chinese regional hegemony. Both countries are also resentful of China's opposition to their becoming permanent members of the UN Security Council.

Abe's signature foreign policy initiative is his vision of an Indo-Pacific security framework for the 21st century. He originated the concept during his first administration in an address to the Indian parliament in 2007, which he titled the "Confluence of the Two Seas," envisaging a "broader" or "expanded Asia" constituting both the Pacific and Indian Oceans.<sup>17</sup> Maintaining free and open sea lanes is a common interest binding together the region's maritime democracies. Abe returned to this theme at the outset of his second term in 2012, in an essay making explicit his concern over China's naval and territorial encroachments on the maritime commons:

The South China Sea seems set to become a "Lake Beijing"...a sea deep enough for the People's Liberation Army's navy to base their nuclear-powered attack submarines, capable of launching missiles with nuclear warheads. Soon, the PLA Navy's newly built aircraft carrier will be a common sight—more than sufficient to scare China's neighbors. That is why Japan must not yield to the Chinese government's daily exercises in coercion around the Senkaku Islands....Japan's top foreign policy priority must be to expand the country's strategic horizons. Japan is a mature maritime democracy and its choice of close partners should reflect that fact. I envisage a strategy whereby Australia, India, Japan and the U.S. state of Hawaii form a diamond to safeguard the maritime commons stretching from the Indian Ocean region to the western Pacific.<sup>18</sup>

Abe developed a personal chemistry with Narendra Modi, who took office as India's prime minister in 2014. Based on their countries' economic and geopolitical needs, they agreed on a "special strategic and global partnership," which soon resulted in a string of deals underscoring India's position as Japan's largest aid recipient. One high-profile aid project is Japan's provision of a highly concessional \$17 billion loan and the technology to

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<sup>16</sup> Pal roundly criticized the former Western imperial powers for their hypocrisy in condemning Japanese imperialism and stated that the atomic bombing of Hiroshima and Nagasaki constituted war crimes. For his support, a monument honoring Pal was erected at the Yasukuni Shrine in 2005. On his first visit to India as prime minister, Abe made a point of meeting with Pal's son.

<sup>17</sup> Shinzo Abe, "Confluence of the Two Seas" (speech, New Delhi, August 22, 2007) ~ <http://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>.

<sup>18</sup> Shinzo Abe, "Asia's Democratic Security Diamond," Project Syndicate, December 27, 2012 ~ <https://www.project-syndicate.org/commentary/a-strategic-alliance-for-japan-and-india-by-shinzo-abe>.

build India's first bullet train to connect Mumbai and Ahmedabad, in Modi's home state of Gujarat.<sup>19</sup> The far more significant development was a civil nuclear deal signed in November 2016 that allows Japanese companies to export atomic technology to India. To reach this agreement, Abe overcame considerable opposition at home because India is not a signatory to the Nuclear Non-Proliferation Treaty. He succeeded in convincing President Donald Trump to endorse this concept during the president's November 2017 visit to Japan, during which they announced agreement on pursuing an "Indo-Pacific security strategy." To counter China's Belt and Road Initiative, Modi and Abe have proposed the Asia-Africa Growth Corridor (AAGC) to promote development cooperation, infrastructure building, and economic partnerships. The corridor would establish a network of maritime facilities stretching from East Asia to the Middle East and Africa that helps meet Africa's development needs. Like the much more visible Belt and Road Initiative, the AAGC is in its early stages but offers a potential opportunity for the United States and others to join in funding.

The military dimensions of the Japan-India relationship are still limited. Japan has joined the bilateral U.S.-India naval exercises known as the Malabar series, designed to develop coordination and interoperability among the navies. China has expressed displeasure over this development, which it correctly sees as aimed at its military vessels entering the Indian Ocean. In January 2018, high-ranking naval officers from Japan, the United States, Australia, and India met in New Delhi to affirm their commitment to maintaining "free and open waters in the region."<sup>20</sup>

The Indo-Pacific framework highlights Abe's activism, his focus on leadership in Asia, and his desire to ease Japan's dependence on the U.S. bilateral relationship. The Japan-India relationship is still at an early stage—both countries trade far more with China than with each other—but their complementary interests carry potential for future development.

### *Abe's Pragmatism*

Having come to power with a strong ideological bent and the backing of large numbers of reactionary groups, Abe was regarded both in Japan and abroad as an ideologue. The *Economist* described him as an "arch nationalist" and his choices for cabinet posts as "scarily right-wing."<sup>21</sup>

<sup>19</sup> Purnendra Jain, "Abe and Modi Deepen Japan-India Ties," East Asia Forum, December 17, 2015.

<sup>20</sup> "Japan, U.S., India, Australia Naval Officers Meet," *NHK News*, January 18, 2017.

<sup>21</sup> "Japan's New Cabinet: Back to the Future," *Economist*, January 5, 2013.

In a gesture to his conservative base on the anniversary of his first year in office, he made a high-profile visit to the controversial Yasukuni Shrine, which commemorates those who died in war. Time, however, has shown Abe to be notably pragmatic in his policies, sometimes to the dismay of the conservative groups that helped bring him to power. He has chosen a forward-looking stance responsive to current trends. Such an approach puts him squarely in the long tradition of modern Japanese conservatism, which is pragmatic, nonideological, and realist.<sup>22</sup>

Abe's pragmatism was on display in his widely scrutinized message on the 70th anniversary of the end of World War II in August 2015. Putting aside his past ideological positions, he was conciliatory, acknowledging that Japan had committed aggression while leaving open a wider interpretation that the Western imperial encroachment on Asia had played a role in the emergence of Japanese militarism. Later in 2015, to strengthen security collaboration with South Korea and the United States, Abe reached an agreement with South Korean president Park Geun-hye in which he expressed "sorrow and remorse" for the suffering of the "comfort women" during the war.

Abe has handled the unpredictable Trump presidency with remarkable equanimity. With surprisingly fast footwork, he was the first foreign leader to meet with the president-elect and, despite the uncertainties associated with the Trump administration's approach to Asia, has succeeded in establishing a personal bond. He had expended considerable political capital to propitiate domestic economic interests, especially in the highly protected agricultural sector, in order to join the Trans-Pacific Partnership (TPP) forged by the Obama administration between the United States, Japan, and ten other Pacific nations. The agreement attempted to counter China's growing regional influence while fixing standards for market access, environmental protection, finance-sector reform, energy policy, and health and education cooperation. When the new Trump administration abruptly withdrew from the TPP, Abe worked to maintain the multilateral agreement among the remaining eleven countries, hoping that eventually the United States would rejoin. He also concluded a wide-ranging agreement with the European Union to create a free trade area.

The times have indeed carried Abe in a wholly unexpected direction, seemingly far from his ideological origins. The Trump administration's abdication of global leadership—its abandonment of open trade,

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<sup>22</sup> For a discussion of Japanese conservatism, see Kenneth B. Pyle, *Japan Rising: The Resurgence of Japanese Power and Purpose* (New York: PublicAffairs, 2007), 41–55.



multilateralism, and promotion of democracy—handed Abe the opportunity to seize leadership of the rules-based order. Given his reputation as a right-wing nationalist, it is a matter of breathtaking irony that Abe, together with Angela Merkel, should be regarded, in the words of G. John Ikenberry, as “the new leaders of the free world [who] will have to sustain international liberalism.”<sup>23</sup> Having become a proponent of the liberal order, Abe has repeatedly referred to Japan’s support of “universal values,” which to some observers does not ring true, given his longtime advocacy of replacing liberal American values with Japanese values in education. In an upper house session of the Diet in May 2015, he explained why Japan was joining the TPP negotiations: “Creating new rules with our ally and with other countries that share universal values such as freedom, democracy, basic human rights, and the rule of law and deepening mutually dependent economic relationships with these countries has strategic significance for our country’s security as well as for the stability of the region.”<sup>24</sup> Had the “arch nationalist” become a liberal? It would be more accurate to understand Abe’s “liberalism” as indicative of his realism. He was defending Japan’s interest in a free and open trading system. Appropriating liberal rhetoric was a way of crafting a national identity for Japan as a regional democratic leader over against authoritarian China.

A notable example of Abe’s pragmatism is his scaling back of plans for constitutional revision. Rather than pursuing the extensive revision that an LDP draft proposed in 2012, he has instead decided on the more achievable goal of keeping the existing two clauses in Article 9 and simply adding a paragraph that will recognize the legality of the JSDF. Since opinion polls show the JSDF to be one of the most respected institutions in Japan, this proposal stands a reasonable chance of success. In any case, in the back of Abe’s mind must be the reassuring thought that, while not accomplishing a more extensive formal revision, he has achieved success already through simple reinterpretation by cabinet decision. A more limited revision approved by a popular referendum would be a satisfying symbolic achievement.

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<sup>23</sup> G. John Ikenberry, “The Plot against American Foreign Policy: Can the Liberal Order Survive?” *Foreign Affairs*, May/June 2017.

<sup>24</sup> Aurelia George Mulgan, “Securitizing the TPP in Japan: Policymaking Structure and Discourse,” *Asia Policy*, no. 22 (2016): 212.

## JAPAN IN THE TWILIGHT OF THE AMERICAN CENTURY

The American century as Luce envisioned it in 1941, with the United States possessing the power and the will to reorder the world, is coming to an end and along with it the extraordinary period of U.S. domination of Japan. The Trump administration's retreat from global leadership is not the cause of this shift but does mark it with an exclamation point. The diffusion of power in the world is the root cause. At the end of World War II, possessing half of the world's GDP, the United States was in a historically unique position to create and manage a new order. In 2018, the U.S. share of GDP is estimated to be little more than 15%.<sup>25</sup> The rise of China and other Asian countries is part of a growing diffusion of power that reduces the influence of the United States and its ability to shape the regional future. Asia is now a multipolar region with several powerful actors and a larger group of lesser-but-strong secondary players. The region not only is the center of gravity in world economic dynamism but also is becoming the new center of gravity in global politics. All the world's principal military powers and several of the key middle powers are in Asia. These countries in rough descending order of military power are the United States, China, Russia, India, Japan, South Korea, Pakistan, and North Korea. Six of these eight powers possess nuclear weapons and the other two are near nuclear. While the United States will remain militarily dominant for the foreseeable future, U.S. primacy will be less pronounced.

For the time being, Japan's immediate priority will be to strengthen its alignment with the United States, but in the longer term Japan will increasingly move toward a more independent foreign policy, one that offers greater autonomy and room to adjust to its perception of the shifting balance of power in the region. Japan will also closely weigh the reliability of U.S. assurances and the future direction of U.S. policy in Asia. The Trump administration's "America first" rhetoric, abrupt withdrawal from the TPP, and other unsettling references to alliances and multilateralism inevitably deepen latent Japanese concerns over the United States' commitment to continuing to carry the burden of security in the western Pacific. With memories of Richard Nixon's opening to China, Tokyo is bound to be uneasy over the future course of the Sino-U.S. relationship and its implications for Japanese interests.

North Korea's expanding nuclear and missile technology, which may soon include the capability to threaten the U.S. homeland, is causing Japan to

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<sup>25</sup> "GDP Share of World Total (PPP) Data for All Countries," Economy Watch ~ [http://www.economywatch.com/economic-statistics/economic-indicators/GDP\\_Share\\_of\\_World\\_Total\\_PPP](http://www.economywatch.com/economic-statistics/economic-indicators/GDP_Share_of_World_Total_PPP).

question whether the United States would place an American city at jeopardy to come to Japan's aid. In an essay in the *Yomiuri* newspaper in October 2017, Shinichi Kitaoka, a key foreign policy adviser to Abe, wrote the following:

Japan should build up not only a missile defense system, but also counterstrike capabilities in response to North Korea's military threat....What will the United States really do when North Korea finally develops the ability to target Los Angeles with either precision-guided intercontinental ballistic missiles or submarine-launched ballistic missiles with nuclear warheads? I doubt that Washington would order an offensive against the North while knowing that a large number of citizens in the second-largest U.S. city would be inevitably killed. Put simply, Japan has virtually no say about the extent and range of any offensive the United States may launch in this region. Is it appropriate for a country to leave its fate up to a foreign country to such an extent?<sup>26</sup>

Should North Korea succeed in achieving a full-scale nuclear capability, the credibility of the United States' nuclear umbrella for its allies in South Korea and Japan could be seriously diminished. From the country's earliest history, Japan's security has been linked to the peninsula, and it is doubtful that Japan could long tolerate a nuclear North Korea. In such circumstances, the incentives for Tokyo to acquire its own nuclear weapons would greatly increase. Japan's evaluation of the U.S. alliance will hinge on how U.S. leaders manage the nuclear threat from North Korea and how well Japan's interests are served in the United States' relations with China.

Abe has engineered Japan's return to great-power politics from above, showing resolve in overriding public opposition. Yet absent the stability of the U.S.-led order, the future will appear dangerously uncertain to the Japanese public. In such times of transition in the international order, Japan has historically experienced rapid swings in its geopolitical positions. The pacifist and antimilitarist identity that postwar generations have long embraced could give way quickly to a very different orientation. The postwar political scientist Masao Maruyama once observed that a pragmatic tendency to conform to the environment is a key aspect of Japanese political psychology. Foreigners, he observed, are often baffled by two contradictory tendencies in Japanese politics: the difficulty of enacting change and the rapidity with which change takes place. Maruyama's explanation is that a characteristic conservative reluctance to break with the past is set off by the readiness to accommodate the realities of the time. This, he argued, is the hallmark of the pragmatic

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<sup>26</sup> Shinichi Kitaoka, "Japan Should Acquire Counterstrike Ability," *Japan News*, October 3, 2017 ~ <http://qoshe.com/the-japan-news/shinichi-kitaoka/insights-into-the-world-japan-should-acquire-cou/1621876>.

and non-doctrinaire nature of Japanese conservatism, in contrast with the stubborn and principled conservatism in Europe. Therefore, in Japanese politics it is difficult to break with the past, but once change is underway, it spreads rapidly.<sup>27</sup>

With the growing uncertainty of regional conditions, we should not be surprised if the Japanese public's prolonged resistance to revision of the constitution and to an activist and assertive foreign policy changes. During the past half century, as the country's industrial and financial power grew, the return of Japan to great-power politics has been predicted—wrongly. But in the present circumstances, seen in broad perspective, there should be no doubt that Japan is undergoing a seismic shift of the nation's course. In five years as prime minister, Abe has begun restoring Japan's responsibility for its own security, making the U.S. alliance more reciprocal and launching an activist foreign policy not seen since 1945. So long as Abe avoids major political scandal and keeps his health, he appears likely to remain in office until 2021 and become the longest-serving prime minister in Japanese history. But even should his term be shortened, his policies now have a momentum that will be very difficult to reverse. These policies are supported by all likely candidates to succeed him, and the political opposition is weaker than at any time in the postwar period. As was the case in Japan's modern revolution of 1868, the new policies and reforms that Abe has begun will develop over many years, but he has changed the course of the ship of the Japanese state. ◆

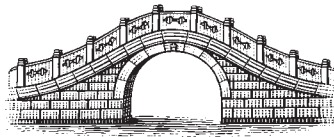
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<sup>27</sup> Masao Maruyama, *Senchu to sengo no aida* [Between Wartime and Postwar] (Tokyo: Misuzu shobo, 1976), 347–48.

# Avoiding U.S.-China Competition Is Futile: Why the Best Option Is to Manage Strategic Rivalry

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**KEYWORDS:** CHINA; UNITED STATES; RIVALRY; COMPETITION; ASIA

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## EXECUTIVE SUMMARY

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This article argues that the structural drivers of U.S.-China competition are too deep to resolve through cooperative engagement and that policymakers must instead accept the reality of strategic rivalry and aim to manage it at a lower level of intensity.

### MAIN ARGUMENT

Rising tensions between China and the U.S. have spurred fears that the two countries could end up in conflict or recreate the Cold War. To avoid these outcomes, analysts have proposed ways to defuse competition and promote cooperation. However, because these arguments do not address the structural drivers underpinning U.S.-China competition, such proposals are unlikely to end the rivalry. Conflict is not inevitable, however, and aggressive strategies that unnecessarily aggravate the sources of rivalry are likely to prove dangerously counterproductive. The best option at this point is, paradoxically, for the U.S. to accept the reality of the growing strategic rivalry and manage it at a lower level of intensity.

### POLICY IMPLICATIONS

- Maintaining a technological edge is critical for the U.S. to successfully manage the rivalry with China. Policies should be pursued to ensure that the U.S. continues to attract and nurture the best science and technology talent and retains its status as the global leader in technology.
- To compete with China's narrative about leading regional integration, the U.S. should both put forth a compelling vision for the region that encompasses widely held economic, security, and political values and continue to bolster its diplomatic and military positions in Asia.
- To maintain the U.S.-China rivalry at a stable level, policymakers in both countries should prioritize measures that discourage the mobilization of popular sentiment against the other country and encourage cultural exchanges.
- U.S.-China competition will likely become increasingly entwined with rivalries between China and U.S. allies and partners such as Japan and India. U.S. policymakers will need to take into account the independent dynamics of those separate rivalries when managing relations with China.

The United States and China find themselves increasingly enmeshed in a strategic rivalry, the basic nature of which remains poorly understood in the United States. To be sure, disagreements between the two countries have gained widespread attention. Disputes involving Chinese confrontations with U.S. allies and partners such as Japan, the Philippines, and Taiwan have frequently grabbed the headlines. At other times, disagreements over Chinese trade practices and U.S. military activities in the South China Sea have occasioned discord. All these sources of conflict are genuine, but they mask the main drivers of rivalry, which are twofold. First, the United States and China are locked in a contest for primacy—most clearly in Asia and probably globally as well. The United States has been the dominant power, and China seeks to eventually supplant it. By definition, two different states cannot simultaneously share primacy at either the regional or global level. Second, economic, demographic, and military trajectories suggest that China has the potential to contend in a significant way for leadership at the global systemic level. At this level, the most decisive competition will be for technological leadership. Should China supplant the United States as the world's premier country in terms of technology, its claim to regional and global supremacy will be difficult to deny. And once it has gained that supremacy, China will be well positioned to restructure institutional arrangements to privilege itself and disadvantage the United States.

Although this competition is occurring simultaneously at both levels, observers have focused primarily on the struggle for primacy at the regional level and overlooked or downplayed the competition at the global systemic level.<sup>1</sup> To counter China's pursuit of regional primacy, the United States has bolstered its alliances in Asia (albeit inconsistently), expanded diplomatic outreach to China and rising powers in Southeast Asia, and revised its military posture—efforts captured by President Barack Obama's "rebalance to Asia." President Donald Trump may have abandoned the rebalance, but many of the related initiatives remain more or less in place.<sup>2</sup> China's challenge at the global systemic level, especially in the field of technology, has received less attention. Confidence in the proven U.S. ability to produce new technologies and facile assumptions about the difficulties China will face in promoting innovation in new industries have led many to dismiss the challenge posed by China. But the contest for technological leadership is actually even more consequential

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<sup>1</sup> Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Supremacy in Asia* (New York: W.W. Norton, 2012).

<sup>2</sup> Aaron L. Connely, "Autopilot: East Asian Policy under Trump," Lowy Institute, October 31, 2017 ~ <https://www.loyyinstitute.org/publications/autopilot-east-asia-policy-under-trump>.

than that for regional primacy. Should China succeed in surpassing the United States as the world's technological leader, U.S. diplomacy and military power will not suffice to hold the line either in Asia or around the globe. Under those conditions, countries throughout the world, including U.S. allies in Asia, will be forced to come to terms with the new leading economy. Military power projection could be far less relevant as China moves to consolidate its leading status at both the regional and global levels in such a scenario.

Accordingly, although the United States cannot abandon its efforts to bolster its diplomatic and military position in Asia, the country must step up its efforts to strengthen its faltering lead in new technology development. While China clearly grasps the stakes, it is not clear that the United States does. For example, China's government has promoted R&D into quantum computing. The investment appears to be paying off, as the country has leaped ahead of the United States in developing quantum communications.<sup>3</sup> Similarly, the U.S. Congress has proposed to dispense with subsidies for the purchase of electric vehicles, even as China pushes ahead in its plan to become the lead producer of this technology.<sup>4</sup> And while the U.S. government seeks to restrict immigration and discourage foreign students from attending U.S. universities (and staying after they receive their advanced training), China has revised its policies to welcome foreigners, prioritizing those with science and technology expertise. Moreover, Chinese investment in basic R&D is rapidly catching up to that of the United States.<sup>5</sup> Studies have also noted a shrinking U.S. lead in science and technology as such investment is beginning to bear fruit.<sup>6</sup> Similarly, the United States has lost its once-undisputed lead in the per capita number of engineers and scientists.<sup>7</sup>

Understanding the nature of the U.S.-China rivalry at the regional and global systemic levels, as well as how these two levels interact with one another, is essential if the United States is to successfully manage the challenge posed

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<sup>3</sup> Tim Johnson, "China Speeds Ahead of U.S. as Quantum Race Escalates, Worrying Scientists," McClatchy, October 23, 2017 ~ <http://www.mcclatchydc.com/news/nation-world/national/national-security/article179971861.html>.

<sup>4</sup> Keith Bradsher, "China Hastens the World toward an Electric Car Future," *New York Times*, October 9, 2017.

<sup>5</sup> Mike Henry, "U.S. Global Lead in S&T at Risk as China Rises," American Institute of Physics, Bulletin, no. 10, February 1, 2016 ~ <https://www.aip.org/fyi/2016/report-us-global-lead-rd-risk-china-rises>.

<sup>6</sup> "America's Still First in Science, but China Rose Fast as Funding Stalled in U.S. and Other Countries," *Science Daily*, June 15, 2017 ~ <https://www.sciencedaily.com/releases/2017/06/170615111035.htm>.

<sup>7</sup> Andreas Schleicher, "China Opens a New University Every Week," BBC, March 16, 2016 ~ <http://www.bbc.com/news/business-35776555>.



by China in a manner that avoids war. This study aims to contribute to that understanding. The article is organized into the following sections:

- ≈ pp. 95–102 provide an overview of the growing rivalry between China and the United States, including a discussion of the meaning and role of strategic rivalry in interstate conflict and a comparison with the U.S.-China rivalry during the Cold War.
- ≈ pp. 102–4 review the dynamics of the rivalry at the regional systemic level.
- ≈ pp. 104–10 analyze the dynamics of the rivalry at the global systemic level.
- ≈ pp. 110–15 examine why proposals to avoid rivalry through cooperation or aggressive competition are unlikely to succeed.
- ≈ pp. 115–19 discuss the idea of strategic rivalry management and offer recommendations on ways to sustain the rivalry at a lower level of intensity.

#### THE GROWING RIVALRY BETWEEN THE UNITED STATES AND CHINA

Strains between China and the United States have deepened in the past few years over a proliferating array of issues. President Trump has stepped up accusations against China of unfair trade practices and inadequate pressure on North Korea. He also provoked controversy early in his term when he floated the idea of increasing official contacts with Taiwan, which Beijing considers a renegade province.<sup>8</sup> These disputes add to tensions that had expanded under President Obama, who moved to strengthen U.S. alliances in Asia, promote a regional trade pact, criticize Chinese behavior in the cyber and maritime domains, and shift more military assets to the Asia-Pacific as part of the rebalance to Asia strategy.<sup>9</sup> China has in turn dismissed U.S. concerns about the construction of artificial islands in the South China Sea, intensified its criticism of U.S. security leadership in Asia, and tightened its grip on disputed maritime territories.<sup>10</sup>

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<sup>8</sup> Jane Perlez and Chris Buckley, “Trump Injects High Risk into Relationship with China,” *New York Times*, January 24, 2017 ≈ <https://www.nytimes.com/2017/01/24/world/asia/trump-us-china-trade-trans-pacific-partnership.html>.

<sup>9</sup> “Advancing the Rebalance to Asia and the Pacific,” White House, Office of the Press Secretary, Fact Sheet, November 16, 2015 ≈ <https://obamawhitehouse.archives.gov/the-press-office/2015/11/16/fact-sheet-advancing-rebalance-asia-and-pacific>.

<sup>10</sup> “China Rejects U.S. Criticism over South China Sea Reclamation,” *Telegraph*, May 31, 2015 ≈ <http://www.telegraph.co.uk/news/worldnews/asia/china/11641432/China-rejects-US-criticism-over-South-China-Sea-reclamations.html>.

The baleful state of bilateral relations has spurred plenty of finger-pointing. On the Chinese side, officials denounce the United States' "Cold War mindset" and warn of conflict if Washington does not adjust its policies.<sup>11</sup> A 2015 defense white paper described an "intensifying competition" between the great powers.<sup>12</sup> Military officials and many Chinese analysts regard increasing tension between the two countries as unavoidable, although they do not regard war as likely. People's Liberation Army (PLA) deputy chief of staff Qi Jianguo commented that "no conflict and no confrontation does not mean no struggle" between China and the United States.<sup>13</sup> According to Chinese official media, polls in China suggest a large majority believes that the United States intends to pursue a containment policy.<sup>14</sup> Reflecting this point of view, Niu Xinchun, a scholar at the China Institutes of Contemporary International Relations, argued that the "greatest obstacle to the further integration of emerging countries such as China into the international system comes from the United States."<sup>15</sup>

Western officials and commentators tend to blame China for current strains. Senior U.S. leaders have criticized "assertive" Chinese behavior, while some analysts blame Xi Jinping for pushing a more confrontational set of policies.<sup>16</sup> Other Western observers worry that a further souring of relations could lead to conflict.<sup>17</sup> But even if war remains unlikely, the deepening tensions increase the risks of miscalculation, crises, and potential military clashes involving the world's two largest powers. Echoing a view widely held among U.S. foreign policy experts and officials, former CIA director

<sup>11</sup> "China Urges U.S. Politicians to Abandon 'Cold War Mindset,'" Xinhua, September 29, 2011 ~ [http://www.xinhuanet.com/english/2017-12/19/c\\_136837820.htm](http://www.xinhuanet.com/english/2017-12/19/c_136837820.htm).

<sup>12</sup> Information Office of the State Council of the People's Republic of China (PRC), *China's Military Strategy in 2015* (Beijing, May 26, 2015) ~ [http://english.gov.cn/archive/white\\_paper/2015/05/27/content\\_281475115610833.htm](http://english.gov.cn/archive/white_paper/2015/05/27/content_281475115610833.htm).

<sup>13</sup> Xiong Zhengyan, "Jianding buyi zou Zhongguotese guojia anquan daolu" [Firmly Advance Down the Path of National Security with Chinese Characteristics], *Liaowang*, May 5, 2015.

<sup>14</sup> Gu Di and Liu Xin, "78% Chinese Believe West Intends to Contain China," *Global Times*, December 30, 2015 ~ <http://www.globaltimes.cn/content/961216.shtml>.

<sup>15</sup> Niu Xinchun, "Zhongmei guanxi: Vishi xingtai de pengzhuang yu jingzheng" [U.S.-China Relations: Collision and Competition of Ideologies], *Guoji Wenti Yanjiu*, March 13, 2012, 78–89.

<sup>16</sup> See, for example, Ben Brumfield, "Ash Carter Calls on China to End South China Sea Expansion," CNN, May 30, 2015 ~ <http://www.cnn.com/2015/05/30/china/singapore-south-china-sea-ash-carter>; and Gary Schmitt, "Why the Suddenly Aggressive Behavior by China?" *Los Angeles Times*, January 10, 2014 ~ <http://articles.latimes.com/2014/jan/10/opinion/la-oe-schmitt-china-belligerence-20140110>.

<sup>17</sup> Timothy Garton Ash, "If U.S. Relations with China Sour, There Will Probably Be War," *Guardian*, October 16, 2015 ~ <http://www.theguardian.com/commentisfree/2015/oct/16/us-relations-china-war-america>.

General Michael Hayden has warned that mishandling the U.S.-China relationship could be “catastrophic.”<sup>18</sup>

### *Rivalry at the Heart of the U.S.-China Relationship*

This widespread concern reflects a realistic appraisal of the dangers inherent in the U.S.-China relationship. But developing successful policies to manage an increasingly sensitive and complex situation requires an accurate assessment of the phenomenon of interstate rivalry that lies at the heart of that relationship. Rivalry is a concept that, while widely acknowledged, remains poorly understood. To be sure, most experts take for granted the idea that powerful nations compete for status and influence, and they acknowledge the danger posed by a rising power's challenge to a status quo power. Yet investigation into the phenomenon of rivalry too often stops at these well-trodden findings. Less often discussed are the conclusions regarding the dynamics of rivalry that experts on conflict studies have arrived at within the past few years.

Much of this scholarship draws from improvements to the analyses and data regarding interstate crisis and conflict.<sup>19</sup> This research has generated useful and interesting insights regarding the start and conclusion of rivalries, crises, and war, although these remain largely unexplored outside academic circles. Analysts have established, for example, that rivalry is perhaps the most important driver of interstate conflict. As defined by political scientists, “rivals” are states that regard each other as “enemies,” sources of real or potential threat, and as competitors. At the root of rivalries thus lie disputes over incompatible goals and perceptions that countries possess both the ability (real or potential) and the intention to harm each other. Wars have historically tended to be fought by pairings of these states and their allies. Rivals have opposed each other in 77% of wars since 1816 and in over 90% of wars since 1945.<sup>20</sup> Not only are rivals more likely to fight than non-rivals, but rivals also have a tendency to be recidivists because they are unable to resolve their political differences on the battlefield. Yet that does not always discourage

<sup>18</sup> Chris McGreal, “America's Former CIA Chief: ‘If We Don't Handle China Well, It Will Be Catastrophic,’” *Guardian*, March 9, 2016 ~ [http://www.theguardian.com/us-news/2016/mar/09/america-cia-nsa-chief-general-michael-hayden-china-catastrophic-for-world?CMP=tw\\_t\\_gu](http://www.theguardian.com/us-news/2016/mar/09/america-cia-nsa-chief-general-michael-hayden-china-catastrophic-for-world?CMP=tw_t_gu).

<sup>19</sup> See, for instance, Paul F. Diehl and Gary Goertz, *War and Peace in International Rivalry* (Ann Arbor: University of Michigan Press, 2000); Michael P. Colaresi, Karen Rasler, and William R. Thompson, *Strategic Rivalry: Space, Position, and Conflict Escalation in World Politics* (Cambridge: Cambridge University Press, 2007); and William R. Thompson and David R. Dreyer, *Handbook of International Rivalries, 1494–2010* (Washington, D.C.: Congressional Quarterly Press, 2011).

<sup>20</sup> Colaresi, Rasler, and Thompson, *Strategic Rivalry*, 21.

them from trying to do so repeatedly. Rivals that cannot prevail due to parity frequently compete for advantage by building internal strength through arms racing or by leveraging external power through the strengthening of alliances and partnerships. Rivals are also prone to serial militarized crises. Mutual perceptions of each other as hostile enemies and the inconclusive outcome of previous militarized disputes typically fuel a pattern of recurrent crises characterized by deepening resentment, distrust, and growing willingness to risk escalation. Studies have also established that the risk of conflict increases sharply after three episodes of militarized crises.<sup>21</sup>

Rivalries do not progress in a linear direction, however. Their intensity can wax and wane in response to shocks and other important developments. Periods of relative stability can alternate with turbulent periods of tension and conflict. Similarly, cooperative activities can be interspersed with periods of acute tension and hostility. Nevertheless, the link between rivalry, crises, and interstate conflict is pervasive.

Drawing from these sources, one can describe the Sino-U.S. relationship as a rivalry characterized as a competition between two major powers over incompatible goals regarding their status, leadership, and influence over a particular region—in this case principally the Asia-Pacific. The dynamics of this type of strategic rivalry differ in significant ways from the far more numerous rivalries over territory that have characterized conflict between so many countries, especially weaker and poorer ones. In contrast with rivalries over territories, strategic rivals do not necessarily share borders, although allies of one power may be engaged in a territorial dispute with the other major power. Strategic rivalries among major powers tend to be especially long-lived, with the average enduring for about 55 years.<sup>22</sup>

Strategic rivalries are incredibly complex phenomena that include overlapping and often reinforcing layers of disputes over leadership, status, and territory between the principal rivals and their allies. Such rivalries are almost always multilateral affairs that also involve allies and partners, some of which have their own rivalries with the other side. Competition in the economic, political, and military domains can serve as expressions as well as drivers of rivalry, as can sports and cultural competition. Strategic rivalries can be confined to one region, with the basic conflict reducible in some respects to

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<sup>21</sup> On rivalry and serial crisis behavior, see Russel J. Leng, "When Will They Ever Learn? Coercive Bargaining in Recurrent Crises," *Journal of Conflict Resolution* 27, no. 3 (1983): 379–419; and Michael P. Colaresi and William R. Thompson, "Hot Spots or Hot Hands? Serial Crisis Behavior, Escalating Risks, and Rivalry," *Journal of Politics* 64 (2002): 1175–98.

<sup>22</sup> Colaresi, Rasler, and Thompson, *Strategic Rivalry*, 85.

which rival will occupy the top rung of the regional hierarchy. In other cases, however, a rivalry can span regional and global domains either sequentially or simultaneously. The U.S.-China rivalry, for instance, is already both a regional and, to a lesser extent, a global rivalry, but there is still considerable room for competition to expand.

The complex and overlapping nature of the disputes makes strategic rivalries extremely crisis- and conflict-prone. Strategic rivalries come in a grim package deal that includes strained and hostile relations, serial crises, and in some cases wars. The comprehensive and multifaceted nature of the disputes also explains why such rivalries have proved so durable and why their wars have been so devastating. Conflict between strategic rivals has historically occasioned the most destructive wars, of which World Wars I and II are the most recent examples. The fact that experts at the time of each historic episode of systemic conflict consistently underestimated the duration or extent of war offers cold comfort to analysts today who seek to predict the trajectory of any conflict that might involve China and the United States.

### *Comparisons of the Current Environment with the U.S.-China Rivalry during the Cold War*

How did the two countries arrive at this position? The most widely accepted narrative argues that China's rapid economic growth has provided the resources with which it can press demands on long unresolved issues such as unification with Taiwan. China and the United States may have enjoyed stable relations in the 1980s when they cooperated on a limited basis against the Soviet Union, but that foundation of cooperation eroded considerably once the Soviet bloc dissolved in the early 1990s. Moreover, China's rapid growth in economic power has given the country fresh resources to press its own demands on the United States and U.S. allies. By 2010, China's economy had outpaced that of Japan to become the second-largest in the world.<sup>23</sup> The persistence of long-standing sources of antagonism, such as the U.S. security partnership with Taiwan, has both reflected and aggravated a broader competition for leadership. For its own reasons, Washington has resisted Beijing's demands, and the result has been growing fear and distrust.<sup>24</sup> The intensifying rivalry between the rising power and the status quo leader is as old as antiquity itself. Indeed, Graham Allison

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<sup>23</sup> "China GDP Overtakes Japan, Capping Three Decade Rise," Bloomberg, August 16, 2010 ~ <http://www.bloomberg.com/news/articles/2010-08-16/china-economy-passes-japan-s-in-second-quarter-capping-three-decade-rise>.

<sup>24</sup> Hugh White, *The China Choice: Why China and the United States Should Share Power* (London: Oxford University Press, 2013).

coined the term “Thucydides trap” to describe such a situation, a term that he subsequently applied to the current U.S.-China situation.<sup>25</sup>

The popular narrative is not entirely incorrect, yet in some ways it remains incomplete. A closer look at history reminds us that antagonism between China and the United States is not unprecedented. In the 1950s and 1960s, the two countries engaged in an intense strategic competition for status and influence in Asia, one that occasionally burned hot, as it did when they clashed on the Korean Peninsula or more indirectly in Vietnam. This Cold War–era rivalry saw a complex network of competing alliances and partnerships, principally in Asia. The United States supported Taiwan and South Korea in bitter disputes with China and its allies, North Korea and the Soviet Union. This rivalry terminated in the 1970s primarily due to Beijing’s decision to counter a growing Soviet menace and the United States’ decision to pursue China as a potential partner for its own rivalry with the Soviet Union. But the existence of a period of intense U.S.-Chinese tension and competition provides a helpful baseline of comparison. What requires explanation is not the fact that the United States and China are engaged in a rivalry but the difference between today’s rivalry and that of the Cold War.

What distinguishes the rivalry today from that of the earlier period is both the closer parity in relative power—albeit still more potential than real—between the two countries and the comprehensiveness, complexity, and systemic nature of the disputes between them. Paradoxically, these features make the current rivalry potentially far more threatening to the United States, despite the fact that so far U.S.-China relations have remained peaceful, and even though the U.S. and Chinese militaries fought each other in the Korean War.

The dangerous potential of the current rivalry ultimately owes to the risk that China could rise to the position of global system leader and subordinate the United States accordingly. As has happened in previous power transitions, China as a system leader could exploit existing arrangements to its benefit and to the detriment of the outgoing leader, the United States. Due to the enormous rewards that accrue to a systemic leader and the high costs for the

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<sup>25</sup> The term “Thucydides trap” references the ancient Greek historian who ascribed the destructive Peloponnesian War to the sentiments of “jealousy and fear” pervading Sparta, then the status quo leader, regarding the rise of Athens. Absent a change of course, goes the narrative, the United States and China similarly appear to be headed for a violent collision. See Graham Allison, “The Thucydides Trap: Are the United States and China Headed for War?” *Atlantic*, September 24, 2015 ~ <http://www.theatlantic.com/international/archive/2015/09/united-states-china-war-thucydides-trap/406756>. See also S.N. Jaffe, “America vs. China: Is War Simply Inevitable?” *National Interest*, October 18, 2015 ~ <http://nationalinterest.org/feature/america-vs-china-war-simply-inevitable-14114>.

state that loses this position, struggles for global leadership have historically proved to be especially destructive. The possibility that China and the United States could find themselves in a similar struggle, while unlikely at this point, cannot be ruled out given the reality of the relative decline in U.S. power and the concomitant increase in Chinese comprehensive national power. At the most basic level, this fact may be measured superficially by the U.S. share of world GDP, which eroded from 40% in 1950 to 16% in 2014, adjusted for purchasing power parity. Over the same period, China's share expanded from around 5% to 17%.<sup>26</sup>

An important consequence of the narrowing of the gap in comprehensive power has been an intensifying competition for leadership in the international economic and political order. In this way, the popular discussion of the Thucydides trap correctly recognizes the dangers of the U.S.-China competition. This feature contrasts sharply with the previous episode of rivalry. In the 1950s and 1960s, the asymmetry in power meant that the United States and China competed for influence and even clashed militarily in countries along China's borders, but rarely elsewhere. As a largely rural, impoverished country, China had little stake in the system of global trade promoted by the industrialized West. Excluded from the United Nations, Maoist China also lacked the institutional ability to influence geopolitics and project power much beyond its immediate environs—and even that capability was sorely handicapped. Outside Asia, the United States faced minimal competition from China and generally regarded the Soviet Union as a more pressing threat.

By contrast, the current competition features a China fully enmeshed in a political and economic order led by the United States. While generally supportive of this order, China is also seeking to revise aspects of the regional and international order that it regards as obstacles to the country's revitalization as a great power. The main theater of this competition for influence and leadership is the Asia-Pacific, as it was in the Cold War, but U.S.-China rivalry increasingly is expanding globally. Moreover, unlike the largely military, regional, and ideological Cold War competition, the current contest is far more multifaceted and comprehensive in nature; it includes military, economic, technological, and political dimensions. The following

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<sup>26</sup> Jutta Bolt et al., Maddison Project Database 2018, Groningen Growth and Development Centre ~ <https://www.rug.nl/ggdc/historicaldevelopment/maddison/releases/maddison-project-database-2018>; and Angus Maddison, *Chinese Economic Performance in the Long Run: 960–2030 AD*, 2nd ed. (Paris: OECD Publishing, 2007), 44.

two sections review the state of the competition at both the regional and the global systemic levels.

### THE U.S.-CHINA RIVALRY AT THE REGIONAL LEVEL

At the regional level, U.S.-China competition spans the political, economic, and military realms. Politically, the two countries have feuded over the role of liberal values and ideals, a dispute that widened after the 1989 Tiananmen Square massacre. However, the 1996 Taiwan Strait crisis elevated the potential threat of conflict between the two countries and may therefore be regarded as the starting point of the current rivalry. Coinciding with impressive gains in China's economic and military power following two decades of market reforms, the standoff saw Washington and Beijing deploy military assets to back up their respective positions regarding Taiwan's right to hold a presidential election, elevating the risk of a clash.

Since then, the competition for political influence and leadership has intensified. In 2011, the United States announced its rebalance to Asia, which was aimed in part at shoring up U.S. alliances, partnerships, and influence.<sup>27</sup> Although on the surface Washington has abandoned the effort, the Trump administration has reintroduced a vision for Asia's economic and security order premised on values favorable to U.S. interests.<sup>28</sup> The 2017 National Security Strategy stated, for example, that the United States upholds a "free and open Indo-Pacific."<sup>29</sup> Beijing, by contrast, has increased its efforts to advance a vision for a regional order premised on Chinese leadership. In recent years, China has promoted major economic and geostrategic initiatives to deepen Asia's economic integration through the Belt and Road Initiative, Asian Infrastructure Investment Bank (AIIB), and other initiatives.<sup>30</sup> In 2017, China for the first time issued a white paper that outlined the government's vision for Asia-Pacific security. The paper stated that China takes the advancement

<sup>27</sup> Barack Obama (remarks to the Australian Parliament, Canberra, November 7, 2011) ~ <https://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>.

<sup>28</sup> Tracy Wilkinson, Shashank Bengali, and Brian Bennett, "Trump Pushes 'Indo-Pacific' Foreign Policy, Bringing India into Strategic Bulwark against China," *Los Angeles Times*, November 7, 2017 ~ <http://www.latimes.com/nation/la-fg-trump-indo-pacific-20171108-story.html>.

<sup>29</sup> White House, *National Security Strategy of the United States of America* (Washington, D.C., December 2017), 45 ~ <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

<sup>30</sup> Nadège Rolland, *China's Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Seattle: National Bureau of Asian Research, 2017).



of regional prosperity and stability “as its own responsibility.”<sup>31</sup> These policies build on directives issued by Xi Jinping in 2013, when he called for policies to bolster China’s attractiveness as a regional leader.<sup>32</sup>

Economically, the two countries are competing over the evolution of Asia’s economic future—a region anticipated to drive global growth in coming decades. Both countries are also competing to shape the terms of trade. President Trump may have abandoned the Trans-Pacific Partnership (TPP), but his advisers have advocated other measures to shape favorable trade terms.<sup>33</sup> Meanwhile, China has stepped up advocacy of the Regional Comprehensive Economic Partnership, a proposed free trade agreement for the region that excludes the United States.<sup>34</sup> China also has promoted the AIIB, while the United States and Japan continue to instead support the Asian Development Bank.<sup>35</sup>

Militarily, the growing arms race and the establishment of rival security institutions stand among the most obvious manifestations of an increasing competition in this domain. China and the United States have designed an array of military capabilities and doctrines partly aimed at each other. The PLA has developed weapons systems to counter potential U.S. intervention in any contingency along China’s periphery, which the United States has in turn sought to counter with its own innovations, such as the Joint Operational Access Concept.<sup>36</sup> U.S. secretaries of defense Chuck Hagel and Ashton Carter outlined a “third offset” strategy to compete with China and Russia in military technology.<sup>37</sup> To promote regional security, the United States has strengthened its military alliances and partnerships, while China has strengthened ties with Russia and argued that regional security is best protected through the

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<sup>31</sup> Information Office of the State Council (PRC), *China’s Policies on Asia-Pacific Security Cooperation in 2017* (Beijing, January 2017) ~ [http://english.gov.cn/archive/white\\_paper/2017/01/11/content\\_281475539078636.htm](http://english.gov.cn/archive/white_paper/2017/01/11/content_281475539078636.htm).

<sup>32</sup> “Xi Jinping: China to Further Friendly Relations with Neighboring Countries,” Xinhua, October 26, 2013.

<sup>33</sup> David Brunnstrom, “Trump Trade Strategy Starts with Quitting Trade Pact: White House,” Reuters, January 20, 2017 ~ <http://www.reuters.com/article/us-usa-trump-trade-idUSKBN1542NR>.

<sup>34</sup> Gordon G. Chang, “TPP vs. RCEP: America and China Battle for Control of Pacific Trade,” *National Interest*, October 6, 2015 ~ <http://nationalinterest.org/feature/tpp-vs-rcep-america-china-battle-control-pacific-trade-14021>.

<sup>35</sup> Anna Andrianova, Zulfugar Agayev, and Karl Lester M. Yap, “Japan-Led ADB Starts Feeling Competitive Heat from AIIB,” Bloomberg, May 4, 2015 ~ <http://www.bloomberg.com/news/articles/2015-05-04/adb-unleashes-measures-to-boost-lending-capacity-as-aiib-rises>.

<sup>36</sup> U.S. Department of Defense, *Joint Operational Access Concept* (Washington, D.C., January 2012) ~ [https://www.defense.gov/Portals/1/Documents/pubs/JOAC\\_Jan%202012\\_Signed.pdf](https://www.defense.gov/Portals/1/Documents/pubs/JOAC_Jan%202012_Signed.pdf).

<sup>37</sup> Bob Work, “The Third Offset Strategy and Its Implications for Allies and Partners” (speech, Washington, D.C., January 28, 2015) ~ <http://www.defense.gov/News/Speeches/Speech-View/Article/606641/the-third-us-offset-strategy-and-its-implications-for-partners-and-allies>.

Shanghai Cooperation Organisation, the Conference on Interaction and Confidence Building Measures in Asia, and other Chinese-led institutions. In 2014, Xi indirectly rebuked the United States for seeking to bolster its security leadership in the region, stating that “it is for the people of Asia to uphold the security of Asia.”<sup>38</sup>

The regional rivalry has grown increasingly multilateral as well. China’s intensifying disputes over sovereignty and territory with its neighbors have encouraged those countries to strengthen their relations with the United States, further complicating the balance of power. In particular, the U.S.-China strategic rivalry overlaps with an even more antagonistic competition between China and Japan over a broad array of issues, including the territorial dispute over the Senkaku/Diaoyu Islands.<sup>39</sup> At times, Vietnam and the Philippines have sought closer security relations with the United States as their disputes with China in the South China Sea have intensified.

In a 2014 interview, Major General Qian Lihua, then director of foreign affairs in the Chinese Ministry of Defense, listed China’s principal threats as disputes over sovereignty and territorial rights and “hot spots” along the country’s periphery. These were followed by the “strategic adjustments” of the United States and Japan, as well as the strengthening of alliance relations, which he described as “adding strategic pressure” on China.<sup>40</sup>

## THE U.S.-CHINA RIVALRY AT THE GLOBAL SYSTEMIC LEVEL

At the global systemic level, the narrowing gap in comprehensive national power underpins a proliferating array of potential disputes across political, economic, and military issues. Politically, China has stepped up its criticism of U.S. international leadership and called for new political principles and values to guide government-to-government interactions. Xi has declared that the five basic principles of peaceful coexistence should become the “basic norms governing international relations” as well as “basic

<sup>38</sup> Xi Jinping, “New Asian Security Concept for New Progress in Security Cooperation” (remarks at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia, Shanghai, May 21, 2014) ~ [http://www.china.org.cn/world/2014-05/28/content\\_32511846.htm](http://www.china.org.cn/world/2014-05/28/content_32511846.htm).

<sup>39</sup> Kent E. Calder, “China and Japan’s Simmering Rivalry,” *Foreign Affairs*, March/April 2006 ~ <https://www.foreignaffairs.com/articles/asia/2006-03-01/china-and-japans-simmering-rivalry>.


<sup>40</sup> Xiong Zhengyan, “Qian Lihua: Women zhenxi heping dan bu weiju zhanzheng” [Qian Lihua: We Cherish Peace, but Fear No War], *Liaowang*, March 13, 2014, 34–37.


principles of international law.”<sup>41</sup> In 2014, Foreign Minister Wang Yi stated that the main obstacles to promoting international rule of law rested with countries that practiced “hegemonism, power politics and all forms of ‘new interventionism’”—a thinly veiled reference to the United States. He sharply criticized unnamed countries for adopting a “double-standard approach to international law, using whatever...suits their interests and abandoning whatever...does not.”<sup>42</sup>

In the competition for leadership at the global level, the critical contest does not concern which country possesses the largest economy, the most powerful military, or even the most “soft power,” although all of these competitions are important. Between the two large and powerful countries, the decisive issue is which country controls the most technologically proficient economy.

### *The Importance of Technological Leadership*

A half century of social science on precedents in which rising powers competed with system leaders underscores the importance of the quality of economic leadership—evaluated primarily in terms of dominance in technology and energy—over quantity of economic output or other variables.<sup>43</sup> Why is technological predominance so important? The first, most fundamental reason is that long-term economic growth is predicated on generating radical new technologies (new products, methods of production, markets, trade routes, fuel sources, and commercial organizations à la Joseph Schumpeter’s intermittent bouts of creative destruction). Whichever economy masters these new technologies first profits most from its pioneering innovations. In due time, the world economy’s leading innovator is likely to extend its lead to commercial, financial, and military areas as well.

<sup>41</sup> Xi Jinping, “Carry Forward the Five Principles of Peaceful Coexistence to Build a Better World through Win-Win Cooperation” (address, Beijing, June 28, 2014)  [http://www.china.org.cn/world/2014-07/07/content\\_32876905.htm](http://www.china.org.cn/world/2014-07/07/content_32876905.htm).

<sup>42</sup> Wang Yi, “China a Staunch Builder and Defender of International Rule of Law,” Ministry of Foreign Affairs (PRC), October 24, 2014  [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/wjbz\\_663308/2461\\_663310/t1204247.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/t1204247.shtml).

<sup>43</sup> See, among others, Joseph A. Schumpeter, *Business Cycles: A Theoretical, Historical, and Statistical Analysis of the Capitalist Process* (New York: McGraw Hill, 1939); Robert Gilpin, *U.S. Power and the Multinational Corporation: The Political Economy of Foreign Direct Investment* (New York: Basic Books, 1975); George Modelski and William R. Thompson, *Leading Sectors and World Power: The Coevolution of Global Economics and Politics* (Columbia: University of South Carolina Press, 1996); Ashley J. Tellis et al., *Measuring National Power in the Post-Industrial Age* (Santa Monica: RAND Corporation, 2000); David P. Rapkin and William R. Thompson, *Transition Scenarios: China and the United States in the Twenty-First Century* (Chicago: University of Chicago Press, 2013); and William R. Thompson and Leila Zakhirova, *Racing to the Top: How Energy Fuels Systemic Leadership in World Politics* (New York: Oxford University Press, 2018).

Ultimately the leading economy can shape the global economy according to its own preferences and advantage.

Second, mastering surges in new technologies thus means that the leading economy—i.e., the country with the most technologically innovative economy—maintains the most competitive and lucrative position in the global economy. But it also means that technological superiority is transferred between the military and civilian economies. Gains made in military technology can be transferred to the civilian economy, and gains made in the civilian economy can be transferred to military technology. Examples of the former may be seen in the transfer of radar technology from the military to the civilian sector, while an example of the latter can be seen in the way basic research at universities has traditionally fueled advances in weapons technologies. The country with the leading economy thus is well positioned to also field the most technologically advanced military. As a consequence, it is likely to develop a command of the global commons and, for a period of time, unrivaled global reach.

Third, technological predominance generates huge economic gains because corporations in the leading economy are set up to dominate new markets in the new industries. The expansion of commercial activity abroad to exploit new markets means that technological leaders profit enormously from a functioning and stable world economy, and are thus well positioned to provide global military and political leadership. A vivid example of this may be seen in the expansion of U.S. multinational corporations in the twentieth century, which fueled the need for a large military force that could police trade routes and the global commons to keep the world economy operating as smoothly as possible. The global presence of U.S. companies and military forces provided a strong incentive for U.S. leaders to focus on solving global issues. It also encouraged countries around the world to look to the United States as a leader, since it alone had the resources and reach to address global problems.

Finally, a fourth reason technological predominance matters is that it fuels the soft power that makes the leading economy attractive. People around the world tend to admire and emulate the wonders of new technology as manifested in a vibrant and sophisticated economy. The media reinforces the appeal of the leading economy by delivering messages about how citizens in that country employ new technologies to enhance their quality of life. The technological superiority of the leading economy also yields soft power because the country's political and military advantages allow it to exercise influence at levels unattainable by other countries. Technological predominance cannot

deliver legitimacy, however, and thus a country with attractive political and cultural values and ideals will be better positioned to maintain its influence than one that relies heavily on coercion, such as today's authoritarian China. But the main point remains: technological predominance opens opportunities for a country to increase its soft power.

The importance of technological leadership means that the popular focus on the quantity of China's economic output as the key index of national power is in many ways insufficient. China, after all, had the world's largest economy in the 1700s and 1800s, but its relatively low level of technology and energy consumption left it at the mercy of much smaller Western countries that possessed more dynamic economies, fossil fuel-driven energy, and powerful militaries. The United States, by contrast, built its post-World War II global primacy on the foundation of an impressive technological-energy prowess. The accelerated rate of technology transfer and energy consumption in the 21st century, however, has considerably weakened this lead.<sup>44</sup> Asia, in particular, has made rapid gains that pose a challenge to U.S. technological leadership.<sup>45</sup> For now, despite impressive economic and technological gains, China continues to lag behind the United States. Per capita GDP is regarded as an indicator of the level of technological achievement (albeit an imperfect one), and as of 2014 the United States' per capita GDP was more than eight times that of China.<sup>46</sup> But Chinese officials have made technological leadership a key policy priority and are investing enormous sums of time and money accordingly. The result is that analysts now debate whether China could at some point surpass the United States to become the world leader in technological innovation.<sup>47</sup>

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<sup>44</sup> See Thompson and Zakhirova, *Racing to the Top*.

<sup>45</sup> "U.S. Science and Technology Leadership Increasingly Challenged by Advances in Asia," National Science Foundation, Press Release, January 19, 2016  $\approx$  <https://www.sciencedaily.com/releases/2016/01/160119151244.htm>.

<sup>46</sup> "GDP Per Capita through 2015," World Bank, World Development Indicators  $\approx$  <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

<sup>47</sup> Naubahar Sharif, "Three Reasons Why China Has the Makings of a Global Technology Leader," *South China Morning Post*, July 9, 2015  $\approx$  <http://www.scmp.com/comment/insight-opinion/article/1835035/three-reasons-why-china-has-makings-global-technology-leader>. For a contrary view, see Daron Acemoglu and James A. Robinson, "World's Next Technology Leader Will Be U.S., Not China—If America Can Shape Up," *Christian Science Monitor*, April 19, 2012  $\approx$  <http://www.csmonitor.com/Commentary/Global-Viewpoint/2012/0419/World-s-next-technology-leader-will-be-US-not-China-if-America-can-shape-up>. At the same time, it is possible and perhaps even probable that it will be more difficult in the future to attain a lead in technology that is far ahead of rival countries.

## Competition in Other Domains

Although competition for technological leadership may be decisive, the United States and China have also intensified competition across the economic and security domains. China poses a lesser challenge at the global level in these domains, but the situation could change if China wins the competition at the regional level and secures the lead position in technology.

Economically, China is eager to upgrade its industrial base and has begun to pursue more technologically advanced manufacturing capabilities similar to those of the United States. The economic relationship is thus becoming less complementary and more competitive.<sup>48</sup> Chinese leaders recognize that for the economy to grow at a sustainable rate, China must move beyond old industries and instead establish innovative industries in more technologically advanced sectors.

Reflecting the increasing convergence between the U.S. and Chinese economies, recrimination over policies in both countries designed to block access to technologies and markets for security reasons has added another source of tension.<sup>49</sup> The persistent Chinese theft of U.S. intellectual property has further strained relations.<sup>50</sup> Other ongoing disputes between the two countries concern China's status as a market economy and technology standards for trade.<sup>51</sup> These disputes fuel China's efforts to challenge U.S. dominance of global trade rules. In December 2014, Xi directed officials to "have more Chinese voices in the formulation of international rules" and "inject more Chinese elements" in order to "maintain and expand our country's developmental interests."<sup>52</sup> U.S. officials have responded by demanding that China "follow the rules of the road" concerning trade and other issues.<sup>53</sup>

Militarily, the United States retains superiority at the global level, but its advantage in a potential conventional conflict in the Indo-Pacific

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<sup>48</sup> Timothy R. Heath, "China's Evolving Approach to Economic Diplomacy," *Asia Policy*, no. 22 (2016): 157–91.

<sup>49</sup> Keith Bradsher and Paul Mozur, "Political Backlash Grows over Chinese Takeovers," *New York Times*, February 16, 2016.

<sup>50</sup> Lesley Wroughton and Jeff Mason, "Trump Orders Probe of China's Intellectual Property Practices," Reuters, August 14, 2017.

<sup>51</sup> Bruce Stokes, "Will Europe and the United States Gang Up on China?" *Foreign Policy*, February 3, 2016.

<sup>52</sup> "Xi Jinping zai di shijiu Zhonggong Zhongyang Zhengzhiju zongti xuexi: Jiakuai shishi ziyou maoyiqu zhanlue" [Xi Jinping Speaks at the 19th Collective Study Session of the CCP Political Bureau, Stresses Need to Accelerate Free Trade Zone Strategy], Xinhua, December 6, 2014.

<sup>53</sup> "Barack Obama Tells Xi Jinping That China Must Improve Its Human Rights Record," *Telegraph*, February 15, 2012 ~ <http://www.telegraph.co.uk/news/worldnews/barackobama/9083333/Barack-Obama-tells-Xi-Jinping-China-must-improve-its-human-rights-record.html>.

has eroded. Thanks in part to its network of alliances, the United States retains an unmatched ability to project combat power globally and has an extensive military presence abroad. By contrast, China's ability to project power remains weak. It has no formal allies and only recently has begun to field small numbers of forces abroad. For example, China carried out its first noncombatant evacuation operation using military aircraft in 2011—one of the PLA Air Force's few overseas missions.<sup>54</sup> The U.S. military also retains a formidable advantage in overall capabilities across virtually every domain, although the PLA's rapid modernization is narrowing the gap.<sup>55</sup> In the Indo-Pacific, however, China has developed an impressive counter-intervention capability that has increased the cost and risk to forward-deployed U.S. forces that might engage in a conventional conflict in the region. Moreover, China's expanding inventory of weapons across all domains increases the likelihood that any conventional conflict that begins in Asia might expand worldwide. Already, Chinese military writers have outlined a doctrine of “integrated deterrence” that recommends the use of space, cyber, and nuclear weapons to deter and manage conflict.<sup>56</sup>

In addition, China's need for petroleum and other raw materials from the Middle East and sub-Saharan Africa has led to increased PLA activity throughout the Indian Ocean and the establishment of the country's first foreign base in Djibouti.<sup>57</sup> Currently, many observers regard these developments as a lower threat to U.S. interests than the development of PLA counter-intervention capabilities in the Asia-Pacific.<sup>58</sup> However, the proliferating points of potential interaction with the military forces of the United States and its allies should be evaluated against the background of an economic, political, and military competition that may intensify in coming years. As in the escalation of the U.S.-Soviet Cold War, China's increasingly global interests and capabilities open possibilities for militarized disputes and crises around the world in coming decades.

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<sup>54</sup> Cristina L. Garafola and Timothy R. Heath, *The Chinese Air Force's First Steps toward Becoming an Expeditionary Air Force* (Santa Monica: RAND Corporation, 2017) ~ [https://www.rand.org/pubs/research\\_reports/RR2056.html](https://www.rand.org/pubs/research_reports/RR2056.html).

<sup>55</sup> Kris Osborn, “Chinese Air Force Closes Gap with U.S.,” *Defense Tech News*, December 4, 2014 ~ <http://www.defensetech.com/2014/12/04/report-chinese-air-force-closes-gap-with-u-s>.

<sup>56</sup> Michael S. Chase and Arthur Chan, *China's Evolving Approach to “Integrated Strategic Deterrence”* (Santa Monica: RAND Corporation, 2016).

<sup>57</sup> “Foreign Minister: China to Build Overseas Base in Djibouti,” *Agence France-Presse*, December 4, 2015 ~ <http://www.defensenews.com/story/defense/international/mideast-africa/2015/12/04/china-navy-base-djibouti/76786990>.

<sup>58</sup> Kristen Gunness and Oriana Skylar Mastro, “A Global People's Liberation Army: Possibilities, Challenges, and Opportunities,” *Asia Policy*, no. 22 (2016): 131–55.

The U.S.-China strategic rivalry thus encompasses both the regional and global levels, has grown multilateral, and spans the economic, military, and political domains. Yet it still possesses considerable room for further expansion. China remains in the early years of major initiatives and reforms to increase its economic competitiveness, improve its military's reach and lethality, and promote Chinese culture, political values, and ideals. As the gap in comprehensive national power narrows in coming decades, competition between the two countries will almost certainly intensify.

## NO SHORTCUT TO ENDING THE U.S.-CHINA RIVALRY

Is it possible to shift the fundamental drivers of the U.S.-China relationship from rivalry to cooperation and thereby remove the risk of conflict? Leaders in both Beijing and Washington affirm their determination to do so.<sup>59</sup> During President Trump's November 2017 visit to Beijing, President Xi vowed that China and the United States would "pursue friendship and win-win cooperation." President Trump in turn remarked that the two countries faced an "incredible opportunity to advance peace and prosperity" and "achieve a more just, secure, and peaceful world."<sup>60</sup>

### *More Cooperation Will Not End the Rivalry*

Western experts have offered detailed proposals to encourage cooperation and further reduce the risks of conflict. Many of these focus on the most high-profile flashpoints such as Taiwan and the South China Sea. But since the proposals do not address the multilevel competition for leadership at the heart of the current rivalry, they are unlikely to significantly reduce the risks of systemic warfare. Ironically, some of the proposals, if implemented, could incite a more dangerous rivalry by enabling China's consolidation of regional and technological leadership and thereby facilitating its ability to contest U.S. leadership at the global level. The most commonly encountered proposals fall into two general types of arrangements: "grand bargains" and "shared leadership," both of which seek to address the contest at the regional level. Below we discuss some examples of each type of proposal.

<sup>59</sup> "China, U.S. Agree on Principle of No Conflict, Mutual Respect," Xinhua, March 22, 2017 ~ [http://news.xinhuanet.com/english/2017-03/22/c\\_136149222.htm](http://news.xinhuanet.com/english/2017-03/22/c_136149222.htm).

<sup>60</sup> "Remarks by President Trump and President Xi of China at State Dinner," White House, Office of the Press Secretary, November 9, 2017 ~ <https://www.whitehouse.gov/the-press-office/2017/11/09/remarks-president-trump-and-president-xi-china-state-dinner-beijing>.



Charles Glaser's recommendation that the United States offer to end its support to Taiwan in exchange for China agreeing to end its efforts to undermine U.S. alliances and partnerships represents the classic grand bargain approach. This proposal fails principally because it underestimates the systemic and comprehensive nature of the competition at both the regional and global levels.<sup>61</sup> Taiwan is just one symptom of the contest over the evolution of regional and global order that is already well underway. Facilitating China's acquisition of Taiwan would thus not end the competition. To the contrary, consolidation of Chinese control over the island could free up resources for Beijing to press harder on other issues—including ending the U.S. alliances that Glaser's proposal originally sought to preserve. Indeed, China's security policy for Asia makes clear that Beijing regards these alliances as an obstacle and aims to weaken or end them.<sup>62</sup>

Michael Swaine expands the terms of a grand bargain but follows a similar logic. He proposes a "neutral zone" in which the United States weakens its commitments to South Korea, Taiwan, and Japan in exchange for a pledge by China to renounce military action as a means of resolving its differences with its neighbors. This proposal, like other variants of the grand bargain, rests on the faulty assumption that Chinese behavior in Asia is "motivated almost entirely by uncertainties, fears, insecurities, and a certain level of opportunism."<sup>63</sup> This view seriously misreads the structural incentives that inform Chinese strategic behavior. The competition for greater status and influence is driven by the desire to ensure sustained national development.<sup>64</sup> Establishing a buffer zone evokes a soft sort of containment arrangement, in which China gains a sphere of influence in exchange for deference to U.S. leadership worldwide. But there is little reason to expect China to accept these constraints. As noted, the Sino-U.S. competition for leadership and status is already extending to the global level. Moreover, by misattributing the sources of tension to flashpoints such as Taiwan and maritime disputes, proposals like this one risk exacerbating the rivalry by severely eroding the credibility of U.S. alliances. A major diminishment of U.S. international authority could

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<sup>61</sup> Charles L. Glaser, "A U.S.-China Grand Bargain?" *International Security* 39, no. 4 (2015): 49–90.

<sup>62</sup> See Timothy R. Heath, "China Intensifies Effort to Establish Leading Role in Asia, Dislodge U.S.," Jamestown Foundation, China Brief, February 7, 2017 ~ <https://jamestown.org/program/china-intensifies-effort-establish-leading-role-asia-dislodge-u-s>.

<sup>63</sup> Michael D. Swaine, "Avoiding U.S.-Chinese Military Rivalry," Carnegie Endowment for International Peace, February 16, 2011 ~ <http://carnegieendowment.org/2011/02/16/avoiding-US-china-military-rivalry>.

<sup>64</sup> Timothy R. Heath, "Asian Economic Integration Fuels PRC Frustration with U.S. Alliances," Jamestown Foundation, China Brief, June 19, 2014 ~ [http://www.jamestown.org/single/?tx\\_ttnews%5Btt\\_news%5D=42521&no\\_cache=1#.Vu0E91K9bww](http://www.jamestown.org/single/?tx_ttnews%5Btt_news%5D=42521&no_cache=1#.Vu0E91K9bww).

result in greater parity between the two countries, providing Beijing an even stronger incentive to step up the competition for leadership at the global level.

Proposals that attempt a more systematic resolution through a shared leadership approach reflect a deeper appreciation of the problem but founder on the difficulties of practical implementation. Lyle Goldstein, for example, has advocated the idea of “cooperation spirals” premised on “mutual accommodation and concessions in equal measure” across a broad array of economic, political, and military issues.<sup>65</sup> Hugh White’s recommendation for a “concert of Asia” similarly envisions cooperation for a stable political and economic order.<sup>66</sup> In theory, it is possible to envision arrangements in which China and the United States consult one another and peacefully resolve differences on every conceivable issue. However, the practical problems of managing disagreements and disputes render such collaboration implausible. Indeed, efforts to share leadership of the global system, given the very different preference structures and the endless possibilities for breakdown or dissatisfaction with outcomes, would almost certainly generate frustration and resentment. Under such conditions, a return to the competition for supremacy would prove extremely difficult, if not impossible, to resist.

Neither grand bargains nor cooperative, shared leadership arrangements are likely to end the strategic rivalry between Washington and Beijing. Nor do these proposals address the critical issue of competition for technological leadership at the global systemic level. But this does not mean that efforts to resolve disagreements over flashpoints or to share leadership on particular issues should be entirely dismissed. Progress on a dispute or cooperation on difficult issues can contribute meaningfully to a dampening of the rivalry dynamic. However, expectations should be set at a realistic level. Compromises on particular issues cannot end the rivalry—they can at best mitigate its worst effects and moderate the intensity of competition. Given the circumstances, this is a laudable goal and one worth pursuing so long as the systemic effects are carefully considered and thought through.

If these types of proposals will not end rivalry, is there another means? Unfortunately, past precedents offer little hope for a simple way to quickly resolve a strategic rivalry. Research has generated inconclusive or inadequate support for the idea that restraining influences such as democratization, intergovernmental organizations (IGOs), trade interdependence, and nuclear

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<sup>65</sup> Lyle J. Goldstein, “Is It Time to Meet China Halfway?” *National Interest*, May 12, 2015 ~ <http://nationalinterest.org/feature/it-time-meet-china-halfway-12863?page=8>.

<sup>66</sup> Hugh White, *The China Choice: Why America Should Share Power* (Oxford: Oxford University Press, 2012).

deterrence can terminate a strategic rivalry. While research has established that mature liberal democracies rarely fight one another, the exact reason why remains elusive. Moreover, these influences have historically proved to be less effective in restraining conflict between liberal democracies and authoritarian states. IGOs are unlikely to play a large role in mediating conflict between China and the United States because many of these organizations were created by the United States. As the United States' relative strength diminishes, the IGOs that it leads will likely weaken as well.<sup>67</sup> Mutual trade dependence has historically offered a more promising source of restraint, but the growing attractiveness of protectionist policies to Washington and increased tensions over a variety of trade issues have already spurred an escalating dispute between the two countries.<sup>68</sup>

In sum, the rivalry between China and the United States will likely continue until one country concludes that it cannot win the competition and accedes to the leadership of the other. Another possibility is that one side concludes that the other side has lost the ability to compete or no longer threatens the other. This has historically been the norm for rivalries that evade or survive decisive combat, and there is little reason to expect the current U.S.-China rivalry to end differently.<sup>69</sup> Sino-U.S. strategic competition is here to stay, and it could last many years, potentially even decades.

### *Aggressive Competitive Approaches Are Counterproductive*

If rivalry is unavoidable, should the United States adopt a posture of aggressive competition or even war? John Mearsheimer has argued that “war with China is inevitable” and recommended a strategy of containment accordingly. He has acknowledged that such a strategy would result in an aggravation of security competition dynamics but stated that this is an unavoidable “self-fulfilling prophecy.”<sup>70</sup> Some political leaders and analysts

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<sup>67</sup> See, for instance, David P. Rapkin and William R. Thompson, “Kantian Dynamics and Systemic Transitions: Can International Organizations Influence U.S.-China Conflict?” in *Systemic Transitions: Past, Present, and Future*, ed. William R. Thompson (New York: Palgrave-Macmillan, 2008).

<sup>68</sup> Ben Blanchard, Michael Martina, and Clarence Fernandez, ed., “China Says U.S. Real Threat to Global Trade, Not Itself” Reuters, January 22, 2018.

<sup>69</sup> Karen Rasler, William R. Thompson, and Sumit Ganguly, *How Rivalries End* (Philadelphia: University of Pennsylvania Press, 2013).

<sup>70</sup> John J. Mearsheimer, “Can China Rise Peacefully?” *National Interest*, October 25, 2014 ~ <http://nationalinterest.org/commentary/can-china-rise-peacefully-10204>.

have similarly argued that competition is unavoidable and advocated for punishing measures designed to humiliate or weaken China.<sup>71</sup>

As Mearsheimer's invocation of terms that evoke the Cold War "containment" strategy suggests, the advocacy of aggressive competitive strategies mistakenly assumes that all rivalries share the same levels of hostility and threat. In reality, not all rivalries are alike. Those rivalries that carry high levels of hostility, threat, and competition tend to feature high risks of conflict. The last major strategic rivalry that the United States faced, with the Soviet Union, was an example of this hostile, dangerous variation. Although in the Cold War the U.S. and Soviet militaries did not clash in a large-scale war, they frequently fought proxy conflicts around the world. The two countries also developed massive nuclear arsenals as part of a larger competition for influence and status in Europe and elsewhere, greatly adding to a sense of mutual vulnerability, threat, and hostility.

The U.S.-China rivalry lacks a great deal of the ideological dogma that helped make the Cold War a zero-sum contest. The rivalry retains the democratic-authoritarian cleavage of its predecessor but lacks the Manichean quality of a showdown between good and evil that suffused the U.S.-Soviet rivalry. While Washington and Beijing compete for international audiences, so far the competition is much more muted and is centered on various aspects of an international order to which both states remain largely committed. China's economy is also far more integrated with the U.S. economy (and, again, vice versa) than was ever the case in the U.S.-Soviet relationship during the Cold War. Economic interdependence can be a powerful constraint and is an unusually distinctive characteristic of the current Sino-U.S. rivalry, even though the possibility of more acrimonious trade relations looms and there remains the risk that competition will trump interdependence or worsen the rivalry as both sides attempt to produce the same types of goods.<sup>72</sup> Both countries have also seen large exchanges of people and culture, another important difference from the Cold War. And unlike the Soviet Union, China has shown a much greater willingness to cooperate with the United States on shared challenges, such as climate change, disaster relief, and maritime piracy.

These differences suggest that the U.S. rivalry with China has the potential to remain at a less dangerous, violent level than was the case with

<sup>71</sup> Josh Rogin, "Calls to Punish China Grow," Bloomberg, May 5, 2015 ~ <http://www.bloombergview.com/articles/2015-05-05/second-thoughts-on-inviting-china-to-rimpac-naval-exercises>.

<sup>72</sup> This perspective is developed at greater length in David P. Rapkin and William R. Thompson, "Economic Interdependence and the Emergence of China and India in the 21st Century," in *Strategic Asia 2006-07: Trade, Interdependence, and Security*, ed. Ashley J. Tellis and Michael Wills (Seattle: National Bureau of Asian Research, 2006), 333-63.

the U.S.-Soviet rivalry. Policies that aim to replicate Cold War strategies thus are not appropriate because they assume a higher level of enmity, threat, and competition than what currently exists. Indeed, policies that focus on containing or subverting the adversary, or that aim to mobilize the public against China, risk driving the rivalry to resemble the more antagonistic, dangerous variety of the Cold War. Similarly, actions that unnecessarily antagonize China by suggesting it is a country that cannot be trusted or with which cooperation is pointless carry the same perils. The current rivalry, troublesome as it is, could be made much worse by aggravating perceptions of hostility and threat. Because the potential for crisis and conflict increase when bilateral relations become characterized by high degrees of enmity, threat, and competition, confrontational Cold War-style policies are likely to exacerbate the rivalry and elevate the risk of war.

#### CONCLUSION: MANAGING THE U.S.-CHINA STRATEGIC RIVALRY

The enormous complexity of the U.S.-China strategic rivalry carries several important implications. First, analysts should regard high-profile flashpoints such as Taiwan or disputed reefs in the East and South China Seas as merely the most visible manifestations of a systemic rivalry rather than the sole or even primary driver. These flashpoints represent the metaphorical tip of the iceberg, beneath which lies a large array of interrelated, complex disputes fueled at bottom by a competition for leadership and status at the regional and global levels. Resolving a single flashpoint thus offers little prospect of ending the competition, although it could in some cases help ease tensions. Second, the significance of disputes in any realm between the two countries should be regarded in cumulative terms. Each dispute has its own dangerous possibility of escalatory policy responses, but more damaging is the potential compounding effect that various disputes could play in reinforcing hostile sentiments and mobilizing the populations of the two countries against each other. A hardening of public opinion could dramatically change the climate in which flashpoints erupt. As in the early years of the Cold War, an environment of intense distrust and hostility would constrain options for leaders to deal with crisis situations, raising the risk of miscalculation and escalatory responses. The scene would be set for a spiraling of militarized crises, brinksmanship, and clashes—fulfilling a historical pattern that has typified the most destructive of strategic rivalries.

The most effective response to the evolving situation is to acknowledge that the U.S.-China relationship will remain a strategic rivalry for years to come and to manage its unique dynamics accordingly. The focus should be on stabilizing the intensifying competition, not on attempting to either avoid or accelerate a strategic confrontation. The starting point for rivalry management is to discourage China from contesting U.S. global systemic leadership by strengthening the United States' technological advantage. Second, the United States should frame its competition with China as both a regional and a global systemic challenge. Third, Washington should balance cooperative and competitive policies with the aim of managing the competition at a lower level of volatility. Fourth, management of the U.S.-China rivalry must also consider the effects of rivalries between China and U.S. allies, principally Japan. Fifth, both China and the United States should promote exchanges, cooperation, and other policies that discourage the mobilization of popular sentiment against one another. Finally, the planning for and management of any military clash or crisis should be carried out with the longer-term risks of rivalry in mind.

Technological leadership has historically proved to be a critical driver of systemic competition. To discourage China from seeking leadership of the global system, the United States should enact policies that strengthen its technological advantages. This requires investments to bolster the country's technological edge and economic prowess as the foundation for international leadership, as well as investments to build military strength and reinforce U.S. international political and moral authority. The United States' economic lead over its competitors is still significant, but the gap was once much greater than it is today. The U.S. economic and technological edge is no longer so strong that Washington can expect automatic deference. The United States will have to work much harder at leadership than before with less conspicuous successes and fewer resources. Unless it stems further relative decline, the only thing that will discourage challenges to U.S. leadership in the future would be the failure of China to generate economic growth through technological innovation.

The United States should frame its competition with China as both a regional and global systemic challenge. While considerable attention has focused on the U.S.-China competition for influence in the Indo-Pacific, the reality is that aspects of the rivalry have already migrated to the global level. The United States should consider the implications of its policies in Asia for the global competition, and vice versa. For example, U.S. authorities should consider rejoining the TPP in some form, as this agreement promised to

strengthen both the United States' influence in Asia and its ability to shape favorable global trade norms and standards.

The principal aim of rivalry management in the Asia-Pacific should be to maintain the U.S.-China competition at a lower level of volatility. This will require a combination of cooperative and competitive policies. Although China's economy is expected to slow in coming years, the country's comprehensive national power will continue to grow. Moreover, the United States will continue to depend on Chinese and Asian markets to power its own growth. Thus, it is in the interest of the United States to promote stability in Asia through cooperative policies to build infrastructure, ease tensions, and address shared threats. At the same time, constraining the expansion of Chinese power is essential for managing the risks of systemic warfare. To balance the effects of China's rise, the United States should strengthen military alliances and partnerships, step up diplomatic engagement, and increase economic initiatives to shape favorable terms of trade. Outlining a compelling vision for U.S. leadership in the region will be essential to maintaining an edge in the overall competition.

Rivalry management will require considerable attention both to the bilateral U.S.-China relationship and to the rivalry between China and key U.S. allies, especially Japan. Given U.S. alliance commitments, the antagonistic rivalry between Tokyo and Beijing could exacerbate tensions between Beijing and Washington. The United States' management of its rivalry with China will thus unavoidably encompass related rivalries involving U.S. allies. To ensure stability, the United States will need to continue promoting the peaceful resolution of disputes, even as it upholds its security commitments to Japan and other allies.

The competition for regional leadership increasingly underpins the potential for military crisis in the Asia-Pacific, and planners and decision-makers should account for this dynamic accordingly. Any particular crisis or clash involving Chinese and U.S. military forces threatens to accelerate competition and interstate hostility, and thereby drive relations toward a dangerous systemic confrontation. U.S. involvement in any clash between China and U.S. allies also should consider these larger risks. To manage this danger, decision-makers in all capitals should pursue measures and mechanisms to limit the potential escalation of crises.

Discouraging the formation of large constituencies in the public in favor of hostile policies is essential to maintaining the rivalry in a less volatile form. Research shows that once public opinion mobilizes in favor of antagonistic policies, leaders face a powerful incentive to escalate tensions in a crisis

and initiate policies that aggravate the rivalry.<sup>73</sup> Chinese authorities have regrettably encouraged nationalist resentment against the United States, even as officials call openly for stable, peaceful relations.<sup>74</sup> While this may give rise to popular support for the Chinese Communist Party in the short term, outbursts of nationalist fervor threaten to damage China's influence in other countries and exacerbate diplomatic tensions.<sup>75</sup> It is in the interest of leaders in both countries to refrain as much as possible from using emotionally charged language that encourages the formation of an "enemy image" of the other country among the public. China and the United States should also continue to seek opportunities to increase their collaboration on shared concerns and encourage the exchange of people and cultures.

For U.S. decision-makers, the ultimate strategic goal should be to ensure overall U.S. leadership of the global order, but not to such an extent as to elevate the risk of systemic war over the sustainment of that leadership. It is possible that China will never be in a position to seriously challenge U.S. leadership at the global level, but it is also possible that China will grow to become a more plausible global leader in the coming decades. Past efforts to resolve the question of systemic leadership through global warfare have proved to be both horrifically destructive and inefficient. Nor has the world yet seen global war settle the question of systemic leadership between nuclear-armed powers. The good news is that history does afford examples of rivalries ending peacefully, among which the Cold War is a recent example. Research has provided some insight into why and how some rivalries ended peacefully and others did not, although the findings remain preliminary.<sup>76</sup>

Interestingly, some Chinese thinkers have similarly argued for strategies to manage the rivalry in a peaceful manner. Yan Xuetong, director of the Institute for International Studies at Tsinghua University, recommended that China "create and build an international relations theory for peaceful rivalry" in order to "prevent the escalation of China-U.S. strategic rivalry."<sup>77</sup> Liu Jianhua, a professor at the Zhongnan University of Economics and Law, similarly concluded that U.S.-China relations have entered a "quasi-Cold War" state featuring "more competition and less cooperation" and "more enmity

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<sup>73</sup> Michael P. Colaresi, *Scare Tactics: The Politics of International Rivalry* (Syracuse: Syracuse University Press, 2005).

<sup>74</sup> "China's Communist Party Raises Army of Nationalist Trolls," *Financial Times*, December 29, 2017.

<sup>75</sup> Erin Cook, "China-Australia Tensions Break into the Open," *Asia Times*, December 13, 2017.

<sup>76</sup> See Rasler, Thompson, and Ganguly, *How Rivalries End*.

<sup>77</sup> Yang Shilong, "Yingjia dalidu Zhongguo wajiao gaige chuanguxin: Chuanfang Yan Xuetong" [We Should Intensify Innovation and Reform in Chinese Diplomacy: Interview with Yan Xuetong], *Liaowang*, March 9, 2015, 52–53.



than friendship.” He recommended measures to stabilize the competition and normalize crisis control and management mechanisms.<sup>78</sup>

Efforts to end the U.S.-China strategic rivalry through grand bargains, shared leadership, or Cold War-style competitive approaches all risk exacerbating the rivalry and elevating the likelihood of systemic warfare. With no easy way to resolve tensions in the near term, senior leaders will need greater understanding and focus to navigate what is certain to be an increasingly complicated relationship in coming years. Managing the U.S.-China rivalry not only will require more attention and resources devoted to bolstering the United States’ position in Asia; it also will require more attention to sustaining the U.S. edge in global technological leadership. Complementing the competitive policies, the United States should also seek to dampen the mobilization of hostile sentiment in the populations of the two countries. Thus, in many ways, successful management of the rivalry will require the United States to adopt seemingly contradictory policies that seek both to assure China and to deter it at the regional and global systemic levels. Navigating the path ahead is likely to be difficult and feature a higher level of instability and crisis than in the past. Yet through diligent focus and careful management of competing priorities, a stable relationship of critical importance to the health of the global economy and the security of the world can be fostered. Considering the disastrous possibilities if the rivalry is mishandled, the future of international security and prosperity may ride on it. ♦

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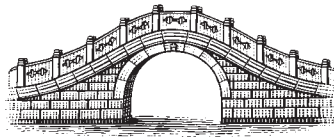
<sup>78</sup> Wang Sheng, “Zhongmei ‘ya lengzhan’: Tezheng, chengyin, yu zhongguo de duiying” [U.S.-China ‘Quasi Cold War’: Characteristics, Contributing Factors, and China’s Response], *Xiandai Guoji Guanxi*, January 25, 2013, 35–43.



# Kazakhstan at a Crossroads

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**NOTE** ≈ *The views expressed in this essay are the author's and do not represent the views of Nazarbayev University.*

**KEYWORDS:** KAZAKHSTAN; ECONOMIC MODERNIZATION; POLITICAL LIBERALIZATION; 100 CONCRETE STEPS

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## EXECUTIVE SUMMARY

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This essay examines Kazakhstan's latest economic modernization campaign, highlights its shortcomings, and proposes how the West could assist the country's ruling elite in carrying out reforms to complement the modernization process.

### MAIN ARGUMENT

Kazakhstan seeks to undergo economic modernization, but its proposed reforms face a number of obstacles. Although Kazakhstan is the most developed and stable country in Central Asia, it remains to be seen whether the ruling elite will usher in an era of sustained economic development complemented by political reforms. The country stands to lose much if this effort fails. Over the course of the past generation, Kazakhstan has never made political liberalization a priority. Yet political reforms are seemingly necessary to realize its stated goals of establishing the rule of law, a service-oriented economy, and a professionalized bureaucracy. Kazakhstan stands at a crossroads due to a worsening of great-power relations and a seeming reluctance among the local ruling elite to embrace reformist measures.

### POLICY IMPLICATIONS

- Kazakhstan aspires to transform its economy into a powerhouse by adhering to a detailed strategy over the course of the next generation. However, the success of the country's economic modernization campaign will in large part depend on the extent to which political liberalization, especially the dispersion of elite controls over the political system and the institutionalization of power, is embraced by the government.
- Given that Kazakhstan lacks a democratic history, has yet to experience a peaceful transfer of power, and cannot afford to upset relations with Russia and China, Astana will need to tread carefully should it decide to pursue an agenda of political liberalization.
- Western states, acting in an advisory capacity, could assist Kazakhstan with carrying out reforms designed to disperse and institutionalize political power by arguing on behalf of blending certain political development models.
- Despite Western actions, however, the fate of Kazakhstan's reformist drive is largely predicated on whether local powerbrokers believe in the need for meaningful political reform.

In Central Asia, democracy is virtually nonexistent. Generally, elections are a foregone conclusion, civil society is restricted, parliaments serve as rubber stamps, and secret police forces (or former branches of the KGB with updated acronyms) neutralize the opposition. Regional states are all nondemocratic to one degree or another, and history and geography matter a great deal in terms of explaining why democracy is so lacking. The five newly independent countries of Central Asia are all former Soviet Socialist Republics. This is important because deceased long-term leaders like Islam Karimov and Saparmurat Niyazov were originally groomed to rule as Communist Party bosses, maintaining order in their respective socialist mini-states, rather than as legitimately elected politicians representing the majority will of voters. When the Soviet Union disintegrated, strongmen took over most of the Central Asian states, fashioned mechanisms to ensure their rule indefinitely, and began enriching themselves once they figured out how to assert control over economic resources.<sup>1</sup>

Central Asia is also sandwiched between Russia, China, Iran, and Afghanistan, none of which (save for Afghanistan since 2001, to some degree) have strived to make their politics more pluralistic in nature. Furthermore, Western interests in Central Asia tend to focus on national security concerns and commercial interests, while influential regional linkages with Russia and China serve to buttress the existing authoritarian regimes.<sup>2</sup> It thus stands to reason that democracy is not well-suited to flourish within any of the Central Asian republics.

Kazakhstan, the most developed and stable country in Central Asia, has expressed interest in restructuring its economy under the banner of its Kazakhstan 2050 strategy. In adhering to a plan of action known as the 100 Concrete Steps, which is supposedly designed to propel the country into modernity, Kazakhstan seeks to part ways with its oil dependency, bloated bureaucracy, and dubious legal practices.<sup>3</sup> In short, the country aims to make a great leap forward. But can Kazakhstan land such a big jump? This essay posits that the absence of an agenda for political liberalization (emphasizing the dispersion of elite controls over the political system and the

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<sup>1</sup> Martha Brill Olcott, *Central Asia's Second Chance* (Washington, D.C.: Carnegie Endowment for International Peace, 2005), 8, 13.

<sup>2</sup> In regard to these linkages, see Steven Levitsky and Lucan A. Way, "The Rise of Competitive Authoritarianism," *Journal of Democracy* 13, no. 2 (2002): 60.

<sup>3</sup> For an overview of this plan, see "Strategy 2050," Strategy2050.kz News Agency ~ <https://strategy2050.kz/en/>; and "The 100 Concrete Steps Set Out by President Nursultan Nazarbayev to Implement the Five Institutional Reforms," Strategy2050.kz News Agency, May 20, 2015 ~ [https://strategy2050.kz/en/page/message\\_text2014](https://strategy2050.kz/en/page/message_text2014).

institutionalization of power) hinders Kazakhstan's modernization prospects. Unless the government embraces political liberalization to complement its economic reforms, the country is more likely to fall short of realizing its stated objectives than to see restructuring through to the end.

This essay is organized into the following sections:

- ≈ pp. 124–27 compare Kazakhstan with other Central Asian states and discuss its recent political and economic developments.
- ≈ pp. 127–30 examine the government's proposed economic and political reforms under the Kazakhstan 2050 strategy.
- ≈ pp. 130–35 argue that political liberalization is needed to complement economic reforms in order for the government's modernization agenda to be successful and then recommend options for Western countries to assist Kazakhstan with this process.
- ≈ pp. 135–36 summarize the essay's main findings.

#### AUTOCRACY LITE

The Central Asian republics are not all alike. Tajikistan endured a civil war during the 1990s. In Kyrgyzstan, two presidents were forcefully overthrown within the span of just five years and ethnic violence has occasionally flared in the south. The brand of authoritarianism practiced in Turkmenistan and Uzbekistan is extremely repressive, and these systems do not appear to have softened to any great extent despite undergoing transitions in 2006–7 and 2016, respectively (though Uzbek president Shavkat Mirziyoyev's governing style appears to be less autocratic than his predecessor's).<sup>4</sup>

By comparison, Kazakhstan towers above its neighbors both economically and politically. A country of approximately 18 million people, Kazakhstan is ruled by an authoritarian government that has been led by only one head of state since independence. President Nursultan Nazarbayev's name and picture are visible in a variety of places across the country, and he is honored with two national holidays a year. December 1 is known as the Day of the First President of the Republic of Kazakhstan, whereas July 6 (Capital Day)

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<sup>4</sup> For a discussion on Turkmenistan's political transition in 2006–7, see Charles J. Sullivan, "Halk, Watan, Berdymukhammedov! Political Transition and Regime Continuity in Turkmenistan," *REGION: Regional Studies of Russia, Eastern Europe, and Central Asia* 5, no. 1 (2016): 35–51. For a discussion on Uzbekistan's recent (and very minor) political liberalization under President Shavkat Mirziyoyev, see Andrew E. Kramer, "Once Closed and Repressive, Uzbekistan Is Opening Up," *New York Times*, October 25, 2017 ≈ <https://www.nytimes.com/2017/10/25/world/asia/uzbekistan-politics.html>.

marks Nazarbayev's birthday. Astana's international airport was even recently renamed after the president.

Yet Kazakhstan is not merely some tinpot dictatorship.<sup>5</sup> Its brand of authoritarianism is not nearly as repressive as other post-Soviet political systems. In Kazakhstan, Facebook, YouTube, Google, and Twitter are readily available, and virtual private networks are not blocked. Citizens from a variety of Western countries are also not required to obtain a visa prior to traveling to Kazakhstan. Aside from a few high-profile political deaths shrouded in mystery during the mid-2000s, along with the infamous crackdown in the city of Zhanaozen in December 2011 (which involved oil workers clashing with police), overt state repression is not very common. Since the events in Zhanaozen, the government has actually issued concessions to workers on several occasions to alleviate labor disputes.<sup>6</sup> At a glance, it is seemingly now predisposed to shy away from the use of brute force. For example, in response to the mass protests in 2016 against the anticipated privatization of agricultural plots, the Kazakhstani leadership signaled a hasty retreat by issuing a five-year moratorium on the policy's enactment.<sup>7</sup> The prominent fear among many at the time was that China would acquire control over much of the country's land through corrupt, nontransparent business dealings. The protests against land privatization thus arguably called into question not simply the wisdom of the Kazakhstani government but the legitimacy of the Nazarbayev regime.

Yet the government made a surreptitious effort to avoid a repeat of the violent Zhanaozen crackdown. On the day in which protests against the land privatization initiative were scheduled to take place in Astana, the capital city's main streets and public squares were kept mostly empty. Traffic was not completely blocked and stores were open, but a coercive state presence was palpable. Meanwhile, internet connections to social media fizzled for the day. In this instance, the Kazakhstani government did not lash out against the people; instead, it deflated public ire by instituting a policy freeze and restricting any citizen mobilization efforts to voice dissent against the regime.

Nazarbayev promises ordinary citizens stability and prosperity, and to an extent, he has followed through on his word. Of course, one could quibble with this assessment, given that the economy has yet to recover from the

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<sup>5</sup> Charles J. Sullivan, "State-Building in the Steppe: Challenges to Kazakhstan's Modernizing Aspirations," *Strategic Analysis* 41, no. 3 (2017): 275.

<sup>6</sup> Eric McGlinchey, "Violent Extremism and Insurgency in Kazakhstan: A Risk Assessment," USAID, August 14, 2013, 6–7.

<sup>7</sup> "In Rare Climdbown, Kazakh Leader Delays Land Reform for 5 Years," Voice of America, August 18, 2016 ~ <https://www.voanews.com/a/rare-climdbown-kasakh-leader-delays-land-reforms-five-years/3471001.html>.

devaluation of the tenge in 2014–15.<sup>8</sup> Moreover, the level of socioeconomic inequality is glaring. In comparison with the rest of the country, Astana is a boomtown in a bubble. But even the capital is not immune: locals regularly joke about how the financial divide within Astana can literally be seen as one drives across the Ishim River. Yet Nazarbayev has been able to ensure domestic tranquility and avoid much public criticism because Kazakhstan is rich in natural resources, no genuine opposition exists, and the leadership dispenses patronage to keep domestic actors content. Hence, by utilizing state resources to his own advantage, portraying himself as a political centrist, sparingly utilizing coercion, and setting the tone for all political discussions, Nazarbayev essentially rules as a “soft authoritarian.”<sup>9</sup>

Kazakhstan also has no real enemies. This is because the government has artfully crafted a friendly foreign policy referred to as “multivectorism.” It seeks to maintain productive relations with all other states and strategically balance the competing interests of the great powers.<sup>10</sup> To a degree, Kazakhstan has fared well in terms of balancing such interests by agreeing to denuclearization, diversifying its oil and gas export routes, and enhancing its own status on the international stage. For instance, last summer Astana splendidly hosted Expo 2017. On the surface, Nazarbayev thus appears to play the part of a master chess player, skillfully mapping out his country’s every move.

In truth, however, the 77-year-old leader is not growing any younger, and Russia’s aggressive behavior toward other neighboring states (most notably, Ukraine) forces Kazakhstan to walk a fine line. From Astana’s perspective, it is best not to publicly voice displeasure with Moscow’s actions. Kazakhstan and Russia are military allies and close economic partners, so any dispute not directly involving Kazakhstan would potentially fray relations with Moscow if Astana were to interject itself in a situation involving Russia. A considerable ethnic Russian population also resides in the north of Kazakhstan, which leaves the country susceptible to geopolitical pressure. Because multivectorism endorses the status quo with neighboring great powers like Russia and China, this doctrine reinforces Kazakhstan’s cautious nature whenever interstate

<sup>8</sup> For a discussion on the current financial crisis in Kazakhstan, see Sullivan, “State-Building in the Steppe,” 274.

<sup>9</sup> Edward Schatz, “The Soft-Authoritarian Tool Kit: Agenda-Setting Power in Kazakhstan and Kyrgyzstan,” *Comparative Politics* 41, no. 2 (2009): 208–13.

<sup>10</sup> On multivectorism, see Sullivan, “State-Building in the Steppe,” 274, 281; Michael Clarke, “Kazakhstan’s Multi-vector Foreign Policy: Diminishing Returns in an Era of Great Power ‘Pivots?’” *Asian Forum*, April 9, 2015 ~ <http://www.theasianforum.org/kazakhstans-multi-vector-foreign-policy-diminishing-returns-in-an-era-of-great-power-pivots>; and “Foreign Policy Overview,” Embassy of the Republic of Kazakhstan to the United States ~ <https://www.kazakhembus.com/content/foreign-policy-overview-2>.



disputes arise. That said, in the interest of restructuring to stimulate economic development, “modernization” has become the new buzz word in Astana.

### KAZAKHSTAN 2050: MORE TALK THAN ACTION

According to its latest development plan, Kazakhstan strives to enter into the top 30 of the world’s most developed economies by the year 2050. To achieve this goal, the government aims to carry out the 100 Concrete Steps plan. This program calls for the professionalization of the state bureaucracy, the reduction of the country’s oil dependency, the establishment of the rule of law, and the building of a more accountable system of government, all the while steadfastly preserving social harmony.<sup>11</sup> Yet despite this talk, the plan is primarily focused on the economy, and the emphasis on political reform is minimal. The word “democracy,” for example, does not appear within any of the one hundred steps, despite the fact that the fifth section calls for “establishing an accountable state.” In furtherance of this aim, Kazakhstan’s developmental program calls for a few modest changes to the governing structure. Nowhere in the plan, however, is the dispersion or institutionalization of power highlighted. Instead, it calls for the creation of a more “open government” in which statistics and proclamations are made available to citizens, as well as for the “development of local governance” and “strengthening [of] the role of public councils under state agencies and Akims.”<sup>12</sup> This should not come as a shock, for one of the hundred steps declares the need to create a “results-oriented state governance system with standardized and minimal procedures for monitoring, assessment and control.”<sup>13</sup> Read closely, this amounts to an admission that the government has no such system in place.

The logic concerning how to survive in Kazakhstani politics is straightforward: support whatever the president orders, herald all of his initiatives as successful, and tell the people that a democracy is being built but that it will take a very long time to get right. In the meantime, contrast Kazakhstan’s so-called democratic progress with the misfortunes plaguing its neighbors and stress the need for gradualism and caution. Proposing drastic reforms, after all, implies that something is wrong with the system. In this vein, local politicians, bureaucrats, and academics all speak about the need for change, but this is only because Nazarbayev has already chimed in on the

<sup>11</sup> Sullivan, “State-Building in the Steppe,” 274.

<sup>12</sup> “The 100 Concrete Steps Set Out by President Nursultan Nazarbayev.”

<sup>13</sup> Ibid.

issue in favor of reform. As such, it is difficult to obtain an accurate picture of the extent to which the ruling elite believe that reforms are necessary or wise. While everyone now speaks of modernization, no one seems to comprehend or explain what this entails in practice. Civil society is mostly “cooperative” in nature.<sup>14</sup> Government ministries and local NGOs regularly host “scientific-practical conferences,” often at the Nazarbayev Center or upscale hotels in Astana. In these meetings, presentations lack analytical substance, speakers do not criticize government policies, and Q&A sessions are not designed so that the audience engages in a dialogue with presenters. Rather, these largely choreographed events give up-and-coming locals on the fringes of power the opportunity to heap praise on the regime. In essence, Kazakhstani politics focus on the musings of a boss who has been in power for almost three decades and still will not let go of the stately reins. Today, political power remains concentrated within the Ak Orda (which translates as “white house” in Kazakh), while the president’s ruling political party Nur Otan (“light of the fatherland”) dominates the parliament.

For the past generation, political reform has never been a government priority. Instead, Nazarbayev has constructed a highly personalist system. As the “leader of the nation,” he cannot be persecuted for any malfeasance while in office or during retirement. He also retains the ability to influence policymaking even after he gives up the presidency. In an attempt to mask this power grab, Nazarbayev originally rejected this proposal, but it became law in 2010 because he never “officially vetoed” it.<sup>15</sup> While proposing some modest alterations to the law allegedly to enhance the powers of the Kazakhstani parliament, Nazarbayev has managed to exempt himself from presidential term limits. Future heads of state, though, will supposedly be permitted to serve for only two consecutive terms.<sup>16</sup> Nazarbayev has also taken advantage of the system to run for re-election when he holds the obvious political advantage. The most recent presidential election in 2015 was timed to ensure his continued mandate and dampen the potential for political turmoil in the face of a mounting financial crisis. Several months after Nazarbayev’s electoral victory, the tenge (which had already suffered a major devaluation in February 2014) experienced another huge loss when the Kazakhstani government, in

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<sup>14</sup> Charles E. Ziegler, “Civil Society, Political Stability, and State Power in Central Asia: Cooperation and Contestation,” *Democratization* 17, no. 5 (2010): 795–825.

<sup>15</sup> Raushan Nurshayeva, “Kazakh President Declared Leader of the Nation,” Reuters, June 15, 2010 ≈ <https://www.reuters.com/article/us-kazakhstan-president/kazakh-president-declared-leader-of-the-nation-idUSTRE65E0WP20100615>.

<sup>16</sup> Ilan Greenberg, “Kazakhstan: President Ends Term Limit for Himself,” *New York Times*, May 23, 2007 ≈ <http://www.nytimes.com/2007/05/23/world/asia/23briefs-president.html>.

an effort to counter a series of forces hindering the economy, decided to let the currency float freely on the foreign exchange market.<sup>17</sup>

The driving force behind Kazakhstan's reformist initiative is thus largely economic, and this agenda has gathered momentum as a result of the financial difficulties plaguing the country. Bearing this in mind, one could argue that Kazakhstan intends to follow a Chinese- or Singaporean-style reformist course (with a heavy emphasis on developing a competitive capitalist economy while preserving an authoritarian government). There is, however, a flaw in this line of thinking. Some of the proposed reforms in the hundred steps are commendable. In regard to creating a professional bureaucracy, the plan is calling for the introduction of "comprehensive performance reviews" for all civil servants, "salary increases" to incentivize workers, the establishment of a "centralized selection process for new entrants" to the civil service "to prevent corruption," and a "mandatory probation period for new entrants." On the rule of law, the government has committed to establishing "stricter qualification requirements [for] judicial posts," enhancing the use of "jury service in trials," and creating "separate judicial proceedings" for investment-related legal disputes. In terms of the economy, the government aspires to adopt new construction standards; attract foreign investment to develop its tourism, infrastructure, energy, aviation, and meat and dairy sectors; build the Astana International Financial Centre, which will be grounded in "English law principles" and rely on a "judicial corps consisting of foreign experts"; and revamp the educational system by transitioning toward "the self-management of universities" and "the use of the English language...to increase competitiveness."<sup>18</sup> Yet, although these proposals bear the hallmark of change, they are designed to rearrange the lower levels of government. The steps do not stress that power should be dispersed or institutionalized at the top levels.

How can the rule of law, a more diversified economy, and a professionalized bureaucracy arise if the government remains resistant to change and policymaking continues to take place out of sight? The dispersion and institutionalization of political power is normally welcome in

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<sup>17</sup> Jack Farchy, "Currency Devaluation Places Kazakhstan Central Bank under Pressure," *Financial Times*, September 15, 2015. See also Tatyana Kuzmina, "Kazakhstan National Bank Explains Tenge Depreciation and Equilibrium Rate," *Tengri News*, December 28, 2015 ~ <https://en.tengrinews.kz/finance/Kazakhstan-National-Bank-explains-tenge-depreciation-and-263120>. For a discussion on Kazakhstan's 2015 presidential election results, see Andrew Roth, "Kazakhstan's President Is Re-elected by Almost Every Voter," *New York Times*, April 27, 2015 ~ <https://www.nytimes.com/2015/04/28/world/asia/nursultan-a-nazarbayev-kazakhstan-re-elected.html>.

<sup>18</sup> "The 100 Concrete Steps Set Out by President Nursultan Nazarbayev."

a democracy, but in an autocracy it can be construed as precarious to the leadership. The Kazakhstani government is instead prioritizing the creation of a more efficient merit-based bureaucracy to carry out its orders. To be certain, far-reaching reforms such as the holding of competitive elections, establishment of fixed term limits for official posts, and empowerment of civil society would introduce a degree of uncertainty into Kazakhstan's political system. But changes at the top would also serve as force multipliers for the lower levels and champion productivity through the strengthening of property rights, which in turn would boost the confidence of foreign investors within various sectors of the economy. Foreign investment is crucial to the success of the 100 Concrete Steps. Although Kazakhstan may enter into the top 30 economies within the span of the next 30-plus years, a lack of foreign investment will seriously curtail its economic potential. The government thus needs to realize that to construct a diversified (i.e., non-petroleum-based) economy that is grounded in sound legal principles, guided by a competent and independent bureaucratic corps, and attractive to investors, it needs to disperse and institutionalize power. As long as patronage and corrupt practices dictate how power flows, and institutions remain inherently weak, it will be difficult to realize such goals.<sup>19</sup>

In summary, Kazakhstan lacks a plan for political reform, and this is problematic because political liberalization is arguably necessary for economic modernization to succeed. Assuming that the ruling elite seek to fulfill the 100 Concrete Steps, political and economic reforms should thus be instituted in a complementary manner.<sup>20</sup>

#### KAZAKHSTAN'S BALANCING ACT

Any political liberalization agenda for Kazakhstan must take into account three broader geopolitical issues. First, Russia and China must not perceive the dispersion and institutionalization of power in Kazakhstan as a major threat. Otherwise any political reforms will be short-lived. Although Kazakhstan is a sovereign state, the fact of the matter is that great powers can often violate international law without suffering grievous consequences. In the case of Kazakhstan, geopolitical realities (particularly in the wake of Ukraine's

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<sup>19</sup> Transparency International's 2016 Corruption Perceptions Index ranked Kazakhstan 131 out of 176 countries, tied with Russia, Iran, Nepal, and Ukraine with a score of 29. See "Corruption Perceptions Index 2016," Transparency International, January 25, 2017 ~ [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016).


<sup>20</sup> Sullivan, "State-Building in the Steppe," 280.

Euromaidan revolution and Russia's annexation of Crimea), coupled with Astana's sparse ties to the West, make it clear that any attempt to liberalize the political system will not get very far if neighboring nondemocratic great powers anticipate any dangerous or far-reaching implications. Second, it is important in the leadership's view that political liberalization not spiral too far. For opponents of political reform will seize on any opportunity to discredit the process should the ruling elite lose control while attempting to change the system. Third, in light of these circumstances, Kazakhstan must blaze its own trail. What types of models, then, should Western states promote in the hopes of encouraging Kazakhstan to embrace political liberalization?

It is important for the West to understand what Kazakhstan intends to achieve by undergoing modernization. Based on Kazakhstan's interpretation of this concept, Western states can then explore whether it is possible to assist the government in undergoing political liberalization. According to Nazarbayev's 2017 presidential address, the modernization process has unfolded in several stages, commencing with the building of a stable state structure in the wake of the Soviet collapse. The shift from a planned to a market economy was followed by the relocation of the capital from Almaty to Astana in 1997 and marked by Kazakhstan's entry into the top 50 of the "most competitive economies" in the world in 2013.<sup>21</sup> Kazakhstan's so-called third modernization consists of implementing the 100 Concrete Steps in the spirit of realizing the goal of the Kazakhstan 2050 strategy. Nazarbayev has also stated that reforms "aimed at protecting private property, the rule of law and equality before the law" should be instituted alongside a societal-based effort "to identify and eliminate the causes of corruption."<sup>22</sup> Based on his words though, political liberalization does not appear to factor much into Kazakhstan's third modernization.

Recently, the Kazakhstani government has transformed the Kazakh alphabet from Cyrillic to a Latin base, presumably in the hopes of lessening Russia's sociocultural influence over time, and instituted a series of constitutional reforms supposedly designed to empower the parliament at the expense of the president.<sup>23</sup> Given that Kazakhstan's leaders tend to focus on

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<sup>21</sup> Nursultan Nazarbayev, "Third Modernization of Kazakhstan: Global Competitiveness" (presidential address, Astana, January 31, 2017)  <https://www.kazakhembus.com/content/2017-presidential-address-third-modernization-kazakhstan-global-competitiveness>.

<sup>22</sup> Ibid.

<sup>23</sup> Andrew Higgins, "Kazakhstan Cheers New Alphabet, Except for All Those Apostrophes," *New York Times*, January 15, 2018  <https://www.nytimes.com/2018/01/15/world/asia/kazakhstan-alphabet-nursultan-nazarbayev.html>; and "Kazakhstan Parliament Passes Reforms Reducing Presidential Powers," Reuters, March 6, 2017  <https://www.reuters.com/article/us-kazakhstan-constitution/kazakhstan-parliament-passes-reforms-reducing-presidential-powers-idUSKBN16D0CY>.

short-term benefits (as do most authoritarians), it would be wise for Western governments to collectively stress how gradual political liberalization could complement the third modernization. For some time, Western states' prevailing interests in Kazakhstan have centered on gaining access to nonrenewable resources and combating radical Islamist terrorism. Going forward, the West should more strenuously emphasize the need for meaningful political reforms. In doing so, Western leaders should not worry about rupturing relations with Astana. Most of all, Kazakhstan fears abandonment, particularly in the form of a U.S. and EU pivot to the Asia-Pacific region. Going forward, the West could advise Kazakhstan to blend two leading approaches to political development: the modernization and developmental state models.

Modernization theory contends that advancements realized in urbanization, technology, education, commerce, and other areas will gradually increase the size of the middle class and improve the prospects for a change in sociopolitical values. To accommodate such changes, the government can become more open and inclusive so as to ensure continued stability and growth.<sup>24</sup> By contrast, the developmental state model, which was implemented in Japan and elsewhere in Asia during the latter half of the twentieth century, is primarily geared toward ensuring that the state orchestrates economic growth, and it calls for alliances between politicians and business leaders in setting policies to spearhead development.<sup>25</sup> Unfortunately, Kazakhstan is not well-suited for either the modernization or developmental state model. The country lacks a democratic past to draw on, relies heavily on oil revenue to fuel its economy, and has yet to initiate a power transfer from one head of state to the next. Furthermore, the bureaucracy lacks professionalism, the middle class is small, corruption is prevalent in all walks of life, and neither Russia nor China seeks to transform Kazakhstan into an economic powerhouse like the United States did with Japan during the post–World War II era. In short, it is unlikely that Kazakhstan will come to resemble Singapore or the United Arab Emirates in the future.

Nonetheless, in taking these factors into consideration, the West could aid Kazakhstan in blending the two models and forging a suitable path for the country. Drawing on the developmental state model, it would be wise for

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<sup>24</sup> Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review* 53, no. 1 (1959): 69–105; and Ronald Inglehart and Christian Welzel, "How Development Leads to Democracy," *Foreign Affairs*, March/April 2009, 33–48.

<sup>25</sup> Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975* (Stanford: Stanford University Press, 1982); and Ziya Öniş, "Review: The Logic of the Developmental State," *Comparative Politics* 24, no. 1 (1991): 109–26.

a small group to continue to serve as the dominant force within Kazakhstani politics (in the interest of keeping Russia and China at ease and overseeing the loosening of elite controls over the political system). But it would be best to entrust power to a party with some governing experience rather than a single person. In Kazakhstan, only Nur Otan fits this bill.<sup>26</sup> Historically, certain countries undergoing economic modernization have fared well on account of the guidance of political parties that were able to channel increased levels of citizen participation into politics. Yet parties must anticipate and adapt to societal changes in order to retain their overall effectiveness.<sup>27</sup>

Kazakhstan should also embrace certain aspects of the modernization model by introducing its citizens to Western educational practices, experimenting with new technologies, and encouraging urban migration around the country. In addition, to increase the chances of success for the modernization campaign, Nur Otan should advise the government to relax media controls, solicit honest and constructive advice from local NGOs on proposed policies, and take a firm stance against corruption. Doing so could help attract young, Western-oriented Kazakhstanis with advanced critical and analytical skills to pursue a career in politics. It would also be beneficial to permit factions to arise within Nur Otan, given that modernization will foster a multiplicity of interests as ordinary citizens become more involved in politics.<sup>28</sup> In the future, Nur Otan may splinter into two or more competing parties on account of the proliferation of varied societal interests. In the short term, this sounds politically risky from an authoritarian's perspective. Yet the splitting apart of the dominant party in the years to come would promote democratic goals in the long run by enhancing the likelihood that a more pluralistic political system comes into existence. In this sense, those political actors who shepherd Kazakhstan's modernization campaign along need to understand that although they sit atop the helm of authority now, they will gradually need to be bounded by institutions as society grows more complex.<sup>29</sup>

Taken together, the West could advise Kazakhstan to gradually move away from personality-based rule by developing competitive political parties, empowering local civil-society groups, and endorsing the entry of talented

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<sup>26</sup> Sullivan, "State-Building in the Steppe," 276–77.

<sup>27</sup> Samuel P. Huntington, "Political Development and Political Decay," *World Politics* 17, no. 3 (1965): 386–430; and Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).

<sup>28</sup> Charles J. Sullivan, "The Stakes in the Steppe: Contemporary Challenges in Kazakhstan," in "Sourcebook of the International Scientific-Practical Conference '25th Anniversary of Independence of Kazakhstan: Prosperous Country, Successful State,'" 2016, 38–39.

<sup>29</sup> Sullivan, "State-Building in the Steppe," 280.

young Kazakhstanis into the power structure. This could all be done under the banner of blending certain aspects of the two aforementioned models of political development.

Granted, it will be difficult to modernize the economy during a prolonged financial crisis. The United States and the European Union are not likely to suspend sanctions against Russia for annexing Crimea, and the price of oil is not on the verge of a major comeback. Moreover, as long as Nazarbayev retains near-total political control, it is doubtful that Nur Otan will find the leadership needed to initiate the dismantling of the personalist system. If Kazakhstan does not pursue a political liberalization agenda, then its modernization campaign will likely fall flat. In this scenario, Kazakhstan's ruling elite will still undoubtedly herald the 100 Concrete Steps as a success or draw up yet another development plan. A great deal of political capital has been invested in this endeavor, so it must succeed. But the West can separate political talk from action, and Western interests in Kazakhstani affairs will then likely dissipate. Overall, such a development would be most unfortunate for Kazakhstan for two reasons. First, since multivectorism is predicated on the country's perpetual balancing of competing great-power interests, sustained Western interest is crucial to the policy's long-term durability. In other words, if the West withdraws, then Astana will have to constantly fend off domination by Russia and China. Second, although China seeks to invest heavily in Central Asia's future via the Belt and Road Initiative, Beijing lacks the finances to realize all of its proposed infrastructure projects.<sup>30</sup> As long as Washington harbors deep suspicions about China's regional intentions, the United States is not likely to contribute much.<sup>31</sup> Kazakhstan desperately needs foreign investment, and Western money will not flow if investors sense that the modernization campaign lacks substance.

As such, Kazakhstan finds itself at a crossroads. Modernization has been declared the way forward, but this route arguably necessitates dispersing and institutionalizing power to enhance the prospects for diversifying the economy, courting foreign (and specifically Western) investment, and keeping the West interested in regional developments. Conversely, failing to disperse and institutionalize power could cause the modernization campaign to stall and trigger a further downgrading of Western interests in Central Asia. In summary, a quick glance at Kazakhstan's plan for a third modernization reveals that Astana is not infatuated with the idea of restructuring its political system.

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<sup>30</sup> Christopher Balding, "Can China Afford Its Belt and Road?" Bloomberg, May 16, 2017.

<sup>31</sup> Gal Luft, "China's Infrastructure Play," *Foreign Affairs*, September/October 2016, 70–75.



But it is highly doubtful that Kazakhstan can construct a dynamic and diversified economy if political liberalization measures are ignored. The most important point for Western states is that they do not have much to lose by calling for the government to undergo political liberalization, especially if they are calling for reforms that complement the economic modernization process. Kazakhstan could reap great economic benefits from the West if political reforms are instituted.

## CONCLUSION

By failing to prioritize political reform for a generation, Kazakhstan's rulers seemingly do not know how or do not wish to disperse and institutionalize power within their system of governance. As previously stated, it is important for the country (in its quest to fulfill the 100 Concrete Steps plan and realize the objectives laid out in the Kazakhstan 2050 strategy) to professionalize its bureaucracy, revamp its legal system, and build a more diverse economy. In the hopes of hitting these targets, the government could carry out reforms designed to lessen the concentration of political power held by the Ak Orda and encourage civil society to become more proactive in terms of analyzing and critiquing policies.<sup>32</sup> However, reforms along these lines may be construed as dangerous by some because they create winners and losers and alter the status quo. Kazakhstan's powerbrokers may thus prefer to talk endlessly about the need for reforms but do nothing of substance that would actually tip the domestic balance of power toward change. Should this prove to be the case, a caretaker can be expected to replace Nazarbayev as the next head of state.

If Kazakhstan merely wishes to project a veneer of reform by applying cosmetic changes to its system of governance, then there is no reason for Western states to become more involved in its affairs at this time. To be certain, they will maintain economic and political ties with the country and continue to cooperate on addressing regional security threats. But that will be the extent of their engagement if Astana does not commit to revising the inner workings of its political system. However, if Kazakhstan genuinely seeks to reform (presumably by combining elements from the modernization and developmental state models), then Western governments could assist by advising Astana on finding suitable ways to disperse power, enhance political accountability, strengthen governing institutions, and improve

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<sup>32</sup> Sullivan, "State-Building in the Steppe," 280.

communication with citizens. Reforms need not be introduced rapidly, but delaying tactics and excuses should cease. In particular, the West should pay close attention if Astana shows that it is willing to hold relatively competitive elections, establish fixed term limits for official posts, empower local civil-society groups, and encourage young, Western-oriented Kazakhstanis to enter into the existing power structure in the near future.

Central Asia holds significant economic potential, as evidenced by Russian, Chinese, and U.S. attempts to develop competing regional initiatives. The political potential of regional states, however, is lacking. Soviet-era legacies, coupled with contemporary geopolitical pressures, continue to shape how political power is exercised and contested across the region today. Kazakhstan could set the stage for an era of economic dynamism in Central Asia by restructuring its political system. Yet before any reforms can be undertaken, the country's elite need a plan of action regarding how to go about modernizing their system of governance, while the West needs to figure out whether Kazakhstan is serious about changing its brand of politics. ♦

## BOOK REVIEW ROUNDTABLE

Frédéric Grare's

*India Turns East:*

*International Engagement and U.S.-China Rivalry*

New York: Oxford University Press, 2017

ISBN: 978-0-1908-5933-6 (cloth)



*Aparna Pande*

*Sunil Dasgupta*

*Deepa M. Ollapally*

*Andrew Small*

*Frédéric Grare*

## The Elephant Looks around the Dragon

*Aparna Pande*

The belief in India as an Asian leader and a model for other countries in the region has been deeply ingrained in Indian thinking for centuries. The 1947 Asian Relations Conference and the 1955 Afro-Asian Conference in Bandung—which served as the launching pad for the Non-Aligned Movement—advanced India’s aspiration to emerge as the leader of formerly colonized nations. That hope, however, was never fulfilled. Instead, India remained bogged down in South Asian politics and security challenges, first from Pakistan and later from China. Slow economic growth also impeded India’s efforts to play a greater role on the world stage and resulted in an inward orientation for more than four decades. In the early 1990s, the end of the Cold War triggered both domestic and international changes, compelling New Delhi to implement economic reforms and rebuild relations with countries in Southeast and East Asia.

India’s antagonistic relationship with China has always framed both its perception of East Asia and how countries in the region view India. As India opened its economy, it sought economic partners, partly to offset the impact of growing Chinese economic and military prowess. Countries in East Asia turned to India as they looked for options beyond China. As India deepened ties with the primary military and economic power in the Asia-Pacific, the United States, it became easier to forge closer ties with countries that were U.S. allies.

While the initial pillar of the Look East policy was economic, over the last three decades India’s relations with Southeast and East Asia have acquired strategic and military dimensions as well. Moreover, most countries in Asia are beginning to consider China an economic and military great power that seeks to undermine the international liberal order established by the United States and its allies at the end of World War II. Washington and its allies see India as a like-minded democratic, free-market society that will help uphold this rules-based order. The 2015 U.S.-India Joint Strategic Vision on the need for a free and peaceful Indo-Pacific and India’s participation in the Quadrilateral Security Dialogue—a strategic grouping of Australia, India, Japan, and the United States—reflect this view.

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Frédéric Grare's new book *India Turns East: International Engagement and U.S.-China Rivalry* helps us understand how India views its relations with Southeast and East Asia and the role that the United States and China play in New Delhi's worldview. The book analyzes India's compulsions, desires, and challenges and provides many fresh insights. Though he is sympathetic to the Indian perspective, Grare maintains objectivity in this tour de force.

*India Turns East* is divided into four parts, with each part seeking to understand one dimension of the Look East policy. The first part of the book deals with the drivers of the policy, primarily India's relations with China and the United States. Starting with a short history of India's relationship with China, the focus of the chapter is on recent changes in Chinese policy after President Xi Jinping came to power. As Grare rightly notes, China remains "India's main security challenge today" (p. 30). New Delhi's "security concerns with China derive primarily from 'Chinese efforts to establish and expand political and security relations with the countries of the South Asia-Indian Ocean region' which India feels compelled to counter" (p. 30). Many Indian strategists argue that if New Delhi moves closer to the United States and provokes China in the South China Sea, Beijing will retaliate along the land border. Grare disagrees with this view and argues instead that "the most likely trigger for a maritime conflict between the two nations would result from a security dilemma arising from Chinese naval deployment in the Indian Ocean and the Bay of Bengal to protect Beijing's commodity supplies" (p. 34).

In the last few years, China has repeatedly made it clear that it does not accept Indian predominance in the Indian Ocean, and Chinese naval ships and even submarines have docked at ports belonging to India's neighbors (Pakistan, Sri Lanka, and Maldives). As Grare notes, India "is not without assets" in the region and "commands enduring advantages in the nearby seas. It knows the physical and cultural terrain much better than China does and enjoys a much larger and stronger presence in the theatre" (p. 35). India's strategic geopolitical location and partnerships with Indian Ocean island nations (especially Mauritius and Seychelles) ensure that its "capacity to employ access denial capabilities can curb and even prevent Chinese inroads into the Indian Ocean" (p. 35).

The next chapter provides an in-depth overview of India's relations with the United States. While U.S. and Indian interests have increasingly converged on most regional issues, there are, as Grare observes, differences in how the two countries deal with China. New Delhi agrees with

Washington on the issue—Beijing’s growing assertiveness—but it differs on the prescription. Sharing a land and sea border with China makes India more exposed to an attack, and this threat, combined with the asymmetry in military power, means that New Delhi is cautious.

In this context, Grare outlines three schools of thought in India on U.S.-India relations: those who see the U.S. rebalance to Asia as an opportunity for India to finally align with the United States, those who still remain skeptical and do not want India to become a U.S. pawn, and finally those who see current benefit to aligning with the United States but want to preserve India’s strategic autonomy.

For now, Washington agrees that “a strong but autonomous India contributes to the U.S.’s interests in the region” (p. 48), and that the United States will help in India’s military modernization without seeking a reciprocal Indian commitment. However, in the words of Grare, “these bilateral trends underpin a complex situation in which mistrust in India and frustrations in the U.S. coexist with sustained progress in the relationship” (p. 48).

The second part of the book examines India’s relations in Southeast Asia, with a special emphasis on Myanmar. Grare provides a detailed explanation of the Look East policy, the domestic and international compulsions that led India to adopt this policy, and how it has evolved over the years. Grare argues that the policy’s threefold objectives were to build institutional links with the members of the Association of Southeast Asian Nations (ASEAN), deepen bilateral ties with each country, and create a place for India in Southeast Asia to prevent the region from falling under the sway of one power, namely China.

Grare also argues that Indian skepticism about U.S. policy toward China and the fear that the United States may accept China as another superpower—the “G-2 syndrome”—have also played into New Delhi’s decision to seek closer ties with Asian countries so as to have partners that balance the rise of China. He explains: “A consensus-based regime has been assumed by India to constitute its best protection against any regional hegemonic aspiration by China or any other power” (p. 48).


In the third part of his book, Grare examines India’s relations with two U.S. allies, Japan and Australia. Regarding India’s relationship with Australia, he argues that after decades of operating in “separate strategic spheres,” there has been growing overlap between the strategic and economic spheres of both countries in the last ten years (p. 115). What prevents closer ties is how each country views the other—to Australia,

India is still a developing nation that has problems with its neighbors, has not really modernized its military, and does not have sea-denial capabilities in its own region. India “does not view Australia as a potential security provider” and is skeptical of whether Australia would jeopardize its close economic relationship with China (p. 131). According to Grare, India and Japan have more in common, as their relationship appears to offer benefits to each country. India needs Japanese investment and technology to build its economy and make itself more attractive to foreign companies, while Japan needs India as a hedge to protect itself against the rise of China and the uncertainties of U.S. policy (p. 138).

The fourth and last part of the book examines the limitations of the Look East policy and assesses the future of the India-U.S. relationship in this context. It argues that the inbuilt limitations to India’s “capacity to buy political influence...in Asia” (p. 161) are a direct product of the economic strategy the country chose in the 1990s. This strategy, Grare argues, “failed to address regional integration as sufficiently as China’s strategy” (p. 161).

The Look East policy began as an attempt to re-establish links with Asian countries and deal with the economic consequences of the collapse of the Soviet Union, which left India without a superpower ally. In need of major reforms and massive investment, India decided to literally “look east,” beyond its South Asian neighborhood, to that part of Asia where there was economic growth and integration. This policy toward Asia has also been aimed at preventing “the rise of a regional hegemon”—i.e., China (p. 184). It has as one of its goals the desire to “set limits on China’s influence in the region” and “balance” China’s economic and political power (pp. 1–2).

The importance of India’s relations with its Southeast Asian neighbors was recently on full display when all ten leaders of ASEAN were present as guests of honor at India’s celebration of its 69th Republic Day on January 26, 2018. Some may see this as New Delhi sending Beijing a message that India has allies and partners. There are others, however, like Grare, who argue that the desire to maintain strategic autonomy and the vast gap between India’s and China’s military and economic power will make India reluctant to provoke China beyond a certain point.

In summary, in this impressive book Grare offers insight into why the Indian elephant might not confront the Chinese dragon, and why it might instead be content with befriending China’s East Asian neighbors for strategic and economic advantage. 

## The Promise and Limits of Structural Explanations of Foreign Policy

*Sunil Dasgupta*

After the collapse of the Soviet Union cut India's strategic moorings in 1991, New Delhi looked for new anchors for its foreign policy. It found great success in the West, with its rapprochement with the United States and its accommodation into the international nuclear regime, but India's engagement of other Asian states—called the Look East policy—has seen mixed results. Frédéric Grare's new book, *India Turns East: International Engagement and U.S.-China Rivalry*, offers a framework in which the mixed results of the Look East policy are explained by the larger structural conditions of U.S. and Chinese power in the region.

Grare documents the vast efforts of the Indian government and its national security leaders to build the Look East policy into a strategic lever against China. He argues that India and China have been engaged in a long struggle over the leadership of Asia going back to Mao and Nehru, even fighting a war in 1962. In the 1990s, Indian leaders recognized that China's rapid economic progress was going to heighten the military threat and open the possibility of Chinese hegemony in Asia. India had originally embarked on the Look East policy to attract foreign investment from Asian states that were by then already on their way to prosperity. Motivated by the rise of China, this effort "grew rapidly into a comprehensive strategy with political and military dimensions concerning the entire Asia-Pacific region" (p. 1).

Through case studies of India's efforts vis-à-vis the Association of Southeast Asian Nations (ASEAN), Myanmar, Japan, and Australia, Grare shows the promise and evolution of these relationships. But the book is most compelling when it discusses the limits that have circumscribed these ties. In particular, India has been outmatched by China and has failed to effectively coordinate its efforts with the United States. Similarly, Grare examines thematic cases of Sino-Indian competition in Asian trade and economics and within regional organizations where China is a looming presence. Chapter 5 of the book demonstrates that even a country like Australia, so firmly in the Western camp, has an ambivalent relationship with India because of the appeal of China's power and market. Consequently, Grare

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portrays the outcome of the Look East policy as epiphenomenal of the dynamics of the relationship between United States, China, and India.

Driven by its rivalry with China, India looked to the United States for help. U.S. political leaders who had begun to worry more about China themselves responded with vigor, transforming the U.S.-India relationship. India's Look East policy was similar to the U.S. pivot and rebalance in Asia. Despite the success of U.S.-India bilateral relations, however, Grare finds that the differences in the interests and capabilities of the two countries have hobbled their coordination in Asia. Countries in East and Southeast Asia, for example, recognize the difference in relative capabilities and thus prefer to work directly with the United States rather than work through India. India's Look East diplomacy has led the country to join regional organizations, but it has not become a net provider of security in the region. Although Grare's argument that closer coordination between India and the United States might have helped is true, the conclusion is that structural conditions proved hard to surmount.

The triangular relationship between the United States, China, and third states or regions has been the primary manner in which structuralists have seen different parts of the world for the last two decades. Those who study the foreign policies of African states see a similar U.S.-China dynamic playing out across that continent. European leaders who at one time saw in China a balance to U.S. power now fear U.S. withdrawal. Japan and India have wanted to become closer, yet the full promise of that relationship remains unrealized as the United States, China, and Japan sort out their own triangular relationship.

This structural view of the world is popular but also contested. There is a long tradition of scholars who have highlighted the domestic, ideational, and cultural roots of foreign policy.<sup>1</sup> Alexander Wendt's case for looking at the social makeup of international relations—called constructivism—has posed a powerful challenge to structuralists; Indian foreign policy has been explained by domestic variables as well.<sup>2</sup>

Grare has chosen his side in the debate, but the logic of structuralism is not always clear. As it happens, China is India's fastest-growing major trade partner. Although India has a negative trade balance with China, so do

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<sup>1</sup> See, for example, Richard Rosecrance and Arthur A. Stein, eds., *The Domestic Bases of Grand Strategy* (Ithaca: Cornell University Press, 1993).

<sup>2</sup> Alexander Wendt, "Anarchy Is What States Make of It: The Social Construction of Power Politics," *International Organization* 46, no. 2. (1992): 391–425; and Stephen P. Cohen and Sunil Dasgupta, *Arming without Aiming: India's Military Modernization* (Washington, D.C.: Brookings Institution Press, 2010).

many other major powers. Even as Indian national security strategists have fretted over the rising Chinese threat, Indian businesses have embraced the explosive potential of bilateral trade between the two countries.

Contrary to Grare's hostile triangle thesis, Teresita Schaffer, a former U.S. diplomat, once described the United States, China, and India as a "virtuous cycle," where efforts by one country to close the gap with a second led the third to want to move closer.<sup>3</sup> While the circumstances of that description have changed now, all the actors in *India Turns East* still appear to be pursuing economic engagement alongside incipient measures of military containment.

India's hedging on China is more than matched by other Asian states. South Korea and Japan need China more than ever on the North Korea issue, even if a breakthrough somehow occurs in 2018. In Southeast Asia, few states, if any, want to be forced to choose between China and the United States, let alone between China and India. A choice might become inevitable, but not without a breakdown in the region's economic ties with China, which would be catastrophic for the world economy.

Grare writes that it was India's relative weakness at the end of the Cold War—not its strength—that led Southeast Asian states in particular to want to cooperate with New Delhi, reassured that India would not be a threat. As China has become stronger since then, the logic of cooperation with India has only strengthened. In the terminology of alliance politics, India is the natural balancing partner for other Asian states; however, China is equally the natural bandwagoning partner. We do not know which side will prevail, or in the case of an economic breakdown, whether the cause will be China's rise or U.S. protectionism. Under the Trump administration, the United States appears to be taking a diminished view of Asia's place in U.S. foreign policy, offering up the prospect that Asian states might choose to bandwagon with China rather than balance alongside India.

Perhaps most important is that for the Look East policy to fulfill its promise, India needs to step up to become a provider of security in the region, which means accepting the political and economic costs of maintaining a forward naval presence and aggravating an arms race with China. While Indian defense spending is growing, Chinese military expenditure remains far greater. Furthermore, China might choose to respond to India's advancing presence in East and Southeast Asia by

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<sup>3</sup> Teresita C. Schaffer, "Building a New Partnership with India," *Washington Quarterly* 25, no. 2 (2002): 41.

expanding its own already strong ties with Pakistan. Grare's book skirts past the problem of Pakistan in India's foreign policy, and specifically in its rivalry with China. This is especially puzzling in a structuralist approach, which normally emphasizes immediate military threats over longer-term challenges. If anything, China has sought to contain India via its relationship with Pakistan and so the omission is striking.

Grare states that India has been unwilling to take on the extra burdens of a more robust security policy, with attendant complaints of "Indian passivity" from its Asian partners (p. 216). Furthermore, rather than following through on the implications of his structural argument to conclude that India will be forced to change its position, he makes the case for the United States helping "India be India" (p. 217). For India to become a true balancer of China in Asia, the United States and India need to coordinate their policies and other Asian states must ask India to become a security partner. Yet it seems that the linchpin is still the ideational, domestic, and cultural character of Indian foreign policy. The book begins by placing Indian foreign policy within its structural context, but ends with international structural conditions made subject to a constructivist project, highlighting the limits of structural conditions in explaining foreign policy. ♦

## How Does India's Look East Policy Look after 25 Years?

*Deepa M. Ollapally*

The long arc of India's Look East policy has coincided with dramatic economic and strategic power shifts in Asia. Introduced in 1991 at the end of the Cold War, Look East is no longer just a policy instrument constructed to lift the country out of an immediate foreign and economic crisis. India's re-engagement eastward initially was focused on developing trade and investment opportunities and finding new strategic partners in Southeast Asia, but it has evolved into a multilayered approach that now reaches all the way to Australia. The Look East policy today is also intertwined with the big ideas of the United States on Asia—the concept of the Indo-Pacific and the erstwhile rebalance strategy to counter the rise of China.

There is a high degree of strategic uncertainty in Asia, ranging from concerns about U.S. alliance commitments and the nature of China's ambitions to questions about what countries like India and Vietnam are willing to contribute to making sure that the regional order does not become fully China-centric. The environment is further complicated by the reality that most regional states cannot resist economic interdependence with China at the same time that they want strategic interdependence with the United States. Although none of them want to see a direct conflict between the United States and China, many do want the United States to assert its dominance. This has given rise over the last decade to some form of hedging or soft balancing against China by key regional states.

India has been no exception, but for it the contradictions have become sharper than for others. On the one hand, India has no ally in the traditional sense. It has a near obsession with "strategic autonomy" and is the only regional actor that can envision itself as a peer-competitor of China in the future. On the other hand, China's recent assertiveness in India's neighborhood, especially the Indian Ocean, is coming well before India can effectively narrow the considerable economic and military power gap between the two countries. India's Look East policy might then seem like a logical, multifaceted organizing principle to meet what appears to be a growing Chinese threat without tipping the balance decisively

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toward conflict. But then, are we asking too much of Look East (or the Act East policy, in its new avatar) and overestimating what the policy can realistically deliver?

Given the enormous uncertainty and ongoing power shifts in Asia, it takes someone with intimate knowledge of India and international security to successfully chart the long course of the Look East policy in a way that explains how it interacts with both regional actors and the United States and affects regional security dynamics and architecture. Frédéric Grare's new book, *India Turns East: International Engagement and U.S.-China Rivalry*, provides a comprehensive and insightful account of the Look East saga and what the policy can and cannot be expected to do for India as well as its partners. His main focus is on the India-U.S.-China triangle and whether the Look East policy can be an effective instrument to address Indian concerns about China. Other important considerations are how congruent Indian and U.S. objectives are and to what extent the Look East policy and rebalance strategy are complementary. The book is thoroughly researched and carefully argued, giving alternative explanations a good sounding along the way.

The timing of the book is somewhat unfortunate, given that the Trump administration has now put the rebalance in abeyance, if not jettisoned it altogether. The new National Security Strategy announced in December 2017 presents an Asia policy that is clearly more militarily edged than the rebalance. The changes in the U.S. political circumstances could call into question some of Grare's findings and recommendations. To his credit however, the book's most important recommendations remain quite pertinent, even if made more demanding under President Donald Trump. Grare rightly warns against the United States "overmilitarizing" its relations with India for a variety of reasons. This is an excellent recommendation that should hold even as the National Security Strategy essentially concludes that China is already a "revisionist" power seeking to "project power worldwide" and calls on India to be a "stronger strategic and defense partner" for the United States.

Grare's conclusion is sound because he understands the mixed history of the U.S.-India relationship so well. While Washington's sharper characterization of China is no doubt welcome to India, it is equally true that New Delhi remains loathe to join any open containment of China with the United States and its treaty allies. This long-standing reluctance on India's part is a structural (and I would add ideational) limitation to U.S.-India defense ties. Grare offers a compelling discussion on how the structural

impediment plays out between the U.S. rebalance and the Look East Policy. He correctly notes that the latter “is an attempt to neutralize China by inserting India into a web of relationships while hyphenating its own strategic interests to those of the United States without ever losing its autonomy” (p. 201). Without a direct military conflict between India and China, which Grare and most observers find unlikely in the short term, India’s attachment to strategic autonomy and aversion to alliances will not change.

We can surmise that although the new National Security Strategy strongly implies that the United States will now seek to actively contain a revisionist China (rather than counter and manage an assertive China, as the Obama administration’s rebalance strategy sought to do), India would still prefer to neutralize China rather than try to contain its rival. This is because India wants to leverage the U.S. relationship against an increasingly assertive China, but at the same it is keenly aware of the need to avert any overt conflict with its much more powerful neighbor, especially one stimulated by a Sino-U.S. confrontation. The latter outcome could lead to a permanent Sino-Indian rupture, seriously complicating India’s security calculus and potentially derailing the country’s economic growth.

In Grare’s telling, the Look East policy has created a web of relationships for India that keeps expanding and multiplying. He describes the policy as having sprung from a combination of economic and strategic imperatives, along with a desire to reclaim India’s lost status in Asia during the Cold War years. One gets the impression from the focus of the subsequent discussion that Grare gives much greater weight to the strategic, which can be challenged. India’s security and military ties with Southeast Asia remain undeveloped and rhetorical. For example, despite efforts, India’s arms exports to the region are almost zero.

Over several chapters, Grare offers an extensive discussion of India’s relations with each country that falls into the Look East ambit in Southeast Asia and East Asia. The list is exhaustive and detailed (leading to exhausting reading at times) and includes assessments of India’s lesser studied relationships with countries like Myanmar, Indonesia, Thailand, and Australia. The book’s best analysis, however, is of the India-U.S.-China triangle. Grare displays a fine-tuned understanding of the strategic mindsets of India and the United States and of how China figures into their bilateral relationship. He is correct to point out that it is at the multilateral level where we find some of the biggest differences between India and the United States, as well as the biggest commonalities between India and China.

Another triangle growing in importance and deserving of greater attention is the India-U.S.-Japan relationship, which can also demonstrate the resilience of the Look East policy, especially on the India-Japan leg. This is because the strategic and economic aspects of the policy come together so well in their bilateral diplomacy, epitomized by the Asia-Africa Growth Corridor. This initiative not only stands as a soft strategic parallel to China's Belt and Road Initiative but also could serve India's and the Indian Ocean littoral states' critical need for infrastructure connectivity and integration into regional and global supply chains.

The longevity of the Look East Policy, adopted by both the Congress Party and Bharatiya Janata Party, is itself a testimony to its utility for Indian policymakers. It could be argued that Look East is an especially useful discursive foreign policy tool—an idea that does not figure much in Grare's analysis. As for one of his central questions about how effective the policy will be as a complement to U.S. strategic interests, Grare argues that its success will ultimately depend on how quickly India is able to reform economically and institutionally to make itself more attractive as a partner to the United States.

It is indeed welcome to see that Grare ultimately circles back to the economics of the Look East policy in his conclusion, despite seeming to privilege the strategic drivers in much of his earlier discussion. One could make a strong argument that the leading edge of India's strategic orientation eastward continues to be economics, even under Prime Minister Narendra Modi, who has put forward a more forceful vision for India to meet the growing China threat. The fact is that becoming a developed country remains India's foremost ambition, strategic flux or not. This will require deft balancing to take advantage of the benefits of the U.S. security partnership without incurring unacceptable costs of conflict with China triggered by that same partnership, which could knock India off its upward trajectory. In *India Turns East*, Grare offers a masterful exposition of this critical triangle and India's dilemma. ♦

## Fair Winds, Heavy Burdens: The Limitations of India's Turn East

Andrew Small

Where many authors set out to magnify the importance of their subject matter, Frédéric Grare's *India Turns East: International Engagement and U.S.-China Rivalry* aims to define its limits. The book is a comprehensive look at the confluence of factors that have both driven and constrained India's efforts to regain its historic status as a player on the wider Asian strategic stage. It traces the shift from India as a "politically suspect, economically unimportant, and, at times, even militarily threatening" (p. 181) power in Southeast Asia, skeptical of ASEAN, aligned with the Soviet Union, and distant from the United States and its allies, to the current "unprecedented degree of goodwill [India] is receiving" (p. 215). Yet perhaps the book's central concern is that India risks failing to capitalize on this shift. Grare is a natural skeptic, and much of the book's value comes from his digging beneath the surface of supposed diplomatic and economic breakthroughs to find the persistent divergences in strategic outlook, the failures of execution, and the structural issues that still prevent India's Act East policy from achieving as much as the benign conditions for it merit.

*India Turns East* was largely written before the ascendancy of Donald Trump, but developments over the last year have amplified rather than undermined the book's principal claims. Grare's overarching contention is that while regional anxieties about China's rise have provided the crucial impetus for India's burgeoning relationships, New Delhi's countervailing efforts fall far short of the stakes, both militarily and economically.

On the security front, this is partly attributed to India's caution. Grare cites Japanese officers complaining that "it is almost impossible to plan for any meaningful naval exercise with their Indian counterparts since they refuse to consider any scenario that appears confrontational towards China" (p. 147). The criticism only partly holds true. The intensification of Sino-Indian competition in the last couple of years has already resulted in some of that caution being cast off. More importantly, as Grare notes earlier in the text, it has been New Delhi's deftness in navigating relations with Beijing that has made it possible for many Asian states to deepen ties with India without facing a zero-sum political choice. A sharp acceleration in

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the competitive dynamics between Beijing and New Delhi will make India a more attractive partner to some, but most states in the Asia-Pacific are still trying to navigate a healthy relationship with all the region's major powers. If that proves impossible, ties with India will more often than not be the ones that suffer. In that sense, New Delhi's current efforts to reach a revised *modus vivendi* with Beijing in the aftermath of the Doklam standoff are also a way to ensure that India's influence in East Asia can continue to grow unimpeded. Given the limitations of India's current capacity to project power in the Asia-Pacific, gaining real leverage over China through an expanded security role is still a long-term goal. In the short term, India remains "unlikely to solve the challenges presented by Beijing to China's other neighbors" (p. 205) and is focused on fending off the growing Chinese strategic presence in its traditional sphere of influence in South Asia.

The principal thrust of Grare's critique, however, is directed at the economic underpinning of the Act East policy. Some of the obstacles that India faces are the residue of older strategic choices. After the war with China on the two states' border in 1962, India's leadership "deliberately decided not to develop the region in order to better ensure its defense against Chinese penetration," meaning that "until recently, the Indian northeast has been more a buffer zone...than a gateway" (p. 92), all the more so given the insurgencies that have racked the region. This at least is in the process of being remedied, with the Modi government making even more significant efforts than its predecessors to place the northeast at the heart of regional connectivity initiatives. India has also acknowledged and sought to address the problematic reputation of Indian companies for being "slow in implementing their projects" (p. 101), which continues to dog New Delhi's attempts to pitch an attractive alternative to China's Belt and Road Initiative.

Yet the more important problems run deeper. Grare contends that "the primary hurdle India is faced with...is the structure of its own economy" (p. 101). While its "size and potential" continue to make India an attractive partner, China has emerged as "the pivot of the Asian export platform," whereas India's manufacturing sector "has not integrated with Asian production networks" (p. 171). While New Delhi's criticism of Chinese debt traps and opaque contracts may be well-founded, China's deep economic integration in the region primarily reflects the fundamentals of its reform process rather than a strategic gambit. When the book was written, the Trans-Pacific Partnership (TPP) at least provided a source of external pressure on India in this regard: in the absence of further reform

and opening, India risked being left out of the advanced, high-standard economic club that the United States and Japan were building. With the U.S. withdrawal from the pact last year, the perceived costs of Indian inertia in trade policy are less acute, even though it arguably acts as a greater drag on India's strategic position in Asia than any other single factor.

Another theme that runs through the book is that while a stronger U.S.-India relationship may once have helped deepen India's relationships in the Asia-Pacific—not least with U.S. allies from which it was estranged—anxieties about the United States' future role in the region are now doing as much to push countries toward New Delhi. This is a question of U.S. resolve rather than capabilities: “The United States is viewed with increasing concern due more to uncertainties regarding its resolve and commitments to its existing alliances than any fear over its premature power decline” (p. 85). To say that these concerns have grown since November 2016 would be a considerable understatement. This leaves India in an advantageous position. The Trump administration has privileged and deepened its relationship with New Delhi. Despite occasional moments of presidential oddity over Harley Davidsons, Afghanistan, and climate finance, India has been one of the few areas of foreign policy on which there is genuine consensus across the administration. But India has also been a beneficiary of the uncertainty facing U.S. allies who are dealing with an assertive Beijing and a highly unpredictable Washington. If a long-standing concern on New Delhi's part was that an excessively enthusiastic Act East policy may appear to be taking place at the United States' behest, now there is a queue of manifestly eager partners desperately looking for additional sources of long-term stability in the region. A vivid manifestation of this was India's *coup de theatre* in having the ten ASEAN heads of state and government attend its Republic Day celebrations in January.

But by far the most important regional ally for India's turn east is Japan. The book's skeptical analysis again gives some reason to pause, as it notes the “sharp contrast between the excellence of the political relationship, the broad political consensus in Japan about the strategic importance of India, and the actual substance of the relationship” (p. 146). Yet this is one instance where developments in the last couple of years feel as if they have outpaced Grare's measured take. As strategic economic issues in the region loom larger—with the Belt and Road Initiative consuming ever more oxygen—the Indo-Japanese partnership has become one of the few effective counterpoints to China's efforts, setting the pace for other powers' responses rather than lagging behind them. Japan also provides a

lesson: in light of the unique strategic threat posed by China's rise, Prime Minister Shinzo Abe has made difficult, and at times unpopular, domestic political choices to ensure that Japan is in a position to meet this challenge. This has included overcoming decades of protectionist policies to agree to both the TPP and a free trade agreement with the European Union—the trade architecture that provides the best promise of an alternative to Chinese rules and standards. Could India do likewise and position itself at the heart of a deeper, higher-standard economic integration in the region? Grare's excellent book provides both the reasons to hope so and the reasons to fear that the answer is "no." ♦

## Author's Response: From Isolation to Loneliness?

*Frédéric Grare*

India's foreign policy has experienced dramatic changes in the last three decades. As underlined by Aparna Pande, "the importance of India's relations with its Southeast Asian neighbors was recently on full display when all ten leaders of ASEAN were present as guests of honor at India's celebration of its 69th Republic Day on January 26, 2018." This would have been unthinkable 25 years ago. At the end of the Cold War, India was an isolated country in Asia. It no longer is. Yet reversing the trend of isolation took more than a patient rapprochement effort with each and every Asian country. The process followed an economic and strategic rationale that evolved over time under the dual influence of India's own economic development and the gradual shift in the Asian balance of power to favor China, compelling India to look beyond the confines of its traditional economic policy and diplomacy. The formulation of the Look East policy was a complex process with multiple phases, which is reflected in the variety of perceptions found in the reviewers' comments.

Sunil Dasgupta believes that the underlying argument of *India Turns East: International Engagement and U.S.-China Rivalry* is that India's Asia policy is epiphenomenal of the triangular ties between India, China, and the United States. This interpretation calls for a nuanced answer. In my view, India's Asia policy has a dynamic of its own. The policy does make economic sense, irrespective of its strategic dimension. However, as the U.S.-China rivalry in Asia grows, the triangular relationship is indeed taking on a greater relative importance in the shaping of large parts of India's Asia policy to the point of challenging some of the assumptions on which the strategic and institutional dimensions of the policy are based. The growing polarization of the Association of Southeast Asian Nations and the challenge to ASEAN centrality, understood as a consensus-based decision-making process, is such an example. Yet the India-China-U.S. triangle does not turn these dimensions into epiphenomena. Large parts of the policy—notably, its entire economic dimension—have never been dependent on such considerations, even though they do have an impact on

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the triangular relationship through affecting India's capacity to increase its military might and political influence.

Seen from that angle, the question of whether India should become a net security provider is much less relevant than the issue of India's capacity to become one. The latter is a different and much more dynamic argument, related not only to India's capacity to conduct reforms but also the pace at which it could do so. This question cannot be easily answered in a fast-evolving environment in which the sustainability of the current economic, political, and even military trajectories, including China's, can also be questioned.

Indeed, as rightly observed by Deepa Ollapally, "India would still prefer to neutralize China rather than try to contain its rival." The focus of the book is primarily on the strategic domain rather than economics and politics. But the tension between these three realms is in fact at the core of not just the relationship between India and the United States but also the never-ending redefinition of India's own hierarchy of priorities. Strategic considerations and concerns about the well-being of the population are in constant competition under the influence of an ever-changing international environment.

The history of India's Asia policy over the past 25 years reflects this dialectic between domestic and international concerns. When in 1992 the Narasima Rao government launched the Look East policy, the objective was to reform an economy, the insufficiencies of which had been made unsustainable by the collapse of the Soviet Union—a strategic earthquake of sorts. All of a sudden, India stopped benefiting from the preferential trade terms it had established with the Eastern bloc while also facing the economic shock generated by the 1991 Gulf War. From 1992 to 2003, New Delhi's focus was on economics. Improving India's trade and attracting FDI from capital-rich regional economies became the primary objective of Indian diplomacy in Asia. It was not until 2003 that the scope of this approach was geographically and thematically expanded to the Asia-Pacific and security issues. This reorientation of the Look East policy resulted from the need to take into account the strategic consequences of India's economic performance.

In 2011, in the context of the U.S. rebalance to Asia, the policy assumed a new strategic significance when then secretary of state Hillary Clinton

called on India “not just to look East, but to engage and act East as well.”<sup>1</sup> As soon as he was elected in May 2014, Prime Minister Narendra Modi changed the name of the policy from Look East to Act East to convey the sense of a new voluntarism, without changing either the objectives or the framework of the policy. Indeed, if India needed to grow closer to the United States and its Asian partners, it still intended to do so on its own terms. To accomplish this, India had to focus on further reforming its economy—no longer only as a way to promote the economic survival and well-being of its citizens but also to support its strategic efforts. The domestic impediments to faster economic growth once again became the primary concern. Like all foreign policies, the Look East policy starts and finishes at home.

Andrew Small, therefore, rightly asserts that the book’s main criticism of the Look East policy is focused on the economic underpinning. India inherited its economic architecture from the Cold War. The country has since then tried to reform, but has so far been unable to close the gap with China and is unlikely to do so soon, unless China’s own economy were to experience a dramatic downturn. This is in itself important, but the argument is perhaps as much about managing expectations as about criticizing India’s economic inefficiencies.

Development is an incremental—and often slow—process in democratic countries, which are by definition bound to take their population’s concerns into account. The issue of connectivity, underlined in the context of India’s relations with Myanmar, illustrates the argument for incrementalism. Despite the occasional dysfunctionalities of Indian state-owned companies in Myanmar, the overall Indian strategy to penetrate the country’s economy is perfectly rational. But this strategy will take time to mature in a country where the economic space is already occupied by India’s rival, China, as well as by India’s partners, in particular Japan and the United States. Similarly, the model of economic reform chosen by India has so far resulted in much less integration into the regional economy than China has accomplished, but this approach was primarily aimed at meeting the needs of the Indian population. As debatable as this choice may be over the longer term, it has weighed heavily on India’s decisions regarding its economic policy.

India’s economic choices are reflected in both its diplomacy and strategic orientations. Its preference for membership in inclusive organizations as well as for consensus-based regimes reflects a willingness to manage China

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<sup>1</sup> Hillary Rodham Clinton, “Remarks on India and the United States: A Vision for the 21st Century” (speech, Chennai, July 20, 2011) ~ <https://2009-2017.state.gov/secretary/20092013clinton/rm/2011/07/168840.htm>.

collectively in a nonconfrontational manner, while in its spectacular, yet cautious, rapprochement with the United States, New Delhi has always made sure that it would not be pushed into an unwanted confrontation with Beijing. Indian decision-makers have fared quite well at this so far and in the process have contributed to the stability of Asia and diminished the United States' burden. It is, therefore, in the U.S. interest for India's asymmetry with China to remain at a manageable level. Hence, the United States needs to "help India be India": to assist India in exercising a role commensurate with its potential without imposing on the country models of development and strategic considerations that its economy, history, and geography make politically unacceptable and strategically absurd.

However, India, like the rest of the world, has entered a new era. All the reviews have in common the regret, implicit or explicit, that the period considered by the book stops in November 2016, just before Donald Trump was elected. Since then, they argue, India's relationships with its Asian partners, as well as with the United States, have intensified and have generally been marked by less hesitancy. After Trump's election, Prime Minister Modi did indeed seek a closer rapprochement with the United States while at the same time conducting a very proactive policy of engagement with the rest of Asia, including China. On the U.S. side, nobody in the Trump administration questions the value of the relationship with India, and there even appears to be a strong degree of continuity with the Obama administration. But the intensification of India's engagement with the rest of Asia tells us that New Delhi is seeking more than just continuity. This is of course the consequence of China's assertiveness in Asia—and more specifically in South Asia and the entire Indian Ocean region. But it also indicates growing Indian anxiety regarding the U.S. commitment to the security of Asia.

Therefore, any attempt by India to become closer to the United States must be accompanied by a parallel attempt to engage in closer cooperation with other Asian partners. In fact, this cooperation is now consubstantial with the rapprochement with the United States, almost reversing the dynamic that prevailed in the early 1990s when the rapprochement with the United States *de facto* conditioned cooperation with other Asian partners. The more India shows its willingness to share the burden of regional security, the more likely it is to convince the United States of its strategic worth and the easier cooperation will be. More than ever, India is "looking east to look west."

There is, moreover, a qualitative change in the relations between the United States and India under Trump. As rightly observed by Small, Trump's refusal to ratify the Trans-Pacific Partnership diminished pressure on India to reform. But the net result for India is increased isolation in its dealings with the United States. The Trump administration is trying to conduct its foreign policy—in Asia and elsewhere—as a series of bilateral relationships in which the vast asymmetry of power in the United States' favor will allow it to prevail. Interestingly, Trump's foreign policy follows the pattern of behavior that has characterized for decades the foreign policy of hegemonic yet insecure regional powers, be it India or China. For India, this increases the cost of the U.S. partnership for no additional security guarantees. The irony of the bilateral relationship under Trump is that the apparent strategic convergence between the two countries hardly hides their growing trust deficit. ♦







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*Asia Policy* is abstracted and indexed in Scopus, the International Political Science Abstracts, and the Bibliography of Asia Studies. *Asia Policy* is distributed by the National Bureau of Asian Research (NBR) and is available through Project MUSE at the Johns Hopkins University Press, EBSCOhost, JSTOR, and ProQuest.

*Asia Policy* is published by NBR, in partnership with the College of Asia and the Pacific at the Australian National University, the Center for Energy Governance and Security at Hanyang University, and the S. Rajaratnam School of International Studies at Nanyang Technological University.

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*Asia Policy* is published quarterly in January, April, July, and October. Yearly subscription rates within North America are \$120 for individuals and \$480 for institutions. Yearly subscription rates outside North America are \$250 for individuals and \$610 for institutions.

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