



# Power and Choice: Asian Security Futures

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## Executive summary

Asia is in flux owing to the region's changing distribution of power. However, as the region's longstanding security order potentially gives way in the coming years and decades, the kind of arrangements that are likely to emerge in its place remain unknown, and to some extent unknowable. At the same time, the shift of world economic and strategic weight to Asia means that the global strategic order will be increasingly shaped in Asia by Asian powers. The strategic future of Asia has never mattered more to the world - yet nor has it ever been less clear.

This paper sets the scene for forthcoming publications under the Lowy Institute's Asia Security Project, part of the MacArthur Foundation Asia Security Initiative. It outlines four regional security futures, the strategic dynamics and political choices that could give rise to each of them, and their implications for the region's bilateral and multilateral security architecture. It then examines four plausible 'shocks' – strategic events which might dramatically tip the region's future in one direction or another – and concludes with a discussion of the need for realistic confidence-building measures to help mitigate the most serious risks of disruptive change. The paper's approach is based on the assumption that power distributions determine strategic orders, which in turn shape the region's structures, processes and institutions.

### Future 1: US primacy

Despite its current woes, the United States today remains paramount in Asia, and the world, according to virtually all material indices of power. The US economy is three times the size of China's in market exchange rate terms, while its defence expenditure, though supporting a global force posture, exceeds the combined defence spending of the next 34 countries (many of which are themselves US allies). The US dollar continues to serve as the global reserve currency and America's armaments, high-technology exports and tertiary education system – key ingredients in its dominance – remain second to none.

The global shift of power to Asia is driven by the rise of China, the only potential rival to US regional and global primacy. In response, the United States is shifting – and will continue to shift – more and more focus to its relative position in Asia. Fortunately for the United States, concerns over the rise of China are making US allies and even former adversaries in the region more interested in deepening their strategic engagement with the United States. In this status quo future, US-centred bilateral and minilateral relations will continue to be the most important institutional pillars of the regional security order.



## Future 2: An Asian balance of power

In Future 2, Asia's security order is no longer shaped predominantly by the choices and preferences of the United States. Rather, order arises as the unintended result of intense competition among the region's major powers, particularly the United States, China, Japan and India. A balance of power denotes a competitive equilibrium as each state aims to maximise its own power and align itself strategically to prevent any other state from attaining dominance.

A balance of power differs profoundly from US primacy, but the transition from one to the other can be subtle – and in some respects may already be under way. Beijing's military modernisation aims to impose sharp limits on America's ability to project military power in China's Western Pacific approaches and is an obvious manifestation of Asia's new balancing dynamics. Japan and India, in turn, are adjusting their foreign and security policies to balance China's growing power. Indonesia, Russia, Vietnam and a potentially unified Korea could also play roles in Asia's emerging balance of power. While the United States does not retain primacy in this future, it will remain the most powerful actor in the region for the foreseeable future. Stable nuclear deterrence, strategic transparency, continued economic integration, confidence-building measures, and an awareness of the costs of conflict will be important elements in managing this more competitive, less stable future.

## Future 3: An Asian concert of powers

A concert of powers is a complex arrangement with similarities to the balance of power but key differences as well. Unlike a balance of power, which aims to preclude a single state from attaining dominance, a concert's primary objective is to prevent hegemonic war. Order would arise on the basis of a shared agreement among the United States, China, Japan, India, Russia and potentially a unified Korea to subordinate national ambitions – including the instinct to press every advantage – to that objective.

Although high levels of self-restraint and consultation would be needed to sustain this order – for example, to insulate major power relations from crises involving smaller states – a concert of powers should not be confused with other modes of regional cooperation. It need not be a formal multilateral institution or an Asia-Pacific or East Asian 'community' – and in some cases, given its exclusive nature, may be diametrically opposed. Indeed, middle powers such as Australia, Indonesia and South Korea may well be concerned about their exclusion. Nor would a concert signify an end to rivalry or competition. In a region like Asia, well known for its historic rivalries, territorial disputes and uneven rates of economic growth,

a concert may well prove too susceptible to shifts in power, or manipulation by one state, to act as a sustainable basis for regional stability.

## Future 4: Chinese primacy

Like every great power, China has good reasons to want primacy in its region. Such a position would allow it to establish an otherwise unattainable level of security, prosperity and prestige – salient concerns for a country with China’s painful memories. While many people view China today as an essentially satisfied great power, one thriving in the shadows of US primacy, there is nothing inconsistent about a long-term aspiration to primacy and China’s present cautious foreign and strategic policies – which allow it quietly to maximise its power without confrontation.

The question of whether China could realistically expect to attain primacy is another matter. A China that remains enmeshed with the global economy has the *potential* to generate more economic and military power than any great power in history. But Beijing is also coming of age in heavy strategic traffic. The United States has a long record of thwarting hegemonic challengers, on occasion accepting massive costs and risks to do so. Nor would Japan, Russia or India be likely to greet a Chinese bid for primacy with equanimity. Finally, China faces a range of serious domestic challenges which could complicate its continued rise. Few questions are as critical to Asia’s future as the way in which China manages the tension between its desire for primacy on the one hand, and the potentially insurmountable obstacles it faces on the other.

This is the most speculative future considered. Indeed, it is hard to see how Chinese primacy could arise without being preceded by either a long era of multipolarity – for example, through a balance or concert of powers, in which China could gradually amass its capabilities – or a sudden and rapid disintegration of the prevailing order, brought on by a shock, or shocks, to the region and its strategic order.

## Shocks

The penultimate chapter discusses four potential strategic shocks, each of which could play a large part in determining which of these futures eventuates and how.

*US strategic retrenchment* would undercut continued American primacy in Asia while bolstering the likelihood of the other three potential orders eventuating.

*A Chinese legitimacy crisis* would clearly undercut the likelihood of Chinese regional primacy but could strengthen the movement towards a concert of powers in Asia.



*A significant disruption to the region's energy supply from the Middle East* could potentially engender cooperation in a concert style arrangement, but would be more likely to deepen strategic competition in Asia over energy supplies, accelerating the emergence of a competitive balance of power.

*Regime collapse in North Korea* could produce a concert of powers order along the lines of the Six-Party Talks, or spark an intense strategic rivalry, potentially leading to major power war.

## Conclusions

- Given the geopolitical flux in Asia, prudent regional governments will eschew foreign and defence policies that assume just one trajectory for the strategic environment. Small and middle powers are especially vulnerable, since the decisions by major powers that could change the region's future will ultimately be beyond other countries' control.
- The distribution of power will rest heavily on economic trajectories, especially those of the United States and China (which cannot be taken for granted in either case). But power will depend also on how states translate wealth into capability, and the extent to which they develop and demonstrate political willingness to employ it in pursuit of their interests.
- States in Asia will not allow multilateral bodies to manage their core security interests. Pre-existing forums and habits of dialogue among the major powers may help them manage crises when shocks occur. But the creation of some elegant, overarching regional organisation will be no substitute for relations of trust and transparency among powerful states.
- Two types of decisions or choices by major powers will be crucial to the region's future. The first are long-term preparatory or shaping decisions: judgments about how to respond to, anticipate or direct emerging trends in the strategic environment. These could determine the conditions under which leaders need to make the second kind of decisions: rapid choices during crises.
- Different-sized powers will face different kinds of key decisions. Small and medium powers would be well advised to consider hedging, in more than one way: being prepared for the possibility of more than one kind of future; and being prepared to balance against dangerous changes in the distribution of power, whether through internal balancing (strengthening their own military capabilities) or the external balancing of strengthening and forming alliances and partnerships.

- Each major power will face a specific set of dilemmas. For the United States, this will involve the question of at what cost it is willing to retain primacy in Asia. For China, the question will be whether it is willing to settle for something much less than primacy, or whether it sees such arrangements as a concert or balance as steps on the way to that objective. Japan faces questions about its willingness to attempt dramatic changes to resist decline; India about whether it intends to compete with China, about how strategically engaged in East Asia it seeks to become, and about the extent to which these goals entail closer strategic alignment with the United States.
- In many cases, the seemingly suboptimal choice from a national interest point of view may be the best for region-wide stability, but there is no guarantee such opportunities for enlightened self-interest will be recognised or seized.
- Unpredictable changes in domestic politics – especially in major powers such as Japan – can have profound international consequences, adding another element of uncertainty.
- As China’s wealth, power and confidence grow, uncertainty about its future capabilities and intentions is becoming shared by many other states.
- Strategic uncertainty cannot be eliminated, but it can be reduced through powerful states taking steps to make transparent their capabilities, intentions and expectations of others.
- Seemingly minor steps, like military confidence-building measures and bilateral security dialogues, could help in this regard. At the very least they could slow or reduce tensions when shocks occur, and they might even avert crises, regardless of which path the region’s future takes.



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Of course, all judgements reflect the views of the authors, and any shortcomings are ours and ours alone.

## Introduction

Power is shifting in Asia, with potentially deep implications for regional and global security.<sup>1</sup> Depending on the choices made by governments in response to their emerging circumstances, and in particular on the way the major powers adjust their relations as power is redistributed among them, the regional security environment could, over the coming years and decades, undergo a more far-ranging and consequential upheaval than any time since the 1940s.

The Lowy Institute’s Asia Security Project, part of the MacArthur Foundation’s Asia Security Initiative, aims to identify ways to minimise risks of conflict among major powers as the region goes through this time of uncertainty. The project charts the limits of cooperation among key states, identifies ways to expand cooperation to those limits, and crafts practical recommendations for confidence-building measures to minimise risks of competition leading to war. These directions of enquiry will be pursued across the dimensions of military competition (conventional, nuclear, cyber and space), maritime security, energy security and regional architecture, taking account of such influences as territorial disputes, nationalism and globalisation.

This paper is intended to help frame the wider project by mapping four possible security futures for the region, examining how some plausible shocks or discontinuities might serve as pivot points towards one type of future or another, and underlining the need to embark on realistic cooperation and confidence-building measures ahead of disruptive change.

## Regional and global order

For decades now, Asia’s security has been characterised by a high level of stability among powerful states. Order and stability have arisen in large part from asymmetries in power, with the United States ensuring its primacy through its bilateral alliance system and commitment to forward defence, and other powers accommodating themselves to the hierarchy. Washington has reinforced this arrangement through the provision of ‘public goods’ – regional stability, secure sea lanes, stable energy supplies, an open trading system, and access to US markets. By creating an order conducive to the interests of all major powers, the United States has aimed to make its primacy more acceptable, less threatening and hence less likely to induce the kind of balancing typically associated with such a skewed distribution of power.

This regional order was shaped largely by the global one, and in particular by the position of regional countries in the Cold War order, which depended on their relations with the two rival superpowers. The United States cultivated its network

***“In the Asian Century, global security will increasingly depend on whether Asia’s powers can maintain stable security relations.”***

of alliances in the Western Pacific as a bulwark against communist expansion, while US-China strategic relations tightened as the opportunities posed by Sino-Soviet rivalry became apparent. Post-colonial Southeast Asia's most destructive war, in Vietnam, was in part a Cold War proxy conflict as was Northeast Asia's most destructive post Pacific War conflict, the Korean War, whose legacy continues in the division of the Korean Peninsula.

Yet now, with global wealth and power shifting to Asia, the relationship between the global and Asian security orders is reversing. In this so-called Asian Century, global security will increasingly depend on whether Asia's powers can maintain stable security relations. Some fundamental questions arise about the connection between regional and global security orders. In particular, can the United States retain primacy globally if it loses that status in Asia? Can China meaningfully gain primacy in Asia if the United States still remains the most powerful state in a globalised world? How might an Asian balance or concert of powers relate to the global order? There are no easy answers to these questions. But the tensions they raise will inform much of the analysis that follows.

## Primacy under challenge

***“...both economically and militarily, Asia's power transition portends a new security order in which American dominance could be less pronounced and more contested.”***

What is clear is that the current trends of shifting power to and in Asia pose a challenge to the economic and strategic foundations of American primacy in the region. While the United States is likely to remain the most powerful regional actor for many years to come, both economically and militarily, Asia's power transition portends a new security order – one potentially shaped to a far greater extent by the countries of Asia itself – in which American dominance could be less pronounced and more contested.

In the absence of war or acute security competition, it has become tempting to conceive of peace and economic dynamism as immutable features of Asia's strategic environment. Yet these exist largely as a by-product of US primacy, and the strategically predictable environment that America's preponderant power has underpinned. Alternative security orders are possible, and in none of them can peace and stability be taken for granted, since the region's power transitions continue to unfold against the backdrop of divergent national interests, historical mistrust, signs of increasingly strident nationalism, unresolved territorial disputes, the proliferation of game-changing military technologies, and growing competition for energy and resources.

China is a decisive participant in most of these uncertainties, from the South China Sea to maritime disputes with Japan and from border differences and potential maritime competition with India to the unresolved problems over the Taiwan Strait and on the Korean Peninsula.

At the same time, there is a need to take into account countervailing factors, notably the impact of globalisation and regional economic integration, a commitment among many actors to democratic values, efforts to build regional security architecture, and the potentially unifying impact of common dangers – such as terrorism, climate change and resource shocks. As the scenarios and discontinuities explored in this publication illustrate, the region’s security future is by no means predetermined solely by power relations, even though the distribution of power will largely shape the limits of possible cooperation.

This paper is not intended mainly as an explanation of the present order. It looks ahead. But nor does it claim to predict the future. Rather, the aim is to explore four plausible security orders that could define Asia’s strategic environment in the next 10 to 30 years, the strategic dynamics that could give rise to them, and the implications of each of these alternative futures for regional security cooperation and institution-building.

## Power and choice

The current paper – as with other publications in the project – takes the distribution of power among states as the starting-point of its analysis.<sup>2</sup> Power, here, is understood crudely as the extent to which a state can affect others more than they can affect it.<sup>3</sup> Such comprehensive national power comprises both the material (including human) resources of a nation and the extent to which this is translated into military and diplomatic leverage.<sup>4</sup> We acknowledge that there are difficulties in measuring power. Even seemingly unambiguous measures such as GDP, defence spending or the size of nuclear arsenals do not provide a full explanation of one country’s ability to exert its will. But meaningful attempts can be made to assess relative power. Some countries are more capable than others of wielding influence over others, and some more capable than others of resisting unwelcome influence.<sup>5</sup>

This paper, and the wider project, also concerns itself with the concepts of major powers and primacy. Like power itself, there is no straightforward measure of what constitutes a major power or the existence of primacy. But we would contend that relative judgments about both are necessary and possible. Not all major powers in a strategic system need have parity, nor is there some rigid threshold of, say, GDP, defence spending or population that indicates a nation’s arrival at great power status. But major powers differ from lesser powers by an order of magnitude, and especially by their capacity to exert influence.

We have chosen the term primacy to mean the same essentially as what scholars often refer to as hegemony. A state in possession of primacy is a system’s dominant

player, and in more than one way: it has military power no other state wishes to challenge; economic weight to support that military power, and to shape the international economic order; a degree of consent or acquiescence from other major players; and willingness to use these attributes to maintain the hierarchic system it leads. None of this means that a state with primacy will be able to control every outcome, set every rule, or even win every contest. But it will be far more capable of prevailing, far more often, than any other state, so is unlikely to be challenged – until power shifts.<sup>6</sup>

Power, major powers, and primacy are central to our analysis. But this does not mean that the strategic future will be determined by clinical power relativities alone, somehow beyond human agency. Choices matter too. The decisions of leaders can be of critical importance to strategic outcomes, especially in the ways the major powers respond to shocks. The realities of power relations set the boundaries of the security order, the forms and limits of cooperation, and the potential for conflict. But in the final analysis they do not alone determine the strategic future: the other ingredient is the actions of governments which, though often the consequence of rational strategic calculations, can also reflect human frailties and the difficulty of making decisions with imperfect information.

This paper is explanatory, not normative – it aims to explore the ways Asia’s security environment could change without offering overly specific recommendations about strategies and policies that should be adopted. The question of what is desirable (as opposed to what is feasible) clearly varies from state to state. The authors of this paper are Australian, and naturally bring Australian perspectives to bear on their analysis, but our focus here is primarily on regional stability rather than the preferences of any particular country. After all, one of the central challenges for the Lowy Institute’s Asia Security Project is to address the tension between what may be good for regional stability and what particular countries may perceive to be in their immediate national interests.

That said, this paper has some basic policy messages. By offering insights into Asia’s various possible futures, the aim is to encourage regional analysts, policymakers and opinion-shapers to reflect on the path their country is choosing, and to consider implications and alternatives that might better accord with regional stability and the preservation of peace. And, since the future is so uncertain, it is imperative that more be done to expand cooperation to its realistic limits while embedding confidence-building measures that could reduce the probability that any given crisis will lead to confrontation and to conflict.

The alternative futures depicted in this paper are models. Each makes an implicit claim about the way power and choice could shape Asia’s strategic arrangements.

Of course, it may turn out that, in reality, one set of forces affects Asia's security order to such an extent that one particular future emerges without the others ever eventuating. However, it is more conceivable that Asia's strategic future will be something of a hybrid. Indeed, it may well be that each future emerges then recedes in succession, or that a more fluid or composite order arises, which incorporates elements of each model in this paper. In this regard, our four futures may be imagined as the corners of a square, with the reality of Asia's strategic future lying somewhere in between.

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## Four futures

We examine four possible futures, with varying degrees of likelihood and discontinuity with the present. Broadly speaking, we judge the second of our four scenarios – a regional balance of power – as the most likely to emerge in the next 15 to 20 years, with continued US primacy the most likely to define the regional order up to that point. A regional concert of powers is a more remote prospect, as is Chinese primacy (which, if it does arise, will likely appear first in continental Southeast Asia, and in Asia as a whole only over a longer time-frame). The key point, however, is that all the scenarios are plausible and possible, and that certain strategic shocks and political decisions could potentially alter their likelihood.

Chapter 1 explores the durability of American primacy. Highlighting the fact that the United States remains the dominant strategic actor in Asia by all material indicators, that US primacy continues to be exercised in a generally cooperative and consultative manner, and that China's rise may be producing dynamics that reinforce rather than undermine American dominance, the chapter cautions against accepting the increasingly conventional expectation that US primacy in Asia is necessarily in terminal decline.

Chapter 2 depicts a regional order in transition, away from the comfortable familiarity of US primacy towards a more competitive and unpredictable balance of powers. It portrays a region in which uneven rates of economic growth produce a more diffuse distribution of power, leading to renewed diplomatic and military alignments among Asia's major powers aimed in particular at ensuring that no single regional power – namely China – can dominate. In this world, self-interest would be deployed to check self-interest, ambition to check ambition.<sup>7</sup>

Chapter 3, more hopefully, contends that this transition may lead to a systematically cooperative arrangement, a concert of powers in Asia, in which the region's major powers set aside a degree of narrow self-interest to avoid the dangers of intense competition and major war, and agree, however implicitly, to jointly manage the region's most critical strategic affairs. A key distinguishing feature of this would



be an understanding among great powers to quarantine their relations against crises involving smaller countries.

Chapter 4 is the most speculative. It looks at a future security order where China resumes its long-lost position as the paramount regional power.<sup>8</sup> It argues that while China does aspire to primacy in Asia, its capacity to forge and sustain a hegemonic order is likely to be circumscribed by factors outside Beijing's control. The conditions under which China might arrive at primacy are therefore limited and unlikely to eventuate without being preceded by another security future: a balance or concert, or both.

Each of the first four chapters includes a discussion of how the scenario in question might affect the regional security architecture of Asia, comprised of an overlapping web of bilateral strategic relationships and formal multilateral institutions. This points to what will be a constant question in the Lowy Institute Asia Security Project: critically appraising whether or how such architecture can address the region's most fundamental security dangers.

## Strategic shocks

The final chapter discusses four potential strategic shocks, each of which could play a large part in determining which regional order might eventuate.<sup>9</sup> It is worth noting that these are plausible shocks, the potential contours of which are already apparent; they are not wildcards, the sort of strategic surprises that by definition cannot be foreseen. While the four shocks we consider have every chance of being game-changers, we do not suggest they are the only such possible disruptions. Many other events or combinations of events are possible. This reinforces the message that continuity cannot be taken for granted, and hence the need for confidence-building measures to help insulate the region against crisis turning into conflict.

The four shocks we consider are: US strategic retrenchment, for example following a severe and sustained American economic slowdown; a Chinese legitimacy crisis; a significant disruption to the region's energy supply from the Middle East; and regime collapse in North Korea. The first two discontinuities would make some scenarios much more likely than others. For instance, rapid American economic decline would increase prospects for Chinese primacy; it would hardly pave the way to sustained US regional hegemony. But none of the shocks would lead irrevocably to one scenario or another. Underlying conditions – such as the degree of pre-existing cooperation or mistrust – as well as political choices will have major roles in determining how each shock might reorient the future. And the possibility that one shock might interact with another adds another twist of uncertainty.



This paper, the second major publication in the Lowy Institute's Asia Security Project, sets the scene for a series of more targeted publications. These will examine arenas of potential competition in Asia – such as maritime, nuclear, space, cyber, energy security and diplomatic architecture itself – to identify practical pathways to confidence-building and the avoidance of conflict.



## Chapter 1

### American primacy

Today, in 2010, it is widely held that the United States is the predominant security player in Asia. Yet, there is also a growing consensus – including in some quarters in America – that US primacy is already in terminal decline. Today, the orthodox question about US strategic primacy in Asia is when, not if, it will end. The global financial crisis and its aftermath have simply increased the number and volume of those voicing this conventional wisdom.

The logic goes that as China rises in most facets of national power, the United States' relative power will naturally decline, and over time even US alliance partners in Asia will seek to become more autonomous from the United States and develop strong ties across the board with China. This logic has been applied to portray the Roh Moo-hyun regime in South Korea – before it was replaced by a pro-alliance conservative administration under Lee Myung-bak;<sup>10</sup> to the latest Australian defence white paper, despite its ambiguous judgements on the prospective endurance of US primacy;<sup>11</sup> and to the campaign rhetoric of Japan's new Prime Minister, Yukio Hatoyama, and the early days of his administration.<sup>12</sup>

This chapter goes against that grain and argues that US strategic primacy in Asia will continue for the next two to three decades at least. Not only that, but the changing interests of the major powers in Asia outside China and the changing way the United States maintains its primacy will actually strengthen the political and diplomatic foundations of this status quo. A dramatic diminution of American power, whether through retrenchment or the rise of competitors, has long been a nightmare among many of Asia's security thinkers, and especially for US allies who, faced with a choice, may well prefer to assume greater alliance burdens than to see the wholesale erosion of America's position in Asia. US strategic primacy has underpinned the security of the sea lines of communication the region depends on for trade and energy, while extended nuclear deterrence has eased the proliferation pressures on allies and partners and the threats posed to them by Chinese, Russian and now North Korean nuclear capability.

### The three overshoots

Attempts to gauge change to American strategic primacy face three particular problems.

- There is a tendency to crudely equate a country's total GDP with its government's purported strategic weight and influence in the world. Yet, clearly, Moscow wields much more strategic weight than Rome despite Italy's 2008 GDP being 1.7 times larger. Even greater distortions arise when relative GDP sizes are measured by Purchasing Power Parity (PPP). Thailand's GDP by this measure is roughly equal to Saudi Arabia's, yet Saudi Arabia's strategic importance and diplomatic influence are clearly much greater.<sup>13</sup>
- An indicator of American soft power is how domestic, often partisan, debates over its position in the world are transferred and amplified globally. At the beginning of the George W. Bush era, the discussion was of the United States as a hyper-power. Less than a decade later, it is of supposedly terminal decline. Each of the last four decades has witnessed a period of declinist soul-searching in the United States focused on its fiscal problems, dysfunctional political system, cultural decline and overseas commitments.<sup>14</sup> Yet, over this period, the United States' share of the global economy has remained basically the same.
- Today, many groups – those concerned with an increasingly gridlocked political system, American liberals disillusioned with the interventionist policies associated with the Bush era (2000 – 2008), American realists concerned with America's place in the balance of power, and scholars and policymakers outside the United States frustrated by the contradictions of US primacy – contribute to the present declinist narrative for very different reasons.<sup>15</sup> Liberals focus on the supposed surrendering of strategic influence by the United States over the last decade, while realists focus on the rise of China and the return to a more anarchic, and for them natural, interstate system.<sup>16</sup>

***“Not only is the American economy by far the largest in aggregate, it is particularly dominant in areas with strategic significance.”***

Four features of Asia's present strategic situation combine to suggest that American strategic primacy will continue for the next two to three decades at least.

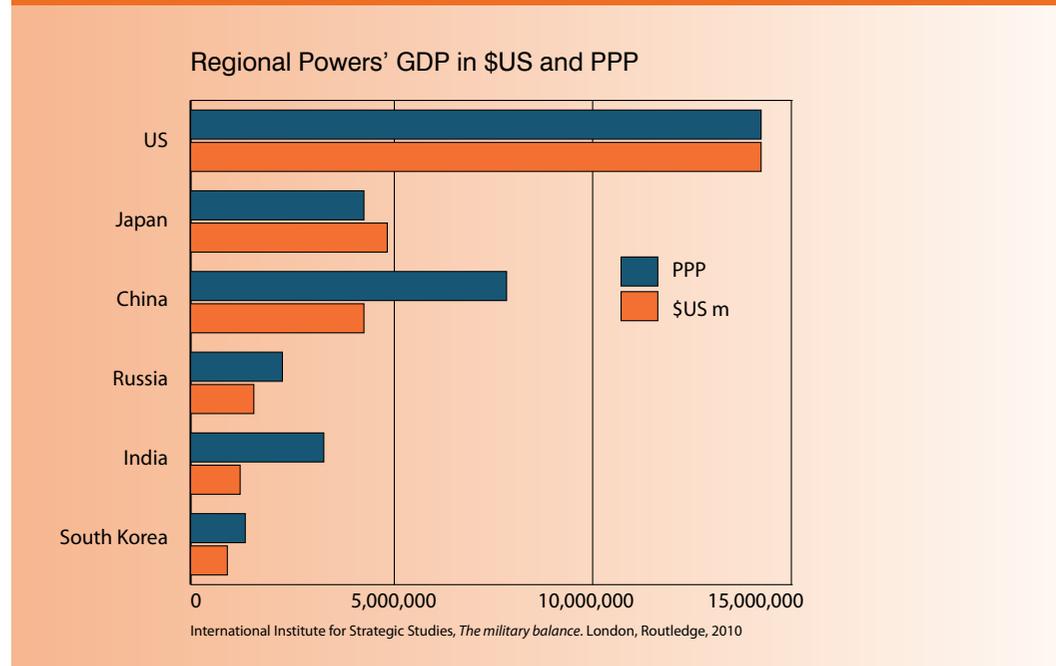
## US strategic power globally

According to IMF estimates, in 2009 the US economy was the largest in the world and three times larger on market exchange rate terms than China's. Not only is the American economy by far the largest in aggregate, it is particularly dominant in economic areas with strategic significance.

As the People's Bank of China, the Bank of Japan and the European Central Bank among many others well know, the greenback is still the only global reserve



Figure 1: Regional Powers' GDP, market exchange rate and PPP comparison



currency. Ironically, the role of the American dollar actually increased in East Asia after the Asian financial crisis, with China and its massive foreign exchange reserves being a major contributor to this.

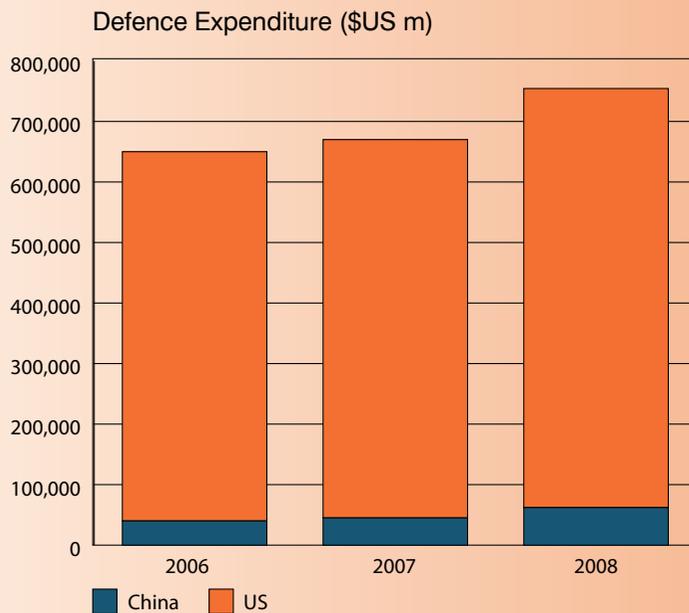
Aided by the global supremacy of the US dollar, American investment banks still dominate global financial markets. In the first half of 2009, the top four and five advisors globally for mergers and acquisitions by transaction size were American investment banks. No East Asian bank made the top ten. When it came to imputed fees earned worldwide from completed mergers and acquisitions, the top three and five earners were again American investment banks.<sup>17</sup>

Third, the United States is the paramount global power intellectually. It can still attract more of the globally mobile intellectual elite than any other country, including its earlier would-be Asian competitor, Japan, and its present-day one, China. When it comes to ranking countries by academic citations or the quality of their leading universities, the United States again reigns supreme, and on a scale that is much larger than its share of the global economy.<sup>18</sup> According to the International Organisation for Migration, the United States hosts the largest number of immigrants at 42.8 million (Russia is next with 12.8 million). By contrast, China is the world's largest source of migrants with an estimated diaspora of 35 million (followed by India with 20 million).

Finally, the United States has an unparalleled position in the global arms market, particularly in relation to the kind of high-end, force-projection capabilities it seeks to deny China. According to the Congressional Research Service, in 2008 the United States sold 68.4 per cent in value terms of all arms sold and publicly reported globally. Italy came next at 6.8 per cent. For sales to the developing world, the United States accounted for 70.1 per cent of sales. Russia was a very distant second at 7.8 per cent.<sup>19</sup>

American dominance in the global arms market stems directly from another important feature of American strategic primacy, its unparalleled defence budget and doctrinal focus on forward defence globally. According to the Stockholm International Peace Research Institute (SIPRI), in 2007 the United States alone accounted for 45 per cent of total estimated defence spending, over nine times as much as China, which was estimated as the third-largest spender.<sup>20</sup> According to SIPRI's conservative estimate, in purchasing power parity terms, China moves up to second at roughly one quarter the total budget of the United States. The Pentagon and the International Institute of Strategic Studies estimate that Chinese defence spending is significantly higher.<sup>21</sup>

Figure 2: US and China Defence Expenditure Comparison



International Institute for Strategic Studies, *The military balance*. London, Routledge, 2010

The United States is the only country with a globally based forward defence posture. China's greatest security risks and hence its defence posture are much more limited in geographic scope. It has no overseas bases and the party-controlled People's



Liberation Army, as suggested by its very name, has traditionally been dominated by its army component that boasts the largest ground force in the world.<sup>22</sup>

## American strategic interest in Asia

All of these measures are global, not regional, in nature, and the United States is the only major power with a truly global set of security interests and instruments. It is a familiar refrain among American Asia watchers and Asian America watchers that the United States does not pay enough attention to Asia.<sup>23</sup> This sense of being ignored and of potential abandonment is not new. Many in the region feared (while in other cases some hoped) that the winding down of the Cold War would lead the US to withdraw, or at least ratchet down, its strategic commitment.<sup>24</sup>

The opposite has happened. The US strategic commitment to the region has been consolidated and its long-term challenge of dealing with a strengthening and more outward-looking China has increased.<sup>25</sup> The combination of structural challenges posed by the rise of China, Islamist terrorism and North Korea's nuclear ambitions have all concentrated US strategic thinking on Asia. Secretary of Defense Robert Gates noted this in his speech at the 2008 Shangri-La Dialogue in Singapore: "For those who worry that Iraq and Afghanistan have distracted the United States from Asia and developments in the region, I would counter that we have never been more engaged with more countries." Later in this same presentation, Secretary Gates noted "America plays many roles in Asia: as an ally, partner, and friend; as a routine offshore presence; as a resident power; and as an agent of professionalism."<sup>26</sup>

The clearest sign of this commitment has been the steady strengthening and post-Cold War diversification of the US alliance relationships in East Asia. In 1989, Japan, Australia and South Korea were designated as major non-NATO allies along with Israel and Egypt. The US-Japan alliance was renewed and reoriented in 1996 away from the territorial defence of Japan towards a regionally oriented one that included for the first time direct reference to the Taiwan Strait problem. In 1999, eight years after the US military bases closed in the Philippines, Manila and Washington signed the Visiting Forces Agreement. After the terrorist attacks of 11 September 2001, American security engagement with and in the Philippines increased sharply. By 2003, Thailand and the Philippines joined the other three US alliance partners in the region as major non-NATO alliance partners.

Over the last decade the United States' security relationships with non-alliance partners in Asia have flourished. In 1998, Singapore announced that the new Changi Naval Base, which includes a pier constructed to be able to service aircraft carriers, would be made available to the US Navy, the only naval force in the region with a serviceable carrier capability. Quickly after the fallout from the independence of

East Timor in 1999 and the shock of September 11, Indonesia and the United States, the second and third largest democracies in the world, focused on strengthening their strained security relations. On 19 September 2001, the two sides held the first United States-Indonesia Security Dialogue. In 2005, the United States readmitted Indonesia to the International Military Education and Training programs. This was followed up by readmission to the Foreign Military Financing program and the lifting of restrictions on exports of defensive articles to Indonesia. And in 2010, President Obama is widely anticipated to outline a new comprehensive partnership with Indonesia, with both economic and security dimensions.

The United States has even developed new cooperative security relations with a former Cold War enemy, Vietnam, and with once Soviet-leaning India. Both of course are also neighbours of China with relatively recent memories of its aggression. In the case of Vietnam, only eight years after normal diplomatic relations were established in 1995, US warships began annual port visits. In 2008, Vietnam hosted its first bilateral strategic dialogue with the United States.<sup>27</sup>

In the case of India, security cooperation has gone even further. In 1998, in the same year as India's last nuclear tests, the two governments launched a strategic dialogue. Since then the security and larger strategic relationship between the world's two largest democracies has blossomed. In 2005, the US State Department announced that the United States would "help India become a major world power in the [twenty first] century."<sup>28</sup> The best example of this American commitment was the bipartisan support for the ratification of the US-India civil nuclear agreement in 2008. The US Senate voted for agreement by 86 to 13 and the House of Representatives by 298 to 117. Washington also used its significant diplomatic weight to ensure that the Nuclear Suppliers Group also supported the deal.

## Enhanced bilateralism

The nature of the United States' engagement with its security allies and partners in Asia is changing. Traditionally, the United States has been viewed as a bilateralist great power in the region, focused on its five (of seven globally) regional alliances and actively dissuading regional security institution-building.<sup>29</sup> With the end of the Cold War and growing Asian efforts at community-building, Washington's attitude has moderated.<sup>30</sup>

The United States hosted the first APEC leaders' meeting in 1993 and joined the ASEAN Regional Forum in 1994, and has remained supportive of these organisations despite their lack of deliverables. The United States has been one of the strongest proponents of APEC playing a more direct role in regional security. China, given Taiwan's APEC membership, has resisted. Secretary of State Clinton's

recent signing of the ASEAN Treaty of Amity and Cooperation is yet another sign of this growing acceptance of regional security institutions, even ones that did not include the United States from the beginning.

More recently, the United States has promoted ‘minilateralism’ in Asia-Pacific security cooperation.<sup>31</sup> The United States was the key protagonist in the formation in 1998 of the Trilateral Coordination and Oversight Group that brings together the United States with Japan and South Korea over their shared security concerns with North Korea. This was followed in 2003 by the creation of the Six Party Talks, despite Pyongyang’s push for solely bilateral discussions with Washington. In 2006, the United States, Japan and Australia held the inaugural ministerial level Trilateral Strategic Dialogue that helped set the table (along with Australia – Japan military competition in Southern Iraq) for the 2007 Australia-Japan Joint Declaration on Security Cooperation.

Asia is witnessing a growth in number and participants in regional naval exercises involving the United States. In 2007, India hosted the Malabar exercises in the Bay of Bengal that included ships from India, the United States, Japan, Australia and Singapore. The bilateral Cobra Gold naval exercises between Thailand

and the United States were opened up to more countries in 2000. In 2009, Cobra Gold featured the United States, Thailand, Japan, Singapore and Indonesia, with observers from 15 other countries including China, India, Australia, Vietnam and South Korea. In 2010, South Korea will participate in these exercises for the first time while Malaysia has announced plans to join them in 2011.<sup>32</sup>

Finally, US military advances are also driving much closer and vital operational cooperation between US and allied forces in Asia. Japan, South Korea and Australia, through their purchase of Aegis radar technology, are now central to US-led missile defence capabilities in



Two Super Hornets, two Harriers from the Indian navy, and two Jaguar aircraft from the Indian air force fly past USS Kitty Hawk during exercise Malabar 07 in the Bay of Bengal, September 2007.

Photo courtesy of US Department of Defense

the Western Pacific that are crucial for both Taiwan Strait and Korean Peninsula contingencies. Through the agreement to sell Aegis technology to these three key allies and to incorporate them as key parts of a multinational component of US forward defence, Washington has elevated the importance and depth of these alliance relationships. Development of the combined C4ISR systems necessary to support allied missile defence capabilities will drive enhanced interoperability among participating militaries. Taken together, these steps increase the ability of

the United States and its security partners in Asia to combine forces effectively, creating an important supporting dynamic to continued US primacy.

## Reciprocal interest

The most powerful support for continued American strategic primacy is the actions of regional countries. Rather than using the rise of China as a strategic counterweight to American primacy, most countries in Asia seem to be quietly bandwagoning with the United States to balance against China's future power potential. All the examples above of greater American engagement serve equally as examples of greater regional engagement with the United States.

The largely consensual nature of US regional primacy explains its impressive duration and the strategic judgments by its regional partners about how to deal with the rise of China. In 2009, the Center for Strategic and International Studies in Washington surveyed 'strategic elites' in nine major countries of the Asia-Pacific.<sup>33</sup> When asked to choose a country other than their own that would be the greatest source of peace and stability in the region in ten years, the United States easily topped the list, including among Chinese respondents. China easily topped the mirror question about the greatest threat, even beating out its ally, North Korea. Positive views of the US presence in the region were strongest in Japan and South Korea.<sup>34</sup>

Reinforcing this point are many examples of regional governments accepting domestic political costs for strengthened security relations with the United States. All active US alliance partners in the Western Pacific (along with Mongolia) contributed troops to the occupation of Iraq despite public opposition. Australia, New Zealand, Japan and South Korea have also contributed to the Afghanistan theatre, along with Singapore.

South Korea's and Japan's contributions to Iraq are noteworthy. Echoing its commitment to the Vietnam War, South Korea sent the second-largest contingent of non-US troops to Iraq after the United Kingdom. Yet South Korea – unlike the United Kingdom, Australia or Canada – has little expeditionary experience beyond Vietnam, and the Roh Moo-hyun government, which made the decision, was widely portrayed as seeking more autonomy from the United States on security and defence issues.

As for Japan, comparisons with the first Iraq War are telling. In the 1991 war Japan, using its peace constitution and public opinion as justification, contributed no troops on the ground despite the United Nations sanctioning of the invasion. In 2004, Japan contributed 600 troops despite public opposition, established

constitutional limits on collective defence and the lack of United Nations sanction for the invasion.

Indonesia, India and Vietnam have also exhibited strategic behaviour counter to what many analysts expected. It was widely held that the ‘war on terror’ rhetoric would complicate US-Indonesia diplomatic and security cooperation.<sup>35</sup> Yet, President Yudhoyono from the beginning of his presidency focused on re-establishing normal security ties with the United States. One of the greatest political challenges Prime Minister Singh’s government faced in its first term was gaining support for the civilian nuclear agreement with the United States (during which it was in an informal parliamentary arrangement with the Indian communist parties).<sup>36</sup> For communist Vietnam, seeking closer security relations with the United States only decades after such devastating conflict between the two cannot have been a decision taken lightly.

## Implications for regional security architecture

***“Washington is becoming a more important regional security partner and one that is more willing to listen.”***

In a break from the past, the strengthening of the US alliance system in Asia has not come at the cost of US support for greater multilateral security cooperation. On the contrary, Washington’s increased support for regional security institutions and enhanced security relations among allies and security partners reduces the diplomatic and political costs of siding closer to the United States. This change in US approach provides its allies, partners and competitors more room to discuss security issues with each other and with the United States. Washington is both becoming a more important regional security partner and one that is more willing to listen.

Ironically, this makes effective regional security institution-building both more feasible yet less crucial. China’s rapid rise and unclear strategic intentions make the task of regional security institution-building more essential for all regional countries, including China. Except in extreme scenarios like American withdrawal or ejection from Asia, credible regional security institution-building requires active participation by the United States. Singapore Prime Minister Lee Hsien Loong reminded the new government of Japan of this structural reality in his first bilateral meeting with Prime Minister Hatoyama when they discussed Hatoyama’s East Asia Community initiative.<sup>37</sup>

Washington’s more amenable attitude towards formal regional security groupings and active support for multilateralism provide new openings for regional institution-building and a wider agenda of regional security cooperation. If the United States ratifies the ASEAN Treaty of Amity and Cooperation and is invited by ASEAN to the East Asia Summit, this summit may be the best formal venue for security

cooperation.<sup>38</sup> Unlike the ASEAN Regional Forum and APEC, it is not yet sclerotic and is still seeking a defining mission. It includes India, and China cannot use the 'One China' policy card to oppose security discussions as Taiwan is not a summit member.<sup>39</sup> Beyond formal, bureaucratised regional institutions, new minilateral forums and the growing number of trilateral groupings that include the United States also provide useful openings that are more flexible and less weighed down by diplomatic protocol.

The strengthened role for the United States in regional security also means that the need for formal security institution-building is less necessary than under other scenarios based on the lack of American primacy. In the last decade, all countries in Asia (even North Korea) have developed closer security dialogues with the United States and many have also developed, often with American support, closer dialogues with each other. The sense of security that continued American strategic primacy provides to most countries in the region, and the enduring appeal of US values and institutions, is likely to mute their desires to go beyond their primary reliance on bilateral security cooperation or dialogue with the United States and their support for absolutist definitions of sovereignty



## Chapter 2

# An Asian balance of power

The previous chapter discussed the prospect of the United States sustaining its strategic primacy in Asia for at least the next two to three decades – a scenario which in many ways would be the best outcome for US allies such as Australia and for the region’s stability more widely. It made a strong argument against underestimating the magnitude and resilience of US power in all its manifestations – economic, military and political.

This chapter posits a different future, one in which half a century of US strategic primacy in Asia gives way to a regional balance of power.

The essence of a balance of power is the notion of a power equilibrium among a group of states comprising a strategic system or subsystem – in this case the wider Asia-Pacific and Indian Ocean region, dubbed ‘Asia’ throughout this paper. The object of the system is to prevent the emergence of one power among the group to a position so predominant that it destroys the balancing mechanism and the restraint this imposes on the members of the system. The equilibrium serves to moderate states’ conduct as they accept that behaviour likely to destabilise the system will be met, automatically, by balancing.

Therefore the Asian security future outlined in this chapter depends on the end of US primacy in Asia (and therefore runs counter to Chapter 1). It precludes the rise of China to a position of primacy (described in Chapter 4). The system assumes competition between states and hence the ever-present risk of aggression and conflict. In this it also differs from a regional concert of powers (the subject of the following chapter), in which the participants agree, if only tacitly, to curb competition for influence in the interest of maintaining system-wide stability.

Key to the system is its inherent dynamism. If the power of one state grows disproportionately, the system adjusts through a realignment of the relationships among the others. Some states – those most susceptible to the gravitational pull of the growing power – will be attracted closer to it (the phenomenon international relations theorists call ‘bandwagoning’). Others will respond by drawing closer to each other and to an alternative pole or poles in the system. Some states will attempt a mix of both, as is evident in Southeast Asia today.

The choices states make in response to a balance of power dynamic need not be based solely on power considerations: questions of how benign they perceive a powerful state to be also influence their decisions about balancing or bandwagoning. This dimension – which takes account of *values* – helps explain why balancing need not automatically occur against the most powerful state in a system and why some states are more likely to ally with each other than others.<sup>40</sup> In this respect the ‘ideational balance of power’, the extent to which neoliberal norms underpin the regional order and attract states that share them, is an important and often neglected element in the wider regional balance of power.<sup>41</sup> Surveys of ‘soft power’ in Asia, for example, often show that despite talk of an emerging ‘Beijing consensus’, the association of the United States with the liberal democratic institutions and ideas which characterise the existing international political and economic order remains a major source of influence.<sup>42</sup>

***“Increasing uncertainties are developing about the character and dynamic of the US-China military balance, including the risks each side might be willing to take in a crisis and the losses they might readily incur in a conflict.”***

## How might an Asian balance of power come about?

The manner in which an Asian balance of power comes about, and the timing, will depend in large part on how US primacy in Asia ends. In this regard, *perceptions* of American power and its trajectory, in Washington as well as in Asian capitals, could be as important as objective indices.

Chapter 5 discusses in some detail possible transformative shocks to the regional order, including the *possibility* of US strategic retrenchment. These include a deeper domestic economic crisis in America, long-term economic stagnation and political sclerosis and/or a major US strategic reverse, whether in Asia or elsewhere or caused by another catastrophic terrorist attack. It follows that any such shock which decisively affects the elements of primacy outlined in the Introduction – particularly the perception of unchallengeable military power – could cause the sudden and potentially disruptive emergence of a balance of power in Asia. This would be a profoundly traumatic development for the region after 50 years of benign US hegemony. How individual states are likely to respond is difficult to predict and would be driven at least in part by the precise circumstances and the choices made by other regional powers.

This is neither the only nor necessarily the most likely way a balance of power system could emerge in Asia, however. As Chapter 1 highlighted, simplistic analyses and public debate often exaggerate both US decline and China’s rise – portraying the two as inevitable and part of a simple, zero-sum equation. Asia’s security environment is much more complex and subtle than this.<sup>43</sup> The emergence of an Asian balance of power would not necessarily require any sudden rupture with the existing regional strategic dispensation. Rather it could also emerge gradually and naturally, with one system blurring imperceptibly into the other.



The transformation could take place over several decades. The new regional order would be very different from the existing one in key respects but there would also be elements of continuity. There are some signs in the existing regional order that this transition is already under way – or at least that some of the precursory steps are being taken.

US primacy in Asia has been exercised principally through America's long-standing system of bilateral Asian security alliances, with Japan, South Korea, Australia, Thailand and the Philippines connected to the hegemon by spokes of varying thicknesses and strengths. Many of these alliances underwent uncertainty following the end of the Soviet threat to Asian stability, but as outlined in the previous chapter most if not all of them have since become stronger rather than weaker. Non-allies such as Singapore, Indonesia, India and even Vietnam have also sought or accepted closer security ties with America.

At the same time we are seeing the development of new security ties *between US allies*, bilaterally and 'minilaterally' in small groups. The historic 2007 Australia-Japan Joint Declaration on Security Cooperation and Japan's subsequent joint declaration with India are examples, as are Australia's Lombok security treaty with Indonesia and the Rudd government's security declarations with South Korea and India. The Australia-Japan-US Trilateral Strategic Dialogue, an emerging US-Japan-ROK dialogue and the short-lived Australia-Japan-India-US Quadrilateral Dialogue reflect the same trend. To date these arrangements fall short of formal alliances – which ultimately rest on each party's commitment to go to war in defence of the other. But they make an increasingly important contribution to the infrastructure of US alliances in Asia, building shared strategic understandings, familiarity, interoperability and, vitally, trust. In this sense they can serve not only as facilitators of increased security cooperation among US allies and partners but also as potential stepping-stones along the way to more formal security agreements between them.

Nor has China remained a bystander. Since the late 1990s it has pursued an active bilateral and multilateral diplomatic strategy in Asia intended to offset US (and Japanese) influence and promote regional structures – particularly the ASEAN+3 grouping – that consolidate Beijing's regional leadership and exclude the United States. This year the ASEAN-China free trade agreement (FTA) entered into force, covering some 1.9 billion people and the third-largest trade volume of any FTA behind the European economic area and North American Free Trade Agreement. Drawing on its burgeoning economic power, Beijing's mercantilist aid and trade policies have brought a range of regional countries such as Cambodia, Laos, Burma and Thailand steadily into its diplomatic orbit.<sup>44</sup>

At the national level these developments reflect a series of decisions by the United States and Asian countries, of varying political complexions, presumably based on each government's assessment of the national interest but also often reflecting a values component. At the regional level they reflect the reality that US primacy is starting to come under question for the first time in half a century as the gap shrinks in *relative* power between the United States in particular and other rising Asian powers. In this sense Asia's security system may already be on the cusp of transition from a hegemonic to a balance of power structure.

## Balance of power dynamics in Asia

In 1971, the eminent international relations scholar Hedley Bull wrote that the balance of power in Asia would be determined principally by the United States, the Soviet Union, China and possibly Japan as a fourth regional power.<sup>45</sup> In most respects he was prescient.

The key driver of Asia's emerging balance of power is China's spectacular economic growth, which is manifest not only in a more active, ambitious and assertive regional diplomatic posture but in a program of rapid military modernisation. It is Beijing's drive to develop blue-water naval reach and a suite of capabilities designed to inhibit and ultimately deny access to US maritime forces, more than any other factor, which is eroding American strategic primacy in Asia<sup>46</sup> and generating balancing reactions by other regional countries.

Notably, China is developing ballistic missiles to target US carrier battle groups and forward bases. It is also producing modern submarines, destroyers, cruise missiles and aircraft. It is developing its own increasingly sophisticated information systems, including satellites, and the capacity to destroy and disrupt crucial American satellites and systems.<sup>47</sup> Chinese submarines, ships and aircraft are responding with increasing assertiveness to long-standing US surveillance and other maritime operations around China's periphery.<sup>48</sup> This has seen a sharp rise in the number of potentially dangerous 'incidents at sea' between Chinese, US and allied military platforms, and a corresponding need for 'rules of the road' and confidence-building measures to prevent escalation to unlooked-for conflict.



A Chinese Navy nuclear-powered submarine, April 2009.

AP Photo/Guang Niu, Pool



Japan's strategic choices would be critical to a regional balancing dynamic. Until recently Japan enjoyed the status of East Asia's sole major power; indeed the 1980s saw a rash of books predicting war between rising Japan and the United States. The absence of a peer rival and its alliance with the United States freed Tokyo to focus national resources on economic development, including a diplomatic strategy heavy on aid and trade. Subsequently, however, Japan's 'lost decade' and a rapidly ageing population, accentuated by China's rise, have produced a profound sense of strategic anxiety in Tokyo.

One manifestation of this was a sustained push, initiated under the previous LDP government, to strengthen security ties with America. The Koizumi and Bush administrations took a series of steps to modernise the US-Japan alliance, including an agreed plan for the realignment of US bases in Japan, integration of the Japanese Self-Defence Force (JSDF) into the US sea-based missile defence program and JSDF deployments 'out of area', including in the Indian Ocean and Iraq. A major US air, naval and Marine Corps build-up on Guam, with opportunities for Japanese forces to rotate through the island, is integral to revamping the alliance and improving interoperability. North Korea's missile and nuclear tests have given impetus to these developments, but Japanese defence planners have made no secret of their concerns about China's military modernisation, and this may in fact be a bigger factor in transforming Japan's strategic thinking.

The other manifestation of Japan's strategic anxiety has been to seek a workable relationship with Beijing. Sino-Japanese trade and investment links began growing rapidly while the LDP was in office, and Prime Minister Fukuda in particular looked to defuse tensions with China. The new (centre-left) Democratic Party of Japan (DPJ) government in Tokyo has gone further, signalling that while remaining committed to the US alliance it intends to pursue a more independent foreign policy. This includes not only better relations with Beijing but also an emphasis on East Asian (rather than Asia-Pacific) regional cooperation: Prime Minister Hatoyama's East Asian Community concept excluded the United States, at least initially, and DPJ power-broker Ozawa led a delegation of 143 Diet members to Beijing. The DPJ has reopened the basing issue with a much stronger focus on domestic political interests and has declined to extend the Indian Ocean deployment.

Japan's foreign policy has long oscillated between giving priority to the US alliance and to Japan's East Asian relationships, with each having its own supporters within Japan's foreign policy elite. On face value the DPJ represents another tilt in emphasis away from the US alliance towards a more equilateral relationship with China. Differences over relocation of the Futenma air station on Okinawa are testing US patience and could obstruct wider US force posture changes in Asia. But it would be premature to conclude that this is will be a long-term trend. There is

continuity alongside change in DPJ security policies. The Hatoyama government is likely to encourage economic integration and avoid sharpening differences with China unnecessarily. But trade ties will coexist with strong tendencies to strategic competition in the relationship, heightened by values differences, which are likely to limit how far the DPJ leadership can take its partnership with Beijing. Foreign Minister Okada recently reaffirmed that the US alliance is the linchpin of Japan's foreign policy.

While the tone of the alliance will change, Tokyo is ultimately likely to continue hedging. Japan's regional influence is limited by constitutional and political constraints on the use of military force, by modest levels of defence spending and by its economic and demographic challenges. Yet Japan will remain the world's third-largest economy, a major financial and technological powerhouse and one of the world's most capable military powers. It will retain the ability to exert significant influence in Asia and, on some issues, at the global level. As a result Japan will be a key player in the emerging balance of power in Asia.

Korea's trajectory will be another crucial factor in the Asian balance of power. South Korea is an important 'swing player' in North Asian geopolitics, with a strong industrial economy and increasingly capable military and maritime forces. It has made significant troop contributions to coalition operations in East Timor, Afghanistan and Iraq. Its membership of the G-20 underlines its growing international role. Under the Lee Myung-bak government previous bilateral tensions with Washington have eased (although the US failure to ratify the Korea-USFTA remains an irritant), coordination of policies towards the DPRK has improved through the revitalised ROK-US-Japan Trilateral Oversight and Coordination Group and the ROK-US alliance continues to strengthen. Seoul is also expanding its bilateral security links, signing a joint security statement with Australia in 2009.

Korea's future role in the Asian balance of power will depend above all on future political developments on the peninsula. The unresolved state of war with the North and its conventional and potential nuclear weapons capabilities are the primary reason for the presence of 28,000 US military personnel in South Korea. The impact of a crisis on the peninsula on the regional security order is addressed at more length in Chapter 5. But the alignment of a reunified Korea – potentially a nuclear-capable one – is uncertain and one of the key variables in an Asian balance of power. Korea's geography, historical antagonisms towards Japan and



US Secretary of Defense Robert Gates talks with Japanese Prime Minister Yukio Hatoyama at Kantei in Tokyo, Japan, October 21, 2009.

Photo courtesy of US Department of Defense



economic links could see it gravitate towards China. But it is equally possible that a combination of China's rise, shared values and traditional alliance ties could see a reunified Korea stay on South Korea's current trajectory, which is based on growing economic ties with China and strategic hedging with the United States.

Bull evidently did not anticipate India's rapid economic rise nor its increasing integration with East Asia, economically and, after a lag, strategically. Traditionally fixated on its rivalry with Pakistan, and concerned about the general weakness and instability of its other neighbours, India is thickening its security links with East Asia – for example through the previously mentioned declaration with Japan and the Malabar exercise series with the United States and regional navies. At the same time East Asia's growing dependence on energy from the Persian Gulf means India's traditional sphere of influence, the ocean that carries its name, is becoming an important focus both of strategic competition and cooperation.<sup>49</sup> Together these developments suggest the emergence of a larger 'Indo-Pacific' security system spanning a huge swathe of the globe from the head of the Persian Gulf to the Northern Islands.

New Delhi's shift away from non-alignment and its growing strategic links with the United States following the Bush administration's historic decision to bring India in from the nuclear cold are bringing it into play not as a potential US ally but as an Asian balancer. India's strategic interests will never align perfectly with the United States', and its economic links with China are flourishing. New Delhi will remain a difficult partner for the West. But there are fundamental areas of overlap, and Sino-Indian relations are strained by differences over borders, the Dalai Lama and Beijing's patronage of Pakistan. Tensions have escalated markedly since the 2005 civil nuclear deal signalled a closer Washington-New Delhi relationship.

Russia's strategic gaze remains focused west, towards Europe, and it has reached a *modus vivendi* with China, cooperating to establish the Shanghai Cooperation Organisation and resolving longstanding border disputes – thus freeing Beijing to focus on its southern land and maritime periphery. But Russia, as a major energy exporter with nuclear weapons, advanced conventional capabilities and a Pacific coast, will retain the capacity to affect the energy equation and deploy military power in North and Central Asia. It hence remains an influential potential swing player in Asia's balance of power, even if most of the time its posture in the region remains passive (if occasionally opportunistic). In the longer term its influence may wane, because of its parlous demographic outlook.<sup>50</sup>

In addition to the Asian great powers, a range of other countries will also have parts to play in maintaining the emerging regional strategic balance.

Depending on the extent to which the second-term Yudhoyono government consolidates recent political and economic progress, Indonesia could also matter more in regional strategic calculations. Its military capabilities will remain limited and focused on internal security at least for the medium term, but it is significant that the Obama administration has announced its intention to establish a comprehensive partnership with Jakarta. Indonesia's diplomacy is becoming increasingly confident, reflective of its developing democracy and looking beyond ASEAN. Indonesia's return to a position of active regional leadership in Southeast Asia would be a profound development. As discussed in the previous chapter, other Southeast Asian countries such as Singapore and Vietnam are also strengthening their security ties with Washington and quietly enhancing their military capabilities.

Other states, particularly in mainland Southeast Asia, show signs of gravitating towards China's diplomatic sway. Geography, economics and (in this case authoritarian) values are all at play here. Cambodia, Burma and Laos in particular have become increasingly dependent on China, economically and strategically. Sheer proximity is one major factor, vulnerability another. Burma, for example, has few other friends and China – free of Western scruples – has taken full advantage, securing potential Indian Ocean port access and other strategic benefits in return for financial support. Beijing is collaborating with all three governments to pursue a network of road, rail and pipeline links across mainland Southeast Asia with the aim of lessening China's dependence on sea routes controlled by the US navy.

Yet despite speculation following the global financial crisis that China's authoritarian system might provide an attractive alternative model, Beijing's increasingly assertive international behaviour and tendency to 'overreach' is likely to limit the degree to which others choose to bandwagon with its rising power. This will be even more the case to the extent that the US economy recovers and regional powers, including China as well as American allies, are convinced that US engagement in Asia remains durable.

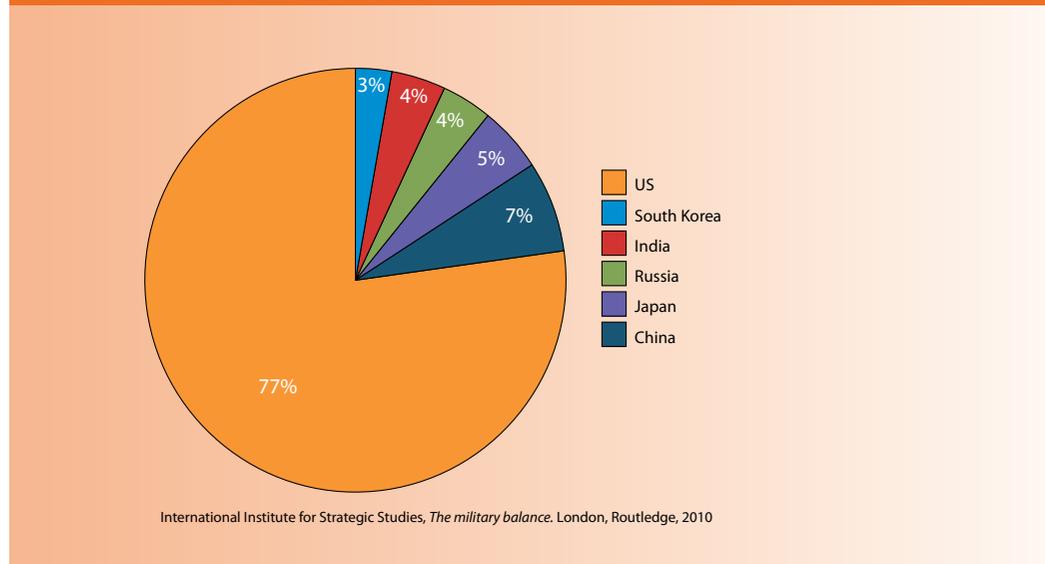
***“Absent a major strategic shock, US forces seem likely to remain present in Japan and South Korea in significant numbers for at least the next decade and possibly beyond.”***

## The US role in an Asian balance of power

In this scenario America no longer enjoys strategic primacy in Asia. But it remains a resident Pacific power and will play a critical role in the regional balance.

China's development of area-denial capabilities is beginning to complicate US freedom of manoeuvre inside the so-called first island chain delineating the waters immediately around China. Over time China's influence out to the second island chain and into the Indian Ocean will also grow. Increasing uncertainties are developing about the character and dynamic of the US-China military balance,<sup>51</sup>

Figure 3: Comparative Defence Spending in Asia



including the risks each side might be willing to take in a crisis and the losses they might readily incur in a conflict. Chinese calculations based on a strategy of asymmetry and a willingness to take greater risks would need to be weighed against the formidable capability edge that America will very likely continue to enjoy for at least the next few decades, in maritime conventional forces and nuclear weapons.<sup>52</sup> Much will depend on US political will in a crisis, which might in turn be influenced by the depth of difficulty Washington faces at home or elsewhere in the world.

Absent a major strategic shock (such as those discussed in Chapter 5), US forces seem likely to remain present in Japan and South Korea in significant numbers for at least the next decade and, depending on other events, possibly beyond. Even should they eventually withdraw to Hawaii and Guam, however, the United States remains well positioned to influence future strategic developments in Asia. Bush-era changes to US global force posture (including the build-up on Guam, stationing of a nuclear-powered carrier in Japan and realignment of US forces in Korea) and new capabilities will increase US military power, reach and strategic flexibility in Asia and seem likely to continue under President Obama. The 2010 Quadrennial Defense Review emphasises the need for the United States to develop and sustain capabilities to deter and defeat aggression in anti-access environments.<sup>53</sup> The margin may not be sufficient to maintain US primacy, but it will almost certainly ensure that – with careful, hard-headed statecraft and support from allies – America can continue to project sufficient force throughout the region to play a decisive balancing role: putting its finger on the scales when necessary to prevent any other major power from establishing primacy.

## Pros and cons of an Asian balance of power

No strategic system is perfect, and balances of power have serious shortcomings. When they fail the consequences can be catastrophic, as Europe found during the wars that consumed the late eighteenth and early nineteenth centuries and the first half of the twentieth. Maintaining the equilibrium requires continual vigilance and constantly shifting alliances and alignments, with the ever-present risk of miscalculation. Any failure of the system to adjust in time to a disproportionate agglomeration of power with one or other state can quickly trigger conflict. The difficulties and dangers are exacerbated when a region is susceptible to sudden and unpredictable power shifts, as is currently the case in Asia, and where strategic intentions lack transparency, as with China.

Globalisation means that power shifts are transmitted rapidly across the international system: the impact of energy prices on the international behaviour of Russia and Iran is one recent example. In the event that US primacy eroded suddenly, we would see rapid and dramatic realignments in Asia. This would herald a much less benign strategic environment for the region and a profoundly challenging one for smaller powers. It would make other tensions harder to manage and effective regional responses to complex challenges even more difficult. Economic cooperation would come under strain. This does not mean, however, that economic integration cannot coexist with strategic competition and a balance of power. The two defining characteristics of Asia are economic integration and strategic competition. The collapse of the European balance of power in 1914 at a previous high point in international economic interdependence provides a stark warning of the costs if competition is not managed. But trade and investment ties should give any Asian government that is considering disruptive behaviour pause for thought and therefore are likely to exercise a generally mitigating effect on the regional strategic order. There are many examples where strategic competitors have maintained mutually beneficial economic ties without conflict.

External balancing is not the only potentially destabilising aspect of balance of power systems. As well as 'external balancing', as manifested for example by strengthening Asian alliance relationships with the United States, some regional states will look to enhance their security by 'internal balancing' – increasing their own military capabilities as a hedge against US retrenchment. The 2009 Australian Defence White Paper, for example, outlined a substantial expansion of maritime capabilities. A range of other regional states are boosting their military capabilities, including maritime, missile, space and cyber systems. Increased arms spending would reduce the resources available in the region for more productive purposes. There is also a risk that, absent full transparency and careful management, the decisions of some regional governments could create a security dilemma for others,



potentially triggering a series of Asian arms races across several domains.

On the other hand, the acquisition of advanced capabilities by US allies – particularly if effectively coordinated and networked so that they are interoperable and make the best use of allies’ respective strengths – could help to offset areas where the US edge is under most challenge in Asia. This applies in particular to missile defence and anti-submarine warfare. But the pooling of assets for strategic lift and intelligence, surveillance and reconnaissance among the United States and allies also offers significant benefits.

A third major disadvantage of balances of power is the potential for conflicts between smaller countries to draw in large powers. In Asia commentators most often associate this risk with Taiwan, with its unique strategic relationship with the United States based on the Taiwan Relations Act. Deterring Chinese aggression across the Taiwan Strait is becoming more problematic as the local military balance shifts. Yet Taiwan is far from the only hotspot: much of Asia is riven by disputes over boundaries, resources and history. As the next chapter describes, a concert arrangement would be premised on the region’s great powers agreeing, at least tacitly, to subordinate the interests of smaller states to the greater good of maintaining stability. That understanding would not be present in a balance of power – although in a properly functioning balance the threat of a coordinated response by the allies of a victim state should deter aggression.

Despite the shortcomings, the region may have to live with, and manage, the drawbacks inherent in a balance of power system. While less desirable for many countries than sustained US primacy, an Asian balance of power does offer advantages.

An unstable balance of power would be a bad outcome. But if a reasonably stable balance can be established this could be preferable from the perspective of many regional countries that are not great powers, either to a concert of powers or to Chinese primacy – the scenarios dealt with in the next two chapters. In a part of the world characterised by unresolved conflicts, historical and territorial disputes and growing competition over resources, it is highly unlikely that the region’s great powers are capable of establishing the degree of trust necessary to reach the implicit agreement to suspend strategic competition required to underpin a genuine concert in Asia. And if they do, it may be to the detriment of some smaller powers, as the next chapter suggests.

Smaller regional powers will face difficult choices in a balance of power system, but at least those choices give them a voice in regional security outcomes and the ability to leverage alliance relationships. (Australia, for example, has generally done this successfully.) As noted above, strategic competition can coexist with

growing trade and investment flows, although this will require adroit diplomacy and political leadership on all sides. Skilful regional governments will mostly be able to hedge, at least to a degree, maximising their countries’ strategic weight in a fluid system. Under a genuine concert of powers, by contrast, their views would carry no weight whatsoever – potentially marginalising much of Southeast Asia and Australia.

As well as giving ‘second tier’ powers a say and providing the best fit for a region characterised more by competition than cooperation, a balance of power system offers advantages to the United States as its key security provider. Balancing can serve Washington’s interests by allowing it to husband US national power and focus increasingly limited resources where they will be most effective. It allows America to continue shifting more of the overall burden of maintaining the regional balance onto its Asian allies – not only defence costs but political and strategic risks. In an overwhelmingly maritime theatre the United States can continue to play to its maritime strengths, drawing on its long-range surveillance and strike capabilities to maintain its forces ‘over-the-horizon’ and projecting power forward should the regional balance falter.<sup>54</sup> The previous chapter highlighted not only the extent and resilience of US power but also the adaptability and durability of the US alliance system in Asia. By adopting the posture outlined here, the United States can continue well into this century to meet the central aim of American policy for over 100 years: preventing the domination of Asia by any other single power or coalition of hostile powers.<sup>55</sup>



F-15E Strike Eagles and a B-2 bomber fly over Anderson Air Force Base, Guam

Photo by Flickr member TailspinT, used under a Creative Commons License

## Implications for regional security architecture

Adapting longstanding alliance relationships to changing needs and circumstances will require constant political commitment, effort and attention by all the parties. Unforeseen domestic political developments and regional strategic events will mean occasional stresses and strains among allies – as currently between the Obama administration and Japan’s Hatoyama government – along with tensions between strategic competitors. But the emergence of a balance of power system in Asia is likely to consolidate the US alliance system.

The major spokes of the US alliance system are likely to endure. But we are also



***“In the event that US primacy eroded suddenly, we would see rapid and dramatic realignments in Asia.”***

likely to see the addition of new spokes and the strengthening of links between the various spokes, in a process of strategic cross-bracing. Strategic minilateralism is also likely to accelerate – with key drivers and practical manifestations to include missile defence as well as the more collaborative provision of enabling capabilities such as intelligence, surveillance and reconnaissance, and strategic lift.

It seems unlikely that China will seek to counteract these trends – let alone succeed – by developing its own formal alliance system. It may pursue an informal, looser system, based around economic leverage and a preparedness to engage regimes that are distasteful to the West. Beijing’s active FTA diplomacy, mercantilist aid policies and preparedness to combine all elements of national power in pursuit of its strategic objectives are likely pointers. China is also likely to make increasing use of its power in multilateral institutions – including but not confined to its UN Security Council veto – to undermine US leadership by blocking effective international governance and thwarting American objectives, as Beijing did most conspicuously at the Copenhagen climate change summit. But the prospect of China’s overreaching and generating unintended counter-reactions – combined with limitations on its soft power because of its authoritarian political system – will likely continue to limit its ability to attract dependable, durable strategic partners.

An Asian balance of power system will not see the disappearance of the region’s plethora of diplomatic institutions. But it will be incompatible with strong, ambitious multilateral security institutions in Asia – as evidenced by the deeply ambivalent regional reactions to proposals in recent years by the Australian and Japanese prime ministers to establish respectively an Asia-Pacific or an East Asian community.

## Chapter 3

### A concert of Asia

The distinction between a balance of power, as explored in the preceding chapter, and a concert of powers can appear to be a fine one, even if in reality it is quite profound. Indeed, as Australian scholar Coral Bell has argued, a balance of power can provide the ‘basis for a viable concert of powers’ if decision-makers so choose.<sup>56</sup> The classic example that she points to, as do many other international relations scholars, is the system devised in Europe in the aftermath of the Napoleonic wars, which essentially prevented hegemonic war – though not great-power war as such – for 99 years.<sup>57</sup>

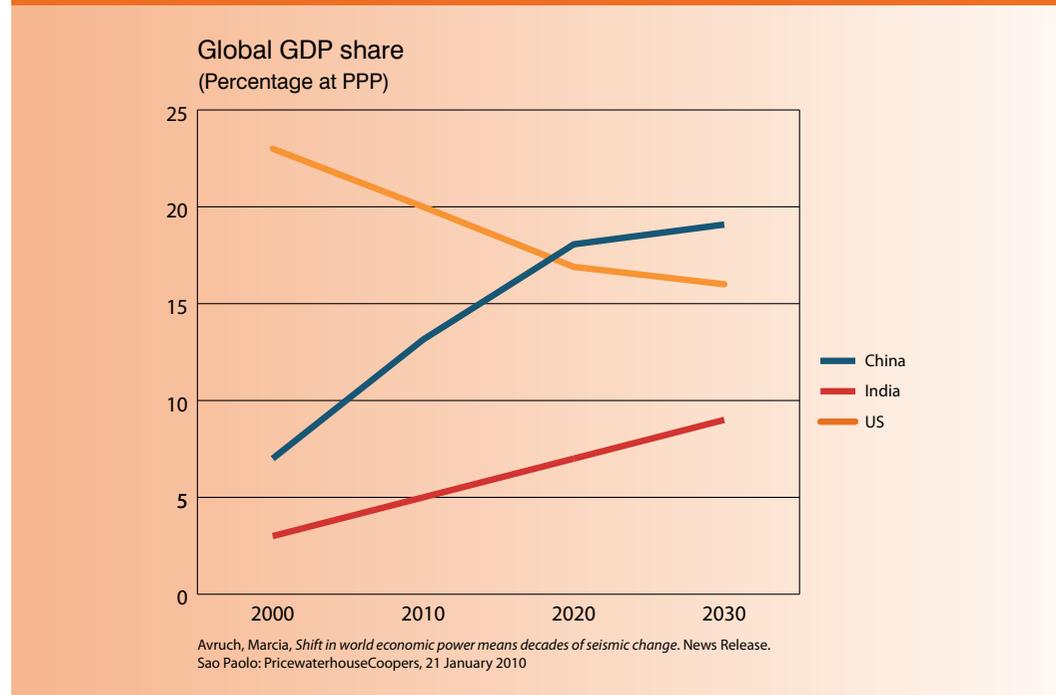
This chapter will explore the potential character of, and prospects for, a twenty-first century Asian equivalent of the congress system, the arrangement by which the powers of Europe maintained the general peace for much of the nineteenth century. It will seek to identify how such a system might emerge, how it might affect power relativities and tensions among the region’s powers, who it might advantage and disadvantage, and how it might either strengthen or falter over time. How would a Concert of Asia arise or evolve? What could it achieve? What would be its relationship with other notional forms of regional order: US primacy, Chinese primacy, a balance of power? How sustainable would it be? And how would a concert system relate to the various mechanisms of regional diplomatic architecture currently in play or prospect?

A concert system is not the most likely Asian security future, but it is quite conceivable. To reject the possibility of a concert on the grounds that it might only come about as a result of a shock to the strategic order is to overlook the plausible range of discontinuities that could occur, such as a crisis on the Korean Peninsula (see Chapter 5). A strategic shock which might encourage much greater consultation and cooperation among major powers is quite possible – and it need not be as destructive as the Napoleonic wars.

In any case, simple analogies between the concert of Europe and a possible Asian concert offer limited insight. Of course it would be easy to dismiss the idea of a concert of powers if all that one had to prove was that the context of twenty-first century Asia differs from that of nineteenth century Europe. After all, the differences are many. The European congress system came at the end of a cataclysmic series of wars and was designed, among other things: to constrain the aggressor from

**“A feature of a concert is a determination to insulate major powers’ relations with each other against crises between the other members of the society of states.”**

Figure 4: Global Economic Forecasts

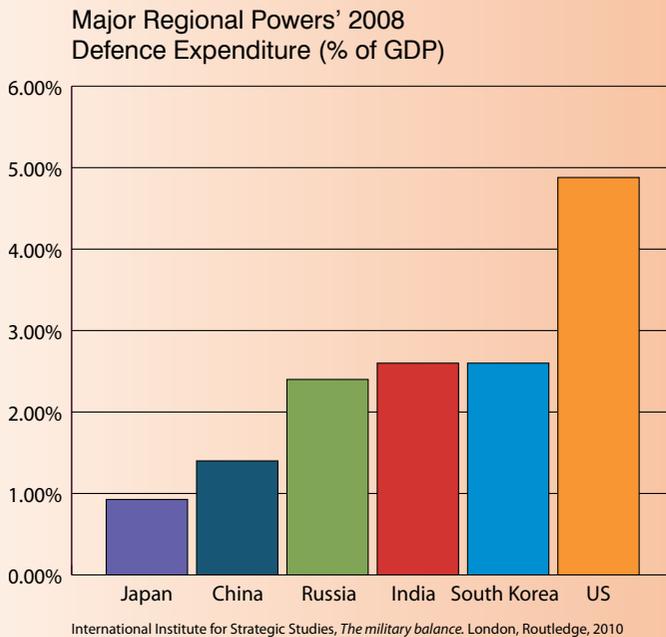


that war (France); to limit and manage expansionist and territorial-consolidation ambitions of several other powers (Prussia, Russia); to forestall the decline of one of the powers most supportive of the concert (Austria); to preserve the common values (conservative, anti-democratic) of most participants; and to ensure that a geographically detached participant (Britain) could focus much of its military and economic energies elsewhere. None of these factors has a straightforward parallel in the emerging Asia, and analogies (France as China, Britain as America) tend to be artificial.

It is more illuminating to note why a concert of Asia is far from impossible. It is less remote than it may appear through present eyes accustomed to seeing models of US primacy and balance of power. Under the right conditions and circumstances, a concert could evolve from a balance of power or a faltering hegemony in a matter of years.<sup>58</sup> Figure 4 shows how rapidly the proportions of major powers’ share of the global economy can change.

When viewed against defence spending habits, the trajectories of major economies are even more significant. Rising economies that allocate a large percentage of GDP to defence expenditure may have greater strategic weight than GDP alone implies (see Figure 5).

Figure 5: Comparative Defence Expenditure as % of GDP



The conditions for a concert are already becoming apparent in Asia. These include a power shift involving movement towards multipolarity in comprehensive national power, the recognition of some substantial threats in common, and willingness among major powers to consult each other before taking substantial actions on the international stage. Most importantly, a true concert of powers requires a mutual commitment to subordinate other ambitions to the avoidance of war. This is the hardest of these conditions to attain, has not yet been proven to obtain in Asia, and endured sometimes only at the whim of leadership decisions during the period of the European congress system. Add to these conditions certain circumstances – such as a crisis or crises threatening core national interests of multiple major powers – and the prospects for a concert improve further.

It will be apparent from the following discussion that, although an Asian concert of powers has a reasonable chance of emerging, it does not have a strong chance of enduring.

### Setting the stage: defining a concert of powers

‘Concert of powers’ is a popular notion in recent thinking about Asia’s security prospects, but its meaning is sometimes only loosely understood. It is necessary to distinguish what a concert of powers is and is not, and to explain how the defining characteristics of a concert might apply in contemporary regional circumstances.



US Secretary of State Hillary Clinton greets Chinese State Councillor Dai Bingguo at the US-China Strategic and Economic Dialogue in Washington, DC on July 27, 2009.

AFP PHOTO/Nicholas KAMM

At its simplest, a concert can be understood as an arrangement for managing power relations within a strategic system, involving an unusually high degree of voluntary consultation and restraint among the strongest countries. Unlike in a predominantly balance of power system, such self-restraint derives not only from the expectation of balancing behaviour by others, but at least equally from a measure of recognition of interests (and, arguably, values) in common, in addition to – most importantly – a shared sense that the costs of war are simply not worth the possible gains. It is already apparent that today’s major powers have various degrees of common interest in addressing such threats as nuclear proliferation, jihadist terrorism, the security repercussions of state fragility, and environmental disasters. It is also clear that, for decades now, Asia’s major powers have not gone to war with each other. It is premature, however, to conclude that this means they consider a willingness to risk great-power war as an obsolete tool of policy.<sup>59</sup>

A concert of powers is comprised of major powers only, but this does not mean that they are necessarily or strictly each others’ equals. There was little real economic or military parity among the nineteenth-century European powers Britain, France, Russia, Prussia and Austria. Nonetheless, the nations in a concert of powers are of a different order of economic and military magnitude from the rest. Each is typically integral to the regional order, and could do real harm to other major powers were it excluded. It would be extraordinary for a country without the attributes of a major power to secure or long sustain a place in a concert of powers.

Some of the more specific features of a concert arrangement are: the desire to avoid hegemonic conflict (war to establish the rank order of great powers); consensual management of differences through regular consultation; where necessary, the creation of agreed geographic spheres of influence; a high priority given to tackling threats in common; and, in line with all of these goals, a determination to insulate major powers’ relations with each other ‘against crises between the other members of the society of states’.<sup>60</sup>

This latter point is especially important in defining why a concert is so different either from a genuine regional community (not considered in this paper as a realistic scenario) or from a balance of power. Under a balance of power arrangement, there might well be occasions when one major power would exploit the interests or grievances of a smaller country – or allow itself to be drawn in by that smaller

country – in order to compete with a rival great power, even at the risk of conflict.<sup>61</sup> Indeed, two major powers might compete for influence within or over a smaller country, just as China and India vie over Burma.

Participants in a concert would typically collaborate to prevent small states from wielding disproportionate influence and complicating the choices for large states. This is of particular salience in Asia, where large numbers of smaller players are well practised at the many ways of the tail wagging the dog: exploiting an alliance as a safety net for political brinkmanship (Taiwan under Chen Shui-bian); oscillating between belligerence and willingness to talk (North Korea); playing large powers against each other (Burma vis-à-vis China and India); or influencing big powers' diplomatic choices through an inertia-inducing complexity of consensus-building (the ASEAN method of regionalism).

In sum, a plausible concert of powers would be likely to have these three overlapping aims:

- to prevent or manage crises among its members, reducing the possibility of conflict, whether through a clash of interests or through miscalculation;
- to agree on strategies to manage – or ignore – crises involving smaller countries;
- to agree, however tacitly, to spheres of influence.

## Wrong notes

So much for what a concert of powers is. As for what it is not, a concert of powers should not be confused with several other widely discussed, and generally more ambitious, aspirations for regional cooperation. One reason that a concert of powers is quite conceivable in Asia is that it would be simpler to achieve than the more complicated alternatives being promoted by the more hopeful advocates of regionalism.<sup>62</sup>

*Not a formal regional institution:* A concert of powers *could* conceivably manifest as some sort of agreed institution, with many layers of dialogue and coordination among leaders, ministers and officials, not to mention an acronym, headquarters and its own international bureaucracy. But this sort of elaborate organisation would be unlikely and probably unnecessary for the sort of interests-based coordination a basic concert system would need. Instead, a conceivable future concert system – like the nineteenth-century congress system – could well function mainly at senior leadership levels. Regular meetings of leaders or foreign/defence ministers, perhaps in the margins of other meetings such as APEC or the G-20, may suffice.



*Not an inclusive regional organisation:* An inclusive arrangement such as APEC or the East Asia Summit (or the more narrowly inclusive ASEAN or ASEAN+3) is in a way the very opposite of a concert. Not every country would have a say in a concert of powers. Indeed, smaller countries might find their freedom more constrained than under a balancing scenario, especially since a concert of powers might involve the major players' consenting to each others' desired spheres of influence over smaller ones. This sensitivity is particularly evident in parts of Southeast Asia, but Australia is not a natural member of any regional bloc and has a long-standing national fear of exclusion. For much of Asia's population, the only unmitigated benefit of a concert arrangement would be a reduced possibility of the wider region's experiencing large-scale war or military confrontation, although this is hardly a trivial gain.

*Not a regional community:* A concert of powers is essentially about the high-level management of security relations among big countries, and does not require a 'community'-like arrangement involving abrogation or dilution of sovereignty on domestic matters such as law, labour, trade, human rights, the environment and health, or some sort of systematic harmonisation of foreign policy. Nor would a regional concert of powers amount to some sort of diplomatic bloc in the global context.

*Not the end of rivalry:* Rivalry would almost certainly continue, although it would be concentrated on diplomatic balancing within the caucus of major powers. States would likely retain substantial military capabilities against the possibility of the concert system breaking down. There would be balancing and constraining behaviour within a concert system, just as present multilateral forums in Asia are venues for rivalry.<sup>63</sup> The dynamics at play might not solely be about balancing China. For instance, Washington might conclude that China-Japan or China-India rivalry poses the biggest risks of large-scale war, and would so seek to embed its relations with them and theirs with each other in a concert arrangement to help forestall those awful possibilities.

## On the ticket

It is not a straightforward matter to determine which powers would be in a concert and which excluded. Spain tried hard to inveigle itself into the decisions of the congress of Vienna, and France's full inclusion was not a given. If a concert were to take shape in Asia, much would depend on the circumstances in which the arrangement arose, and on which countries played the main driving roles in developing the system.

The most certain contender for membership would be China, regardless of whether

a concert was designed in large part to curtail Chinese ambitions or to advance them. Given the widely held concerns about the security implications of China's rise,<sup>64</sup> it is fair to conclude that a concert of powers without China would be no concert at all: it would be, even if in all but name, a multilateral alliance.

At first glance, the United States would appear to be an automatic participant in a regional concert of powers by dint of its sheer economic and military weight and its deep enmeshment in Asian strategic affairs. Indeed, a concert strategy could even make sense as a US policy to maintain leverage in East Asia<sup>65</sup> – on the cheap – as its relative power declined or as it found it necessary to deal with other priorities elsewhere, such as a far deeper absorption into the woes of the Middle East and South Asia than it would like. Yet it is possible to imagine, however distantly, a regional concert of powers without the United States: a genuine Concert of Asia. For example, such an arrangement might arise in the wake of US strategic retrenchment (see Chapter 5), whether intended as a vehicle for the other remaining democracies to manage China or one for China to manage them.

Japan would be another primary contender for admission, both because of its continuing serious strategic weight (despite relative decline) and because its relations with China will likely be one of the enduring difficulties a concert would need to manage.

Beyond Beijing, Washington and Tokyo the picture becomes less certain.

India would highly likely suit a concert arrangement, in part because of its rising strategic and economic equities in East Asia, and its mix of cooperative and competitive relations with other powers. The China-India relationship – which has both a history of conflict and the potential for more – would certainly benefit from the moderating effects of a pragmatic concert. India's stakes in East Asian security are rising, both because of deepening trade and strategic relationships, at the same time that East Asian powers intensify their interest in India's maritime and land neighbourhood. Indeed, an Asian concert of powers which included India would find itself, in effect, managing an Indo-Pacific security system. Yet India's energy needs – a key driver of its external policies – will continue to focus more on West Asia than the East. And its security focus will continue to be distracted by its troubled neighbourhood in South Asia. So New Delhi's full engagement as an equal player in the great-power politics of East Asia remains not quite a given. Nonetheless, an India even only partly enmeshed in East Asian affairs would expect a place at the regional high table – especially given its economic weight, expanding maritime power and nuclear arsenal.<sup>66</sup>

Beyond the big four – China, the United States, Japan and India – the uncertainties

***“The aftermath of war need not be the only path to a concert.”***

deepen. Russia would certainly aspire to a seat, and has the far-eastern geography, energy equities and some of the military trappings, especially nuclear weapons, to merit continued attention. Its own attention to the region will probably remain fitful. Still, it is quite possible that other powers would accept Moscow in a concert (or indeed an outright balancing) arrangement in Asia if they thought it would tend to align with their interests more than those of others. Even so, Russia within an Asian concert would play its own game, and not serve solely as some other power’s hoped-for ballast against the predominance of, say, China or the United States.

South Korea aspires to a wider regional and global role and has growing weight. But it is not a major power, and could well remain fixated on its peninsular problems. Then again, a future unified Korea would have reasonably strong grounds to be admitted to a concert. Moreover, the trauma of unification might be just the catalyst to bring such an arrangement about (a possibility explored in depth in Chapter 5).

In any case, Korean admission to the club would raise expectations of candidacy among other states with bigger populations (Indonesia, Vietnam) or sizeable economic or military weight (Australia). Most ASEAN countries would stand little or no chance of making the grade for admission to a concert of powers. Moreover, the idea of ASEAN becoming a concert member in its own right would assume a much greater degree of strategic unity among those countries than is feasible in the decades ahead.<sup>67</sup> Only Jakarta or Hanoi might in time join as powers in their own right – assuming they were to sustain dramatic advances in prosperity, military modernisation and active diplomacy.

Of course, even if many of the foregoing countries ended up being included in a concert arrangement, this would not mean that they would engage on terms of perfect equality. The United States and China would presumably be the most powerful players in the room, and the fewer the other participants, the more prospect that the arrangement would be seen as a veil for something much less inclusive even than a concert of powers: a condominium in which Washington and Beijing might place their relations with each other far ahead in importance of relations with all others, a so-called ‘G2’.

## Raising the curtain

How might a Concert of Asia come about? For a start, it would need to be grounded in a recognition of mutual interests and a willingness to work together to advance or defend them. These might begin with a broad recognition of common interest in relatively free trade, energy security or sustainable development, and the need to avoid the sorts of conflicts that might impede these collective goods, subjects on which there has long been assumed to be a reasonable degree of consensus among

the elites in major powers and which already serve as focal themes for regional forums such as APEC and the East Asia Summit.<sup>68</sup> But a genuinely strategic concert would also need to take account of security issues more narrowly defined, such as nuclear weapons, jihadist terrorism, and, more importantly, the prevention of war among major powers.

It might be argued that a concert of powers in Asia is unlikely because the relevant major powers do not place priority on the same political values – whereas the preservation of conservative values was supposedly part of the glue of the congress system. Admittedly, without a change in the nature of the Chinese regime, it is difficult to conceive of an Asian concert arrangement involving the protection of values as a primary driver – unless capitalism (shorn of political liberalism) can be defined as a binding value. If, for instance, transparency and the rule of law can be defined as the kind of values that bind nations with one another, then a true Asian concert involving China would seem to be a long way off. But there remains debate about how much values really mattered much in the concert of Europe: for some players, notably Britain, it was always mainly about interests and power, and British liberal and Russian absolutist values never greatly aligned.

In the process of establishing a concert, more important than shared values would likely be the willingness of major powers of varying size to treat each other as genuine peers. This development need not require a large further decline in US power. The United States has often been willing to deal with considerably weaker powers on terms of notional equality, and already shows considerable respect in its dealings with major Asian states, both bilaterally and in its acceptance of regional institutions. The rapid evolution of US official depictions of China in the past decade – from strategic rival to responsible stakeholder to the recipient of strategic reassurance – is a further sign of this.

The formation of an Asian concert need not be some spectacular gathering – imagine Vienna 1814-15 with karaoke – or the creation of a new organisation. Rather, it might be as simple as the decision by a few national leaders to consult and cooperate, with a minimum of formality or bureaucracy. This could become more possible with generational change at the top. And it could be a logical reaction by big states to what they might see as the fruitless complexity of diplomacy in a region of many small players and multiple competing institutions. The more that smaller states and institutional interests attempt to maximise their relevance by prioritising process, comfort levels and consensus ahead of outcome, the more likely it is that frustrated giants will want to deal directly among themselves on the issues that matter.

All of this assumes the possibility that, as with a balance of power, a concert

arrangement could evolve through a peaceful transition. Such a turn of events would of course defy the nineteenth century European experience, where congress



Admiral Gary Roughead, US Chief of Naval Operations, speaks with Admiral Wu Shengli, Commander-in-Chief of the PLA Navy, in Beijing, April 2009.

Photo courtesy of US Department of Defense

diplomacy was in large part a desperate response to the shattering impact of prolonged war and a deep respect for the fragility of a staunchly-defended status quo. But Asia in the twenty-first century could be different, and the aftermath of war need not be the only path to a concert.<sup>69</sup> It need not be a strictly military crisis or threat that compels Asia's powers towards concert, as the rapid creation of the G-20 summit in response to the 2008-09 global financial crisis attests. There is already wide speculation, for example, that an Asia-Pacific caucus of the G-20, including the United States, China, Japan, India, South Korea, Russia, Indonesia and Australia, might provide a ready-made

forum for other purposes.<sup>70</sup> It is not impossible that leaders in key capitals might all reach the view that, in an era of globalisation and nuclear weapons, nothing matters more than the avoidance of armed conflict between their countries, and that this enlightened awareness would help make the transition from a balance to a concert of powers. One reason such a smooth outcome is unlikely is that it would be extraordinary if all powers were to reach or sustain this view at the same time.

There are several conceivable security crises that could hasten the arrival of an Asian concert of powers. Prominent among these is the possibility of a US-China military confrontation or war – especially if precipitated by the actions of or circumstances in a third party, notably Taiwan. If Washington and Beijing managed to halt such a conflict quickly and without major losses or a change in the status quo, it could serve as a powerful warning against allowing smaller players to influence their strategic actions. Were the conflict to lead to Chinese defeat – perhaps leading to political instability in Beijing – a concert arrangement might serve as a way to reintegrate or manage a troubled China once the dust had cleared. And if by chance the crisis was such that it caused damage and humiliation in roughly equal measure to both powers, the likelihood would rise further of their accepting a concert system to manage the post-conflict era. Of course, if somehow the conflict resulted in the US backing down or being defeated, the implications would be quite different. A concert might still arise, but it could well be a concert of Asia aimed at adapting to a new order without America.<sup>71</sup>

Another highly plausible discontinuity that might lead to a concert of powers would be a regime collapse on the Korean Peninsula, which would immediately

engage the interests of the United States, China, Japan, South Korea and Russia. The key question is whether the crisis would lead to cooperation or confrontation, and here political choice and the pre-existing situation would come into play. This is considered in detail in Chapter 5.

## Bringing down the house?

Despite the genuine possibilities of a concert of Asia's coming into being, it is worth noting that it could prove more fragile and short-lived than the European experience. Indeed, although an Asian concert is a real possibility, it would likely serve as a transition to another kind of order – probably a balance of power, just possibly another form of hegemony – rather than an enduring order in itself.

One weakness, already touched upon, relates to values. Shared appreciation of the gifts of capitalism would seem, on its own, insufficient to sustain active consultation and cooperation among the region's major powers. It is possible that a concert system could be established among powers with values and domestic political systems as varied as those of the present-day China and United States. But a concert based on interests alone would be hard to sustain, since there would in time likely arise some frictions over differing interests where an appeal to shared values might help players make concessions to each other and thus keep the system afloat. Moreover, one of the very values on which China and most other Asian powers differ – transparency in both domestic politics and international dealings – could itself help to build and sustain peaceful cooperation. In other words, for a concert of Asia to endure for, say, decades, there would probably need to be an eventual narrowing of the gap in political systems between China and the region's democratic powers – and without a rise in competing nationalisms. This outcome is possible – there are at least debates within China about the eventual need for greater democratisation, including reducing the brittleness of the one-party system. But it is not likely.

Nor could a concert of Asia be quarantined from the impact of wider global matters, including the activities of regional powers elsewhere in the world and the overlap between regional and global concerts with presumably different memberships. Whereas the concert of Europe tended to avoid dealing with colonial questions – managing tensions on the continent and freeing up the powers to expand their interests abroad – it is hard to imagine all participants in a concert of Asia turning a blind eye to the actions of anyone of their number further afield, such as Chinese actions in Africa or the Middle East. All would have an interest, and the potential for clashes of interests and values would grow, with consequences for the fraying or rupturing of any attempt at a cosy regional system. Just as it is difficult to imagine Chinese primacy in Asia while the United States retains that status globally, it is



***“A concert of powers might serve as cover for a transition to a different system.”***

hard to envisage an Asian concert of powers in which key players had diametrically opposed interests with regard to global challenges, such as resource security or nuclear proliferation in the Middle East.

Another weakness is the vulnerability of an Asian concert arrangement to rapid shifts in the balance of power and in rising powers’ definitions of their national interests. The pace of change is considerably greater than in nineteenth century Europe. There would seem no precedent, for example, to the combined speed and scale of growth in Chinese and Indian economic and strategic weight, or their energy demand, with all of the attendant external policy pressures. The region’s massive disparities in economic growth rates – with some powers or would-be powers growing at between 6 and 10 per cent, year after year, while others languish – will be another factor of volatility. There are at least two consequences. First, the membership of any particular concert system of major powers might need to be revisited as economic and power relativities continued to change. Second, the war-and-peace calculations that may cause great powers to embrace a concert in the first place might alter. War might be unthinkable at the time a concert arrangement was entered into. It might become more thinkable for one or more powers as military balances shifted, especially with the possibility of game-changing technologies in, for instance, the cyber domain.

Finally, there is the related question of whether a concert of powers might serve as cover for a transition to a different system. For instance, it is possible that a rising power, particularly China, might see merit in using a concert system as a way of biding time and building power in an apparently non-threatening way. Just as a relatively fading power such as nineteenth-century Austria (or arguably today’s Japan) might use a concert system to try for as long as possible to slow down and disguise its decline, so too a rising power might find a concert arrangement to be convenient camouflage for the real extent of its changing aspirations, interests and capabilities. In such a circumstance, that rising power might in the end deliberately precipitate the concert system’s collapse, as the overture to a new hegemony, of the kind explored in the next chapter.

## Concerts without halls: implications for regional security architecture

The potential for a concert of Asia relates to the prospects for regional diplomatic architecture in several ways. It has already been argued that a concert of powers need not be embedded in a formal institution. But a concert does need multipolarity. So to the extent that the creation of formal diplomatic arrangements such as ASEAN+3 and the East Asia Summit genuinely reflects the arrival of multipolarity, they may be reflecting – and reinforcing – some of the conditions for a future concert. Such

institutions may herald a concert of powers even if they are too inclusive in their membership or limited in their effectiveness actually to embody one.

Second, the very proliferation of such institutions – Asia already has three competing summits (ASEAN+3, EAS and APEC) plus a multitude of lesser gatherings – along with the expansion of their membership to include the small, the strategically marginal or the diplomatically difficult, means that major powers will be more and more tempted to do their serious dealings in smaller groupings.

Of course, just as bilateralism and multilateralism can coexist, a practically focused concert of powers could well develop and exist alongside region-wide institutions. It might be convenient, and politic, for members of the concert to convene on the margins of the larger forums rather than on entirely separate occasions. But, to the extent that Asia is going to stand a chance of managing its big challenges of interstate security through channels other than bilateral diplomacy or war, it will be through consultations among the major powers, not some all-encompassing regional body. Foreign ministers may continue to perform musical numbers at the end of each ASEAN Regional Forum, but it will be another kind of concert that matters to the region's strategic future.



## Chapter 4

### Chinese primacy

***“...more than at any time in recent history, China’s interests, actions and intentions are assuming prominence in the calculations of other regional powers...”***

Preceding chapters have explored the major changes under way in Asia’s strategic environment, and the alternative security futures these could engender in the coming decades. Among these changes, the growth of Chinese power is by far the most important and potentially disruptive.

Three decades since the opening of Deng Xiaoping’s economic reforms, the Chinese economy continues to grow rapidly, having withstood the worst effects of the global financial crisis and surpassed Japan’s economy as the second largest in the world. As China’s economy booms, its military forces, in turn, are modernising. The capacity of the People’s Liberation Army (PLA) for sophisticated, high-intensity operations along China’s maritime periphery has improved dramatically in recent years, consistently exceeding the expectations of US defence planners. China’s diplomacy, meanwhile, influenced strongly by the country’s need for markets and resources, is proactive and wedded tightly to its national interests. While China’s public statements have become increasingly bold in the wake of the global financial crisis, its strategic policies continue to exude considerable caution and self-restraint, reflecting Beijing’s reluctance to be seen flexing its newly acquired muscle in ways that might dramatically heighten regional concerns.

As a consequence, more than at any time in recent history, China’s interests, actions and intentions are assuming prominence in the calculations of other regional powers – not only major ones like the United States, Japan and India, but also smaller powers such as Australia, South Korea and the countries of Southeast Asia. After all, most other countries now tend to see their own well-being as depending at least in part on China’s ongoing prosperity.<sup>72</sup> For better or worse, China has taken its place on the front rank of regional powers and today bears all the hallmarks of a traditional great power: economic and military weight, diplomatic self-confidence, and, alongside an awareness of its own vulnerabilities, a determination to consolidate its success by accumulating greater wealth and influence.

Despite this, a renewed era of Chinese regional primacy remains far from certain. Beijing may have made careful study of the rise and fall of great powers. But exactly how that story plays out in China’s case will depend as much on Beijing’s ability to sustain high levels of economic growth as on the way other regional powers adjust

their relations with each other, and with China, amid changing power relativities.

Yet the eventual possibility of Chinese primacy, however remote that feels from the familiarity of the established US-led order, cannot be dismissed. For many Chinese, particularly the younger generation, their country's ascendance entails far more than improved living standards.<sup>73</sup> A new nationalism – including a collective desire to redeem the humiliations of the nineteenth and twentieth centuries and to prevent the recurrence of similar shame and hardship in future – has become a powerful unifying force in Chinese society.<sup>74</sup> This has to a large degree been cultivated by the Chinese Communist Party, especially as economic necessity has obliged a loosening of the glue of Communist ideology. That China's ambitions will remain unfulfilled until it has restored what many Chinese believe to be its 'rightful' prominence on the world stage remains an influential view in Beijing.<sup>75</sup> According to Liu Mingfu, a PLA Senior Colonel, "If China in the 21st century cannot become world number one, cannot become the top power, then inevitably it will become a straggler that is cast aside."<sup>76</sup>

This chapter explores the prospects for and possible characteristics of a regional order under Chinese primacy. Such primacy is defined by a preponderance of economic and military power; a willingness to exercise that power to preserve the order and shape it according to Chinese interests; and at least a basic recognition among other major actors of China's dominance, signified by their inability or unwillingness to balance China or overturn the regional order.

The chapter unfolds in four sections. First, it considers why China might aspire to primacy in Asia over the coming decades, despite the many benefits it gains from the existing regional order. Second, it assesses whether – in light of the immense challenges China confronts – China could feasibly expect to attain primacy. Third, the chapter evaluates the conditions and circumstances under which Chinese primacy could potentially emerge. Finally, it looks at the character that such an order might assume.

## Why China wants primacy

Does China have a precise vision of its future as the single dominant power in Asia, which it intends to shape by strategic means? The short answer is probably not. The lack of a 'master plan', however, does not mean that Beijing lacks a more general aspiration for primacy.

The combination of China's long record of primacy in Asia, together with its long-standing feelings of historical victimhood suggests, on balance, that an aspiration to primacy might well be the natural extension of China's recent geopolitical

success. After all, China is not so much emerging as re-emerging. For centuries, China presided over Asia as the dominant regional power, albeit one that frequently distanced itself from the vicissitudes of regional politics.<sup>77</sup> With the arrival of Europeans in the nineteenth century, however, ‘the Middle Kingdom’ was cast aside. Divided and subjugated, China endured ‘a century of humiliation’ – though without losing its self-importance. And though its present circumstances differ greatly, China continues to be driven by a powerful sense of its own historical centrality to Asia, with a long tradition of economic and military primacy and strong feelings of cultural exceptionalism. China’s leaders are well known for taking a long view of history. Conscious that their popular legitimacy depends in large part on facilitating China’s rise, they could well view the restoration of Chinese primacy in Asia through this historical lens, as the antidote to painful memories of China’s weakness and humiliation.<sup>78</sup>

There is also a more general historical pattern that would seem to reinforce the view of China as a potential aspirant to regional primacy. Throughout history, no major power – with the possible exception of post-war Japan, whose economy stagnated at a pivotal moment in its reawakening – has forfeited the opportunity to maximise its relative power and make a run at primacy. Indeed, at some point, every modern great power – the United States, Britain, France, Germany, Japan, and the Soviet Union – despite distinctive ideologies, geography and political circumstances, behaved in an essentially similar way, as if reading out of the same geopolitical playbook: as their wealth and influence accumulated, each sought to become the predominant power in their region and many accepted massive costs and risks to that end.<sup>79</sup>

What principles and assumptions governed this common behaviour? In short, each great power that made a bid for primacy did so largely out of a deep-seated sense of insecurity, which is itself a pervasive feature of the international system. In a world of self-interested states, where the long-term intentions of others remain largely indiscernible, the presence of advanced military capabilities and the absence of an overarching international authority (capable of imposing a particular standard of behaviour) makes it very risky for governments to ignore potential threats. The natural inclination for states in such an environment is to be fearful and suspicious of each other, and to keep a watchful eye on emerging challengers.<sup>80</sup>

In the face of these pressures, states need to think carefully about enhancing their security, and in some cases ensuring their survival. Most aim to build up as much power as possible, both in absolute terms and relative to any potential competitors.<sup>81</sup> As a state becomes more powerful, its leverage and bargaining capacity increases along with its ability to resist being attacked, coerced or pressured by another major power. The optimal position, therefore, is regional primacy, which allows

the state to operate with few external constraints and without any major threat to its territorial integrity or political sovereignty. While security is the fundamental goal, primacy has additional benefits, providing the dominant state with the opportunity to maximise its status, prosperity and influence and to sustain the conditions which gave rise to its privileged position.<sup>82</sup>

Today, many observers view China as immune from this dynamic. This view sees China as an essentially satisfied ‘status quo’ power, prosperous and secure, preoccupied with its own economic ascent, and more or less content with its position in the regional hierarchy. Certainly its leadership has worked assiduously to promote that image, exercising a high degree of self-restraint, engaging with multilateral institutions, and formulating lofty foreign policy doctrines such as ‘Peaceful Rise’ and ‘Harmonious World’ partly as a way of demonstrating China’s transcendence of competitive power politics.

But is China really a different kind of great power? Or has the international system been transformed to such an extent that China is not exposed to the same structural pressures – the uncertainty, mistrust and anxiety – that propelled earlier great powers on their own quests for primacy?

To be sure, China’s rise has mostly occurred within the relatively comfortable confines of US primacy where, like most states in Asia, China has benefited enormously from Washington’s willingness to provide a range of public goods. In particular, the United States has prevented Japan’s re-emergence as an assertive Asian power, constrained Taiwan, kept markets and sea lanes open for trade, and, more generally, created the stable, secure conditions that have facilitated China’s economic growth. But this raises a puzzling question: Why would China want to seek primacy when such a move would, by definition, supplant the very regional order that has abetted its rise?

One possible reason relates to China’s strong desire for prestige, and its inability to satisfy its own sense of greatness in the shadow of US primacy. Like most states, China is clearly motivated in part by a desire for favourable social status comparisons.<sup>83</sup> The 2008 Beijing Olympics, China’s October 2009 military parade, the 2010 World Expo in Shanghai, and its manned space program are all powerful symbols of Chinese ambition. Moreover, the fact that none of these confers on China any



Chinese soldiers march during a military parade to mark the 60th anniversary of the People’s Republic of China, Beijing, October 2009.

AP Photo/Ng Han Guan

major economic or strategic benefit suggests that Beijing's preference for status is not simply a means to an end, but a basic disposition – one that it might be prepared to satisfy at considerable cost to its own material well-being.<sup>84</sup> Status considerations could become especially salient if Chinese leaders are unable to continually revalidate their internal legitimacy on the basis of economic performance (a possibility discussed at greater length in the next chapter), or if they are widely perceived by the Chinese people as having failed to attain for China a role in the world as befits its burgeoning economic and military stature.

***“China continues to be driven by a powerful sense of its own historical centrality to Asia, with a long tradition of economic and military primacy and strong feelings of cultural exceptionalism.”***

A second, more compelling reason is that China can never be certain that the United States will continue to act in the same relatively benign, selfless manner that it has in recent decades. Chinese leaders, conscious that the United States could eventually begin to view China's rise as a threat, cannot afford to indefinitely outsource large elements of their country's security to a putative rival – a hegemonic one, no less – and its allies. Where once Beijing might have had little choice but to simply manage its vulnerability by keeping its head down and free-riding on the efforts of Washington, with expanding power comes China's opportunity actively to enhance its independence and reduce its vulnerability – a process which could potentially culminate in a bid for regional primacy.<sup>85</sup>

## Primed for primacy?

Beyond theoretical and historical expectations, the question of whether China's actions today reflect an aspiration to primacy is a crucial one, with no easy answer. This is in part because China's behaviour remains opaque and ambiguous, offering limited insights into long-term strategic intentions. On the one hand, China's regional security strategy can be seen to have been devised primarily as a response to its day-to-day circumstances, and not as a springboard for long-term regional primacy. Given the Chinese leadership's domestic dependence on high levels of economic growth and development, China has primarily sought to establish a stable external environment so as to mitigate the risks of confrontation, which could distract it politically, deflecting resources from other more pressing developmental priorities.

Perhaps the most critical element of this strategy has been to maintain amicable relations with the United States, to engage it economically, and to carefully balance the temptation to be more assertive with the need to accommodate key US preferences. A second element has involved China's willingness to adopt a more proactive diplomatic posture, whilst selectively extending the benefits of its economic growth to the region and the world. With a few notable exceptions, China's approach to a range of regional and global security issues has increasingly conformed to established international practices. Multilaterally, China has cultivated a leadership role for itself within the ASEAN+1 and ASEAN+3

processes, the Shanghai Cooperation Organisation and the Six Party Talks. In addition, China has sought to sustain at least workable relations with other regional powers – Japan, Russia and India – in part to allay their concerns about its growing power.

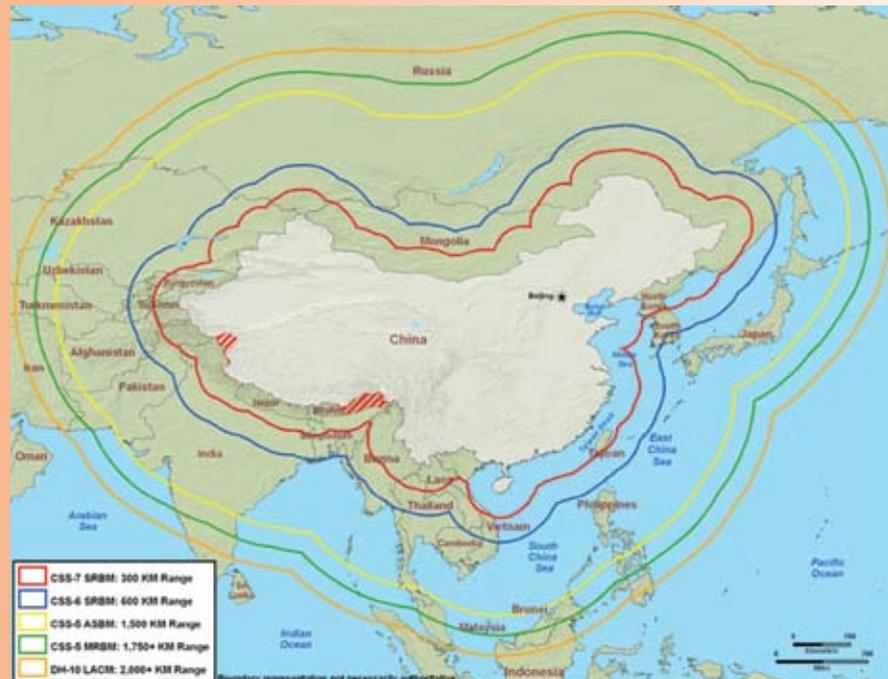
To some, China's pragmatic diplomacy and relatively benign approach to strategic affairs reflect its fundamental satisfaction with the existing regional order. But, since behaviour today can belie intentions tomorrow, one could also draw very different conclusions. Whether focused internally or externally, or on short- or long-term developments, each component of China's regional security strategy is clearly designed to advance, or at least allow for, the indefinite growth of Chinese power.<sup>86</sup> This is the essence of China's strategy today. Indeed, if China does aspire to eventual primacy, then its current strategy of restraint could be considered an optimal one, given its circumstances – surrounded by major powers and growing up in the shadow of US primacy. By this reckoning, Beijing is biding its time.

China understands that any direct challenge to US interests would currently be counterproductive. Not only would it risk attracting the unwanted attention of the region's predominant power, but it would push other regional powers closer to the United States. Instead, by rising quietly and making itself economically indispensable through trade and investment, China has created powerful disincentives to any state that might consider acting in ways that are inimical to Chinese interests. Furthermore, through the diversification of its export markets and sources of foreign capital, and by tying its own economy to that of the US through the accumulation of almost one trillion dollars worth of US treasury bonds, China has also reduced its vulnerability to the kind of economic statecraft that the US considered leveraging against it during the 1990s.<sup>87</sup> The idea that Washington might curtail China's economic growth by suddenly reversing its policy of economic engagement is no longer credible, since it would be unlikely to work and, in any case would be equally, if not more, detrimental to the US economy.

Meanwhile, China's military modernisation continues apace. Decades of rapid economic growth have allowed China to sustain an even greater rate of growth in its defence expenditure without compromising its other nation-building priorities or imposing on its population an unsustainable economic encumbrance. Strategically, this investment has been focused on advanced air, maritime, strike and anti-satellite capabilities, which have been woven into an asymmetric strategy that seeks to dramatically redress the US military's conventional superiority.

In particular, the Chinese military has made considerable progress (consistently exceeding US expectations)<sup>88</sup> in developing an area-denial strategy – designed to offset US military advantages by dramatically raising the costs and risks to US

Figure 6: China's conventional missiles



Source: US Department of Defense, Office of the Secretary of Defense, *Annual Report to Congress on the Military Power of the People's Republic of China*, 2009, p. 29, accessed at [http://www.defenselink.mil/pubs/pdfs/China\\_Military\\_Power\\_Report\\_2009.pdf](http://www.defenselink.mil/pubs/pdfs/China_Military_Power_Report_2009.pdf), on April 12, 2010.

forces of operating in the vicinity of China's coastline in the event of a conflagration involving Taiwan or some other regional hot spot.<sup>89</sup> For the time being, China's ability to create and maintain an exclusion zone is limited to its immediate periphery and, increasingly, to the areas surrounding Taiwan. However this can be expected to expand in the coming years as new technologies – such as anti-ship ballistic missiles – are integrated into PLA force structure and doctrine.<sup>90</sup> In this regard, China's anti-access strategy should be seen as a foundation of what might eventually become a Chinese version of the Monroe doctrine – a critical precursor to any monopolistic, or potentially more coercive, sphere of strategic influence.<sup>91</sup>

Taken together, there is little in China's strategic behaviour to suggest that its leaders will abandon a distrustful posture of strategic self-sufficiency, or that their thinking about the world, and their country's role in it, differs fundamentally from great powers of the past. "China", writes Thomas Christensen, "may well be the high-church of realpolitik in the post-Cold War world."<sup>92</sup> Like rising powers before it, China seems quite naturally desirous of being more than just rich. At the very least it wants to be strong, secure and able to command a level of respect commensurate with its military and economic power. It seems unrealistic to expect,

therefore, that if its comprehensive national power approaches or surpasses that of the United States over the coming decades, and if the opportunity presents itself at a credible level of cost or risk, China will voluntarily forgo the opportunity for primacy in East Asia.

## Can China attain primacy?

But even if China aspires to primacy, can it expect to achieve it? On the one hand, the basis for military power is economic power, influenced by population size and labour productivity.<sup>93</sup> China has both in spades. On the other hand, China, unlike the United States in its hemisphere, has to steer itself through a region with the greatest concentration of major-power interactions in the world. Primacy is hard to achieve at the best of times (for example, it took the United States over one hundred years to establish in the Western hemisphere). Attaining it in such heavy strategic traffic is a truly formidable undertaking. It would be extraordinary if it did not arouse the deep concern of other regional powers and precipitate at least an attempt at the kind of balance of power system outlined in Chapter 2.<sup>94</sup>

Today, the United States is weighed down by the collective burden of two decades worth of economic and foreign policy excess. Its strategic commitments in Iraq, Afghanistan and Pakistan; its inability to bring Iran or North Korea to heel over their nuclear programs; and a whole host of divisive domestic challenges, such as unemployment and massive budget deficits worsened by the global financial crisis, have all imposed limits on Washington's ability to assert itself on the international stage. Yet, as noted in Chapter 1, it would be a mistake to discount America's enduring strategic weight.

Moreover, for much of the past century it has been express US policy not only to maintain primacy in its own region, but to prevent any other state from reaching that same position in another region. The United States intervened in World War I and World War II to prevent German dominance in Europe. It thwarted Japan's attempts at primacy in World War II; and it accepted an existential risk to prevent the Soviet Union from attaining dominance in Western Europe throughout the Cold War. It may be some time yet before Washington fundamentally refocuses its attention on Asia. When it does, however, most likely in the midst of some unforeseen crisis, it will encounter powerful structural incentives to refashion a more overtly competitive strategy towards China, reminiscent of the approach it took to the Soviet Union during the Cold War, with an emphasis on inhibiting China from manoeuvring towards primacy.<sup>95</sup>

In recent years, Japan and India have also begun to push back against the growth of Chinese power, albeit with varying degrees of intensity. For some in Japan, the rise of





China has begun to elicit a deep sense of anxiety that Japan might be consigned to a subordinate role in a Sino-centric Asian order. Consequently, as Japan adjusted to the reality of Chinese power in recent years, its foreign and strategic policies underwent a number of changes, subtle in isolation, but which taken together reflected a new sense of resolve among some Japanese leaders, particularly in the previous LDP government, to prevent China from establishing regional primacy. First, moves were made to make the US-Japan alliance more reciprocal, threat-centric, and able to balance China. Second, Japan embarked on its own diplomatic offensive, highlighting democratic values as a basis for closer relations with India and Australia.<sup>96</sup> And third, Japan acquired its own advanced military capabilities, with the intent to deny access to Japan's air and maritime approaches.

The DPJ government has begun moving away from some of these policies, and it remains unclear whether, in the new volatility of Japanese politics, such ideas will eventually regain favour. Will Japan seek to enmesh China in institutions rather than balance against it – for example through its proposed East Asia Community – or is Tokyo becoming resigned to the status of a second-tier player in Asia's security order? It is conceivable that Japan might be prepared to accept a position of subordination to China, as it has with the United States since the end of World War II. But Japan's precarious strategic position, its longstanding rivalry with China, massive economy and abiding sense of exceptionalism all make it unlikely that Tokyo, in the foreseeable future, will accept a Chinese bid for primacy with equanimity, even under a DPJ government.

The position of India also cannot be discounted in considering whether regional primacy is a realistic goal for China. Although the leadership in India does not consider parity or an attrition-based level of strategic competition with China to be realistic or sensible policy goals, India is pursuing the military strength (including a nuclear second-strike capability) and bilateral partnerships (including with the United States and Japan) that it will need to protect its interests against a rising China. Even were China on track to becoming the foremost power in the Western Pacific, the question of whether it could ever dominate the Indian Ocean is another matter.

Finally, China's continued spectacular economic growth is by no means guaranteed. As a consequence of its growth so far, China currently faces an unprecedented array of thorny domestic challenges: growing urbanisation; inequality; increasingly frequent anti-government protests; an aging population; serious environmental degradation; the challenges of economic reorientation towards domestic consumption; restive non-Han populations; and corruption. All pose a degree of threat to China's chances of sustaining its economic dynamism.<sup>97</sup> While Beijing is responding pragmatically to many of these issues, uncertainties about internal cohesion and political legitimacy could make any goal of primacy even more distant.

## Pathways to primacy

Chinese primacy – at least in East Asia – is not impossible. But some unlikely conditions would need to be fulfilled first. China might arrive at primacy through either of two pathways. Both involve the dramatic diminution of American power in Asia – well beyond the point at which the United States loses primacy – and are ultimately contingent on political choices in Washington. As such, either might be preceded by an intermediate period, in which either a balance of power, or a concert of powers, or both in sequence, might hold sway.

The first route would be the least likely, and fraught with profound risks: defeating the United States in a major military confrontation. Such conflict need not be precipitated by China: it might arise from a Taiwan crisis or some other strategic shock, such as miscalculation in the event of a North Korean contingency (see Chapter 5). Nor need this amount to a hugely destructive or prolonged war. The main consideration would be China's inflicting a level of losses – or imposing a degree of risk – upon the United States that made Washington simply unwilling to put up or continue a fight. This might involve cyber, space or nuclear threats – or attacks – instead of or as well as some sort of traditional maritime battle. The net effect of all of this would be to expose US security guarantees in the region as fundamentally hollow, and push the boundaries of US military dominance back at least to Guam or possibly even Hawaii.

For this to happen, China would need to be highly confident in its military power – although it is quite possible that circumstances could drive China to confrontation before it considered itself ready. It would also need to assure itself of the economic foundations at home and abroad necessary to undertake a costly and possibly protracted military conflict – with the possibility also of an enduring Cold War-style relationship to follow. Obviously China would have achieved this were it to surpass the size of the US economy, which *could* occur within two decades. But China would not necessarily require the world's largest economy in exchange-rate terms before it might consider itself rich enough to take a major geopolitical chance. As noted previously, US military power is spread globally, whereas China concentrates its military efforts on the Pacific and, to a gradually increasing degree, Indian Oceans. A more crucial question is how secure and diversified it might consider its energy supply lines and wider trading relationships.

Before risking confrontation with the United States, China would also want to upgrade its strategic nuclear forces, reducing its perceived vulnerability to a disarming first strike. With a new fleet of solid-fuelled, road-mobile and submarine-launched ballistic missiles, China is on the way to satisfying this condition. China would also want to have advanced cyber-warfare capabilities and countermeasures,



as well as effective anti-satellite capabilities. It is pursuing the former, and a January 2007 test demonstrated progress towards the latter. And finally, and perhaps most challengingly, the Chinese military must be confident in its advanced conventional military capabilities, including in power projection. This would require China to move beyond its long-established defensive force structure and doctrine, and in addition develop the ability to project and protect forces far afield, in the face of US denial capabilities. This is a decades-long project, likely to lag behind the point at which China surpasses the US economically.

The other possible pathway to Chinese primacy, arguably more likely than war, would be through US strategic retrenchment (discussed at more length in the following chapter). This could occur through a deliberate strategic choice – such as an attempt at passing the costs and risks of balancing a rising China to Japan, who might instead choose to accommodate itself to Chinese primacy – or driven by changed internal dynamics in the United States. In either circumstance, American withdrawal would have to be succeeded by Japanese capitulation for Chinese primacy in East Asia to emerge.

## The character of Chinese primacy

In the unlikely event that Chinese primacy does emerge in the coming decades, what might such an order look like? Would it be coercive and imperial, fuelled by something like the militarism of 1930s Japan? Would it be uniquely Chinese, based on an authoritarian mercantilist ‘Beijing consensus?’ Or would it be more like American primacy in the post-Cold War world, relatively benign and consensual and built on political foundations that, while clearly hierarchical, are generally more accepted than enforced?

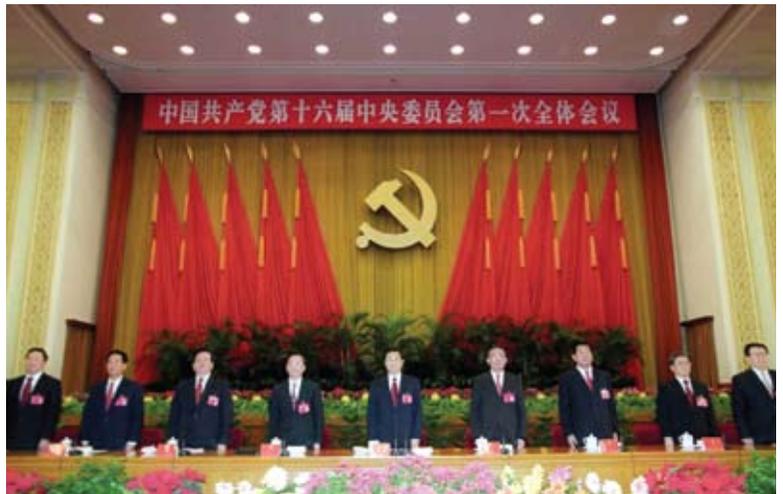
The twentieth century presented a caricature of hegemonic states – Germany, Japan, the Soviet Union – as implacably revisionist, violent, ideological, and determined to reshape the political and territorial status quo in accord with their interests and self-importance. On balance, China seems unlikely to follow this path, especially in a world where the nature of warfare has changed, nuclear weapons exist, and wars of territorial expansion are widely seen as yielding diminishing returns.

Yet the possibility of the future coercive use of force by China cannot be discounted. China’s leadership in the past decade has chosen selectively to develop advanced military forces and not to rely solely on economic development as a means to greatness. And where China considers that its vital interests are concerned – for example, over Taiwan – military power suited for coercive purposes occupies a central role in overall strategy, as the more than 1,000 short-range missiles arrayed across the Taiwan Strait attest.

Just how benign Chinese primacy would be will depend in large part on how it might arise and on the way other states might react. If China arrives at primacy through hegemonic war, it may well be emboldened to consolidate its position by reorienting the territorial order in accord with its own economic and strategic interests. China has unresolved claims in the East and South China seas and in the Himalayas on its border with India, which it has deferred but not conceded, while its power, leverage and capacity to resolve these disputes on its own terms grow. In the absence of US military power, the chances of China forcing an outcome on these disputes – except, perhaps, with nuclear-armed India – would grow markedly. In the face of enduring opposition, China’s use of armed force to secure at least some of these territories would be a distinct possibility. China might also become more emboldened to chance the deployment of coercive force in order to lock in access to resources elsewhere – although even a China dominant in East Asia might be wary of provoking confrontation with the United States or other powers in regions further afield.

Another intriguing possibility is that Chinese leaders might look for guidance in the past, seeking to embed their primacy in a hierarchal, tributary system similar to that through which China exercised its primacy during much of its imperial era. The notion of a formal hierarchical order has a long legacy in Asian international relations. For over a millennium, Asia’s strategic system was shaped by China’s dominance, and particularly by China’s interaction with formally subordinate ‘vassal’ states, which accepted its primacy, paid tribute, and accommodated themselves to a Sino-centric order on the basis of a shared understanding that China had no extra territorial ambitions. As David Kang notes, “as long as hierarchy was observed there was little need for interstate war.”<sup>98</sup>

In some respects, this traditional hierarchy appears to be reasserting itself in Asia, primarily among the countries of continental Southeast Asia, which have once again come to view China as the ‘paramount power’ in their region.<sup>99</sup> Indeed, if Chinese primacy was to arise through US retrenchment, China, still facing a very powerful Japan, could see this model – with its emphasis on formal hierarchy, but allowing for informal equality – as a viable way of allaying Japanese concerns. Chinese primacy, in this regard, could be maintained, like American primacy has been, without complete domination of the system, which would be expensive, risky and likely to eventually arouse a countervailing coalition.



Members of the Politburo Standing Committee of the Chinese Communist Party, the most senior policy-making body.

AP Photo

It is quite possible that a regional multilateral institution – such as a future evolution of ASEAN+3 or, even more so, ASEAN+1 – might be perceived by China as a vehicle for such a tributary system. On the surface, there would be the appearance of a forum of equal and sovereign states, but the real dynamic would be of a latter-day Middle Kingdom's using these meetings as a platform to signal its preferences to the region. In this sense, certain regional institutions, or indeed some sort of Asian concert of powers (presumably minus the United States), might herald a veiled sort of Chinese primacy.

## Implications for regional security architecture

***“Like all great powers before it, China has good reasons to want regional primacy and will almost certainly continue to maximise its relative share of power in Asia for the foreseeable future – quietly and cautiously while it deems itself vulnerable, perhaps more openly and less incrementally as its power grows.”***

Like all great powers before it, China has good reasons to want regional primacy and will almost certainly continue to maximise its relative share of power in Asia for the foreseeable future – quietly and cautiously while it deems itself vulnerable, perhaps more openly and less incrementally as its power grows. Nevertheless, the chances of this culminating in Chinese strategic primacy remain, on balance, relatively remote, at least for the next few decades, making it one of the less likely future scenarios among those considered in this paper.

Unlike a balance of power which could devolve almost imperceptibly from the existing order, a direct transition from American to Chinese primacy would involve at least one dramatic discontinuity in Asia's strategic environment. It is hard to see how Chinese primacy could arise without being preceded by either a long era of multipolarity – for example, through a balance or concert of powers, in which China could gradually amass its capabilities – or a sudden and rapid disintegration of the prevailing order, brought on by hegemonic war, US strategic retrenchment, or some other seismic strategic event.

In the meantime, China's foreign and strategic policies, none of which are incompatible with the eventual goal of Chinese primacy, will likely proceed as they have in recent decades – geared towards ensuring the indefinite growth of China's relative power and the quiet dilution of American primacy. As its power grows, China's voice will grow stronger, and its position on many issues could become even less accommodating of wider international opinion. Nevertheless, there is no reason why in the near-term China should want fundamentally to disrupt the international arrangements that have abetted its extraordinary transformation. With the exception of US military dominance in Asia, which fuels China's sense of vulnerability, the status quo continues to serve Beijing's interests well. Indeed, China's ambitions may lead it, for quite some time, to continue preferring the existing instruments of international policy as its weapons of choice in constraining the United States and building power in line with its own interests.

## Chapter 5

### Strategic shocks

As we have emphasised throughout, this paper does not attempt to predict Asia's security future. Rather it sketches out a number of conceivable alternative futures and some of the implications for the regional security order. The actual course of events is likely to be messier – perhaps reflecting a combination of elements of the different futures we have outlined here. Which future comes to pass will depend on a vast range of permutations and combinations and a multitude of variables, far too many to examine here in detail. To illustrate the dynamism of the contemporary Asian security landscape, however, this chapter outlines several conceivable 'game changers' – disruptive events or trends which could act as pivots or railway switches, sending events from one apparently settled track rapidly onto another one. It looks at the implications of each of these for the four alternative futures, including whether it makes each of them more or less likely.

#### US retrenchment

Today the United States faces a paradox in Asia. On the one hand its relative power is declining, as China and India in particular rise. Because this growth shows few signs of letting up this trend has taken on an appearance of inexorability. On the other hand US interests in Asia remain as great as ever, or even greater, as global power shifts away from the Atlantic Ocean to Asia and Asia looks to increase its influence over the working – and possibly ultimately the design – of the international system.

The current regional security order rests on and is defined by US power – economic, political and, fundamentally, military. It follows that any sudden diminution in American power in Asia – particularly military power – would transform the regional balance, with profound implications for Asia's security future. Governments across Asia are acutely sensitive to perceived shifts in the distribution of power in the region.

This is not the first time that the scope and longevity of US military power in Asia have come into question. The United States has been a Pacific power for over a century, but US engagement with the world – and with Asia – has always had its limits. During that period America's innate but generally repressed isolationist impulse and occasional strategic reverses have triggered regional concerns about potential US retrenchment. Pearl Harbor, the Korean War, Vietnam, trade tensions

***“There is evidence that the United States is entering one of its inward-looking phases – a consequence of the economic downturn and costly wars in Afghanistan and Iraq.”***



A despondent trader leans on a phone post on the floor of the New York Stock Exchange in the lead up to the Global Financial Crisis, December 2007.

AP Photo/Richard Drew

with Japan during the 1980s and the loss of bases in the Philippines each in their time were seen as harbingers of US decline and strategic withdrawal from the region.

The longevity of the US presence despite these episodes does not mean, however, that US interests in Asia will inevitably always be matched by the resources it needs to protect and pursue them. Nor can we assume that the United States will necessarily have the will to deploy those resources in all circumstances. In our judgment a significant US retrenchment in Asia remains highly unlikely precisely because of the extent of American interests in the

region and because of its significant advantages in economic power, technology, soft power and military power in particular. But a US strategic disengagement – whether as a result of a lack of capacity or a lack of will, or perhaps both – is not completely unthinkable. The most likely causes of such a crisis – and it would precipitate a crisis in Asia – would be internal to the United States: a sustained economic downturn, a breakdown of confidence in the benefits of globalisation, and a collapse of public support for the US role as a global provider of public goods including security.

A major strategic setback in Asia or the Middle East could trigger or exacerbate such a crisis (although in some circumstances this could also have a galvanising effect – for example, as the North's invasion of South Korea did in 1950). Possible examples include:

- The United States fights China over Taiwan but suffers a major reverse
- the United States fails to intervene in response to a Chinese attack on Taiwan, undermining confidence in US alliance commitments across the region and leading to rapid, destabilising realignments
- a drastic deterioration in US-Japan relations, perhaps driven by Japanese domestic politics, sees the withdrawal of all US forces from Japan
- a major US strategic reverse in the Middle East causes a spike in isolationist sentiment in America and a broader global retrenchment of US military power
- a future US economic crisis exacerbates isolationist sentiment and forces drastic cuts to US defence spending over a protracted period.

Such a domestic crisis in the United States seems unlikely. Although his popularity

has dipped, President Obama's election was greeted with a wave of enthusiasm and hope for the future. The economy is showing signs of a recovery, albeit gradual. A strong US global role remains the orthodoxy on both sides of American politics and across the foreign policy elite. Nonetheless, significant negative trends are emerging for America's global role and its strategic position in Asia over the longer term.

There is evidence that the United States is entering one of its inward-looking phases – a consequence of the economic downturn and costly wars in Afghanistan and Iraq. Protectionist sentiment is growing, and the Obama administration has raised concerns in Asia by decisions such as imposition of a punitive tariff on Chinese tyres. Perhaps even more worrying, a Pew poll released in December 2009 showed isolationist sentiment in the United States surging to a four-decade high.<sup>100</sup> Should these trends continue, public sentiment could constrain Washington from continuing to provide the two things that Asia most wants from America: open markets and security.

Even if the United States retains the will to remain Asia's hegemon, it is likely to face capacity constraints in the medium to long term. The US Congressional Budget Office (CBO) conservatively estimates the US federal budget deficit for 2009 will reach US\$ 1.6 trillion. This represents 11.2 per cent of gross domestic product – up massively from 3.2 per cent in 2008 and the highest figure since the Second World War. The CBO estimates that public debt, which represented just 33 per cent of GDP in 2001, will continue to grow to 68 per cent of GDP by 2019. Beyond the next decade an ageing population and rising healthcare costs will increase America's fiscal challenges. There is widespread agreement that the US fiscal situation is unsustainable, but no consensus on the kinds of long-term solutions that need to be enacted.

The Obama administration has already announced cuts to real defence spending. Major weapons programs such as the F-22 advanced Raptor fighter and the DDG-1000 Zumwalt destroyer will be terminated; nuclear weapons are being assigned a more limited role in US defence planning, even as Washington's margin of conventional superiority diminishes; and uncertainties remain as to the long-term direction of space and missile defence programs, capabilities in domains which will become increasingly important, particularly in Asia. Absent a change in national priorities, the US defence budget is likely to come under serious pressure from 2016. China's rapid military modernisation program is likely to continue unabated during this period, with a particular focus on missile, space, cyber and blue-water naval capabilities, many of them intended to deny US forces access in realms where American power has previously been unchallenged.<sup>101</sup>

The impact of a US strategic retrenchment on Asia's future security direction would

depend on its scale. One possible outcome of a complete US strategic withdrawal – which remains highly unlikely within the time-frame of this paper – is the emergence of China as undisputed regional hegemon: the Asian security future envisaged in Chapter 4. In the event of a substantial but not total US strategic withdrawal from Asia – for example the departure of US forces from Japan or South Korea or both but with significant deployments remaining forward in Guam and also Hawaii – it is unlikely but conceivable the US role in Asia could evolve into that of offshore balancer. At its most extreme, a complete strategic withdrawal could precipitate a complete breakdown of the regional security order with some countries gravitating to China and other powers such as Japan and India banding together in an attempt to balance it. Japan would be very likely to develop its own nuclear weapons and other countries beginning with South Korea would almost certainly follow.

A concert of powers would be a less likely outcome given China's disproportionate weight in such a system and its long-standing differences with Japan and India. But a concert involving China, Japan, India, South Korea (or possibly even a reunified Korea), Indonesia, Vietnam and perhaps Russia remains an outside possibility.

## Chinese legitimacy crisis

China's phenomenal rise over the last three decades has been the single most significant change in Asia's security environment, and in each of the four scenarios discussed in preceding chapters. Chapter 1 questions the assumption that China will usurp US strategic primacy in the foreseeable future while the last one, if regional power relativities continue to shift, suggests that it may.

As discussed in Chapter 2, modern China's rise and its potential challenge to US strategic primacy also raises a conceptual conundrum.<sup>102</sup> Parsimonious readings of structural realism and power politics suggest that powers in the region should be bandwagoning with China in order to reduce America's regional predominance and to put themselves on good terms with Beijing in anticipation of eventual Chinese primacy. Yet, so far, as discussed in Chapter 1, there is little sign of this happening. Beijing University's Zhu Feng insightfully describes "China as 'a lonely rising power' without obvious friends among its immediate neighbours, each of whom harbours some residual historical antipathies and suspicions."<sup>103</sup> China's neighbours though, particularly India, Vietnam, South Korea and Japan, may consider these feelings more than residual.

A steady slew of books and articles predict the coming failure of China's political economic system unless root-and-branch reform is undertaken quickly.<sup>104</sup> This remains an unlikely scenario. Yet China's political system faces huge domestic

challenges, many of which have assumed prominence in the thinking of the Communist Party leadership.

Today, China's inequality is greater than in 1949, with rural China – home to the majority of the population – stagnating while the dynamic coastal provinces continue to boom.<sup>105</sup> Hu Jintao's mantra of a harmonious society and countryside is a rhetorical acknowledgment of these pressures and the fear that stalks all Chinese leaders: rural unrest and potential mass rebellion. In the last couple of years, violent unrest in Xinjiang and Tibet has increased despite (or because of) greater government focus on fully integrating these peripheral and contested non-Han Chinese territories.

Uncensored opinion polling inside China clearly reflects the population's own concerns with internal problems. In a 2009 poll, commissioned by the Lowy Institute's MacArthur Foundation Asia Security Project, environmental issues and food and water shortages easily topped a list of internal and external threats.<sup>106</sup> A poll carried out by the People's Forum magazine in China in late 2009 found that 82.3 per cent of the 8000 on-line respondents saw the largest threat as the "corruption problem exceeding the tolerance level of the people," while 80.6 per cent nominated the increasing gap between rich and poor. China (and Russia depending on the definition) is also the only one-party authoritarian state among the top 20 economies by size (measured by both PPP and market exchange rate) in the world. History suggests that authoritarian systems are much more vulnerable to apparently sudden collapse as witnessed in the Philippines in 1986, Warsaw Pact states in 1989, the USSR in 1991 and Indonesia in 1998.

A domestic legitimacy crisis in China challenging the nature of its authoritarian political system, a regional leadership crisis that leads its many neighbours to actively resist Beijing, or an explosive fusion of the two could be the most disruptive wildcard for regional security and regional security cooperation. If the India-China dispute over Arunachal Pradesh (referred to often as 'southern Tibet' in the Chinese media) and Aksai Chin or the South China Sea were again to flare into military conflict between China and the other claimants, long-held and deep suspicions in the region about Beijing's peaceful rise and harmonious world rhetoric would be confirmed. Any domestic crisis of legitimacy could also tempt Beijing's threatened leaders to seek more actively to pursue its territorial claims to rally nationalist sentiment around them. This would further undermine any chance of a concert or Chinese primacy eventuating peacefully, as would any effort to regain control of Taiwan without the consent of Taiwan's democratic polity.

A largely (China is too large and central for this to be solely) domestic crisis would push back by decades a scenario of Chinese primacy, as it would force Beijing to

***“A domestic legitimacy crisis in China, a regional leadership crisis that leads its many neighbours to actively resist Beijing, or an explosive fusion of the two could be the most disruptive wildcard for regional security and regional security cooperation.”***

focus even more on domestic problems and remove much of the international lustre that China's economic progress has garnered the leaders in Zhongnanhai over the last three decades. Such a crisis would increase the longevity of US strategic primacy. A largely domestic crisis could also increase Beijing's interest in a concert of power, even one with the United States setting the terms of cooperation, as such an order would allow Beijing's leaders (new or old) to worry less about China's external environment and regain some of its lost regional prestige.

A largely external crisis, either triggered by conflict with a neighbour or through a 'wag the dog' response to a domestic crisis, would have a more indeterminate impact on our scenarios and would depend on how powerful China had become regionally when this crisis hit. If China was already the paramount power, this could strengthen China's regional primacy by cowing its neighbours and pulling them into line. If China had not reached a position of unquestioned primacy though, such a crisis would likely lead the affected neighbour and others to bandwagon even more with the United States, favouring a continuation or even reassertion of US primacy. In the longer run, if the crisis petered out without a definitive Chinese victory, it could also support a concert of regional powers by emphasising the costs of conflict.

## Middle East energy crisis

Asia, the most dynamic region in the world, is dependent on energy originating in the world's most turbulent region, the Middle East. Indeed, the combination of instability and war in the Middle East (and the possibility of more ahead), together with Asia's increasing dependence on that volatile region, has reaffirmed the salience of energy as an issue with potentially deep implications for Asia's future security order. Today, the level of oil production in the Middle East is relatively flat and the discovery and development of new fields is progressing unevenly. With renewable sources of energy many years away from becoming a viable replacement for hydrocarbon-based fuels, concerns about the scarcity of energy resources have the potential to engender both competition and cooperation among the major powers of Asia.

In regional terms, Asia is already the world's largest consumer of energy, with between 70-80 per cent of imported oil coming directly from the Middle East. Approximately half of China's oil supply originates in the Middle East. India, despite importing considerably less by volume, relies on this region for over 60 per cent of its total oil imports. At almost 85 and 90 percent respectively, Japan and South Korea (with their heavily industrial economies) depend on the Middle East to an even greater extent. While the United States relies on imports from the Middle East to a far lesser extent, it nevertheless continues to underpin security in both

regions – Asia and the Middle East – and across the sea lanes that connect them. What would the implications be for Asia of an acute crisis in the Middle East, resulting in prolonged disruptions to the steady supply of oil?<sup>107</sup>

Of course much would depend on the specific nature of the crisis – the way it started, its chief protagonists, duration, and the means by which it was resolved.<sup>108</sup> Nevertheless, it is possible to draw a few general, if speculative, conclusions. Perhaps the most immediate and pronounced effect of a major disruption in the flow of oil would be serious economic upheaval throughout the region, manifest in a collapse in production and trade and either the gradual or rapid reversal of regional economic integration. Massive inflation – not only in the price of oil, but all goods which need to be shipped – could quickly result in slowing GDP growth, higher unemployment, poverty, diminished investment and lower asset values. Social unrest and international political stability would be likely to ensue.

For China in particular, this would pose a severe challenge, compromising both the strength of its regional position and at the same time undermining the basis of its leadership's claim to internal legitimacy. If, as the previous chapter suggested, the response to this might be to fan the flames of Chinese nationalism by adopting a more assertive regional posture – a way of compensating for its economic underperformance – the prospects for an Asian concert would be greatly diminished as new tensions either reinforce the status quo – US primacy – or usher in a more contested balance of power.

On the other hand, there are strong forces for cooperation when it comes to energy. Despite its military modernisation and efforts to diversify supply, China's energy supplies from the Middle East and North Africa are vulnerable to interdiction. Japan also outsources its energy security to the United States. As a consequence of their continued dependence on the United States to provide access to oil markets and freedom of passage across vital sea lanes, all the major powers of Asia – China, Japan, even India – have strong incentives to promote a cooperative approach to energy security and to maintain stable, working relationships.

Furthermore, any breakdown in the global supply of oil will mean a concomitant rise in the cost of oil for all importing countries. A self-defeating 'energy security dilemma' could arise as each country tries to secure its energy resources, thereby intensifying competition in world energy markets, and in turn increasing the salience of national energy security strategies.<sup>109</sup> As a region, Asia's general interest promises to be best served by enhancing cooperation and coordination to preserve open access to global oil markets. Indeed, nascent counter-piracy operations around the Gulf of Aden<sup>110</sup> reflect the possibilities inherent in a more cooperative approach to energy security.



Another possible outcome to a prolonged oil shortage, especially in the wake of such a crisis, would be a general attempt among the powers of Asia to bolster their political and military influence in the Middle East and Central Asia, to position themselves more favourably should similar circumstances arise in future. Japan and South Korea have been pursuing major investment in Middle Eastern oilfields and operations to produce natural gas for many years now. China meanwhile has already cultivated what it describes as a ‘strategic oil partnership’ with Saudi Arabia; it is a major arms supplier in the region and its close ties with Iran have already begun to impede Sino-US relations, as Washington struggles to gain or sustain Beijing’s support for more extensive sanctions against Iran in relation to its ongoing nuclear program (itself a potential catalyst for just such a crisis). India is also a major importer of Saudi oil.

To be sure, China is not yet capable of becoming a major strategic challenger in the Middle East, lacking as it does the necessary force-projection assets. For the foreseeable future, therefore, it is likely to rely on its partnerships to dilute the singularity of US primacy in that critical region. Nevertheless, as its power and influence expand, China might seek out a much more prominent role in the Middle East – a development that the United States is not only likely to resist in the Middle East, but potentially in Asia and other parts of the world as well. Once again, this would most likely hasten the emergence of a balance of power.

Finally, the most serious risk of a serious oil crisis is that it might unleash an intense security competition in Asia itself. This scenario has an unfortunate historical basis. It was concern for the security of its energy supplies, especially in the wake of Washington’s oil embargo (1941), which in part motivated Japan to occupy oilfields in maritime Southeast Asia in World War II. To what extent does the rise of China, with its rapidly expanding power and growing dependence on foreign energy supplies, portend the renewal of intense competition over energy in the coming decades? Perhaps the most serious risk is that China’s efforts to secure and consolidate its oil supply will arouse the insecurity of other regional powers.<sup>111</sup> China has expansive claims in the South and East China Seas, through which a great proportion of Japan’s energy is transported. Furthermore, as China’s energy dependence intensifies, as the price of energy increases with continued demand, and as new uncertainties emerge regarding freedom of access, the capacity to at least deny the use of sea lanes that connect the Persian Gulf to the Pacific will become a more urgent strategic priority for a number of regional navies.

This consideration is already emerging as one of the key drivers in Beijing’s acquisition of blue-water naval capabilities.<sup>112</sup> Indeed, Chinese naval activity in and around the Indian Ocean has increased markedly in recent years, raising tensions with India and sparking a new naval rivalry. China has invested heavily

Figure 7: China's critical sea lanes



Source: US Department of Defense, Office of the Secretary of Defense, *Annual Report to Congress on the Military Power of the People's Republic of China, 2009*, p.4, accessed at [http://www.defenselink.mil/pubs/pdfs/China\\_Military\\_Power\\_Report\\_2009.pdf](http://www.defenselink.mil/pubs/pdfs/China_Military_Power_Report_2009.pdf), on April 12, 2010.

in the development of advanced conventional submarines, aimed at defeating or circumventing any sort of US naval blockade, especially one focused on the narrow waterways of the Malacca Straits. It has also invested in a new Pakistani port at Gwadar, in part to shorten its sea lines to the Gulf and ensure energy supplies in the event of a maritime blockade, though doubts remain about the feasibility of an oil pipeline running from Pakistan to China, which would have to transit Pakistan's turbulent Northern provinces. Over the past year, two incidents – the harassment by Chinese vessels of the *USS Impeccable* and a collision involving a Chinese submarine and a US destroyer off the Philippines – have highlighted the new dangers of Asia's great and rising powers colliding in waterways that both consider vital to their strategic interests. If these patterns persist, Asia's increasing dependence on oil could increase the likelihood of clashes over territory as well. Old territorial disputes concerning the Spratly and Senkaku/Diaoyutai islands, which have been set aside though not resolved in recent years, could eventually flare up again, fuelled by the scarcity of hydrocarbon resources and an urgent desire to diversify supply.

## A North Korea crisis

A security crisis on the Korean Peninsula within the next few decades, or even



North Korean leader Kim Jong-il watching military training on the occasion of the 78th birthday of the Korean Peoples Army.

AAP IMAGE/ Korean Central News Agency

years, is highly plausible. It would be a fundamental test of the region's security arrangements, a challenge to regional stability, and likely catalyst for deep change in the regional security order. Korea is, after all, a traditional site of competition and conflict among major powers as well as a serious power in its own right. It has experienced several great-power wars since the late nineteenth century. And, as a bitterly divided nation, it contains its own internal dynamics for crisis or conflict that could draw in the wider region.<sup>113</sup>

That change could go in any of several possible directions. Depending how the crisis evolved, and how key powers responded, a Korean strategic shock could contribute greatly to turning any of this paper's four scenarios – US or Chinese primacy, balance or concert – into a reality. Korea and what happens there could well prove to be the strategic pivot of Asia in the twenty-first century.

How might a crisis arise? How would the interests of key powers be affected? And how would they respond?

The most likely security crisis on the Korean Peninsula is not some sort of repeat of the 1950-53 Korean War, initiated perhaps through a surprise attack by Pyongyang. Although occasional skirmishes still occur, and the North is prone to loose war talk, the regime appears to make rational calculations based on the prime objective of maintaining its hold on power and control over the populace. The nuclear weapons program, in Pyongyang's view, serves in the final analysis to bolster regime security.<sup>114</sup>

What is more likely is an irreversible weakening and eventual or abrupt collapse of the regime, which would have potentially destabilising consequences in the short term even if also paving the way for peace and a unified Korea dominated by the South.<sup>115</sup> This is unlikely to occur while Kim Jong-il is alive but could arise were the leadership to lose full support of the military, or were a critical mass of the population to see sufficient possibility of change as to risk organised defiance of the regime – a possibility that will become gradually less remote as exposure to the outside world increases.

The fall of the House of Kim Il-sung would leave an internal security vacuum, and could lead to civil conflict between military factions, or just general chaos. Large

numbers of refugees would seek to escape to the South or to China. Pressures would be intense for external intervention, both as a massive humanitarian operation and to provide order and basic security. China could be tempted to occupy parts of North Korea to protect its extensive interests there. Neighbouring powers would be unlikely to be able to safeguard their full interests simply by attempting to seal the borders. The fate of the North's nuclear devices and other weapons of mass destruction would be a critical concern. Indeed, no South Korean or Japanese defence planner could rule out that, in a 'Samson option', elements of a dying North Korean regime might attack Japan or South Korea using weapons of mass destruction (WMD) and ballistic missiles.

Moreover, each relevant power – China, Japan, South Korea, the United States and Russia – would be watching for another to move. None would unilaterally want to take on responsibility for the former North Korea, but none would want to be excluded from the chance to shape the peninsula's new order. In short, the scene would be set for a level of great-power conflict or cooperation not seen in Northeast Asia since the 1950s, with far-reaching consequences.<sup>116</sup>

In the aftermath of regime collapse, there would be a strong prospect of a large South Korean and US combined military and humanitarian intervention in North Korea. Media reports in recent years have suggested that Washington and Seoul are developing detailed plans for such a contingency. The question would arise as to which other countries might contribute to this operation. UN approval would hardly be a given: China or Russia could well veto a mission they did not see to be in their interests. Japan would want a say in the international response, but would be unlikely to provide, or be asked to provide, a large ground force in Korea (including for obvious reasons of history). Washington would, however, expect large-scale Japanese financial support for the mission, with echoes of Japan's bankrolling of the 1991 Gulf War. As for troops and aid personnel, the United States would expect at least several other US allies and partners – including NATO countries, Australia and possibly other Asian allies or partners – to contribute substantially.

A salvage mission to North Korea would pose great strategic risks whether successful or not. A crucial question would be whether China decided fundamentally to work with such a coalition or against it. This could turn partly on the state of US-China relations at the time, including whether any progress had been made towards understandings on contingency planning and respect for each other's interests in just such an eventuality.

In other words, a Korea crisis would not automatically prompt a concert of powers – even if it produced, broadly speaking, the common challenge of loose nukes

***“Korea and what happens there could well prove to be the strategic pivot of Asia in the twenty-first century.”***



and waves of refugees. The greater the pre-existing progress towards a concert of powers, especially in dialogue and transparency among the United States, China and Japan, the more scope for a North Korean breakdown to act as the final catalyst towards such an arrangement. But even then, that outcome would not be guaranteed – especially if a major power (whether China or Japan) were to decide that a unified Korea was unacceptable to its core security interests.

The logical concert of powers to arise from a North Korea crisis would be the five players – other than North Korea – in the Six-Party Talks process on dealing with the North's nuclear ambitions. After all, the Six-Party Talks are the closest approximation so far developed in Asia to a concert system for managing a security problem: a plurilateral arrangement of substantial powers, comprising the key stakeholders in Korean security. A Korean contingency would involve both common and potentially conflicting interests among these players, including a worst-case outcome of direct armed confrontation between US and Chinese forces. There would thus be both incentive and precedent for a concert-like approach to managing the crisis which, if successful, could lead to a longer-term arrangement. The purposes of such an arrangement would include to integrate a unified Korea into the region and to help larger powers manage corresponding transitions in their strategic perceptions and priorities.

But it is by no means inevitable that a Korea crisis would have a harmonious outcome that might somehow compensate for the short-term hardships involved. A dangerous heightening of great-power rivalry would also be a real possibility.

A Korea collapse-unification crisis could help renew and prolong US dominance in the region, even if it imposed new demands on Washington as the dominant player. For a start, the disappearance of the North Korean regime and the elimination of its nuclear weapons would remove a threat to US interests and to the international order the United States has sought to uphold. A reunified Korea that allowed Washington the key external role in the unification, stabilisation and reconstruction process – assuming America was willing to take on much of this burden – could be a substantial partner for the United States, and in Washington's debt. The option of an enduring military presence in Korea – even, perhaps, north of the current demilitarised zone – would help the United States continue to hedge against Chinese power. And were a military confrontation with China to ensue at some point in the crisis, and were Washington to successfully stare down Beijing, then American dominance and credibility as an ally would be correspondingly reinforced.

Yet, even reunification on terms largely welcome to the United States could bring serious complications too. For a start, a unified Korea would in time become a major regional player in its own right, with its own national interests, pride and

unpredictability. It could well retain North Korea's nuclear weapons, or at least its latent bomb-making capabilities. One repercussion of this is that Japan might need greater reassurance against the influence of a unified Korea, which would inherit Seoul's existing differences with Tokyo, including over territory. A nuclear-armed Korea would obviously compel Tokyo to reconsider its own nuclear choices. More broadly, the behaviour and foreign policy orientation of the new Korea would essentially be beyond Washington's control.

In any case, there would be serious question marks over Washington's capacity to bankroll a large part of reconstruction efforts in Korea. Were a Korean regime collapse to occur at a time of profound economic decline and/or strategic self-doubt in America, then the opportunity to turn such a crisis to advantage could be lost. Although there would be pressure on Tokyo to cover much of the cost of Korean reconstruction, Japan might be reluctant to do so – and Koreans might be uncomfortable relying on Japanese support. Seoul might even look to Beijing instead.

Depending how it played out, a Korea crisis might accelerate trends towards Chinese regional primacy. For instance, were a China-US military confrontation to develop, in which Washington backed down to Chinese threats of escalation, America's reputation as a reliable ally in the region would suddenly diminish. Alternatively, were China, surprisingly, to become deeply and rapidly involved in efforts to stabilise and reconstruct the northern half of a unified Korea, its influence and prestige could rise accordingly, and Koreans could find themselves questioning the need for a continued US presence.

And of course there is always the possibility that regime collapse in North Korea might cease halfway – if it turned out Beijing had been grooming an alternative leadership for just such a moment. Given what China sees as the recalcitrance of its 'ungrateful little brother', it is not inconceivable that Beijing is already cultivating an alternative regime more responsive to its dictates and interests.

## Conclusions

All too often, commentary on international affairs makes much of the immediate deeds or pronouncements of governments with scant heed to underlying strategic trends. The opposite risk is that scholarly analysis focused on seismic changes – on gradual economic or demographic shifts – leaves the impression of a future preordained, entirely driven by structural forces impervious to human agency. This paper has steered between those poles. It has accounted for the roles both of power and choice in Asia in the decades ahead. Neither strategic weight nor political decisions alone will shape the region's security future. Both have critical parts to play.

We have presented four possible paths for Asia's strategic order: sustained American primacy; a balance of power; a concert of powers; and Chinese primacy. The analysis has considered how each order might arise, its prospective impacts on peace and stability, its implications for states large and small, its interaction with the global order, and its likelihood. A range of potential shocks has been outlined, each capable of accelerating or redirecting change.

A major purpose of this paper has been to set the scene for a series of publications examining the realistic boundaries of security cooperation in the region, ways to expand cooperation up to those boundaries, and ideas to reduce risks of armed conflict once those limits have been reached. Some of those future pieces will be aimed at offering detailed policy recommendations, including for particular countries. That is not the intent of this paper.

Nonetheless, the preceding chapters suggest some messages for Asian policymakers – useful generalisations and guidelines for managing the strategic order in this globally critical region during a time of flux.

- Asia's security future is dynamic and uncertain. Strategic competition is already emerging as a major determinant of the regional order, shaped by expectations that a balance of power may supplant US primacy in the coming years and decades. Any prudent government will nevertheless eschew foreign and defence policies that assume just one trajectory for the strategic environment. Small and middle powers are especially vulnerable here, since the decisions by major powers that could change the region's future will ultimately be beyond other countries' control.

- The distribution of power will rest heavily on economic trajectories, especially those of the United States and China. But power will depend also on how states translate wealth into capability, and develop and demonstrate political willingness to employ it in pursuit of their interests.
- Diplomatic ‘architecture’ matters, but is not of itself a solution: power will shape order and institutions will reflect that order. States in Asia will not allow multilateral bodies to manage their core security interests. Pre-existing forums and habits of dialogue among powerful states may help them manage crises when shocks occur. But the existence of some elegant, overarching regional organisation will be no substitute for relations of trust and transparency among powerful states.
- Two types of decisions or choices by major powers will be crucial to the region’s future. The first are long-term preparatory or shaping decisions: judgments about how to respond to, anticipate or direct emerging trends in the strategic environment. These could determine the conditions under which leaders need to make the second kind of decisions: rapid choices during crises.
- Different-sized powers will face different kinds of key decisions. Small and medium powers would be well advised to consider hedging, in more than one way: being prepared for the possibility of more than one kind of future; and being prepared to balance against dangerous changes in the distribution of power, whether through internal balancing (strengthening their own capabilities) or the external balancing of forming alliances and partnerships.
- Each major power will face a specific set of dilemmas. For the United States, this will involve the question of at what cost it is willing to retain primacy in Asia. For China, the question will be whether it is willing to settle for something much less than primacy, or whether it sees such arrangements as a concert or balance as steps on the way. Japan faces questions about its willingness to attempt dramatic changes to resist decline; India about whether it intends to compete with China, about how strategically engaged in East Asia it seeks to become, and about the extent to which these entail closer strategic alignment with the United States.
- In many cases, the seemingly suboptimal choice from a national interest point of view may be the best for region-wide stability, but there is no guarantee such opportunities for enlightened self-interest will be recognised or seized.
- Hard-to-anticipate changes in domestic politics – especially in major powers such as Japan – can have profound international consequences, adding another



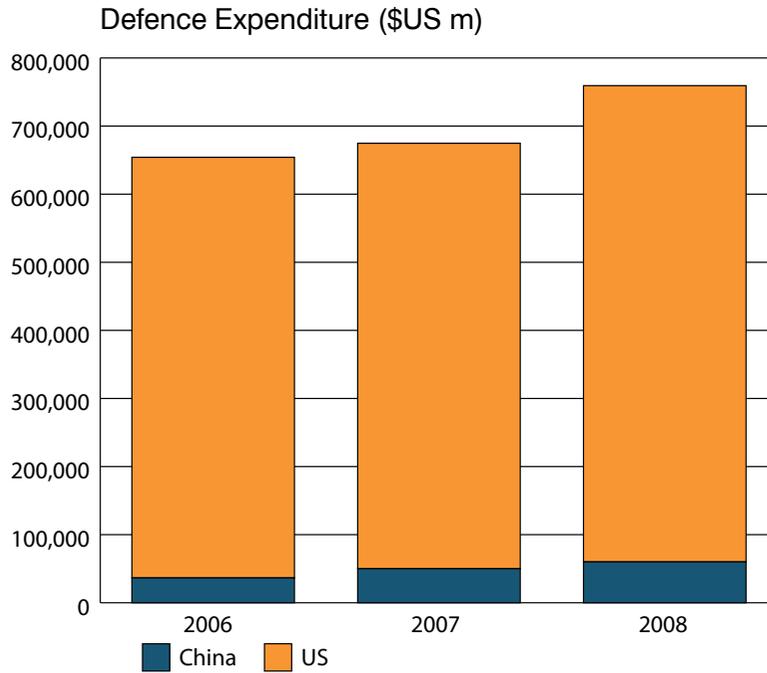
element of uncertainty.

- As China's wealth, power and confidence grow, uncertainty about its future capabilities and intentions is becoming shared by many other states.
- Strategic uncertainty cannot be eliminated, but it can be reduced through powerful states' transparency about their capabilities, intentions and expectations of others.
- Seemingly minor steps, like military confidence-building measures and bilateral security dialogues, could help in this regard. At the very least they could slow or reduce tensions when shocks occur, regardless of which path the region's future takes.

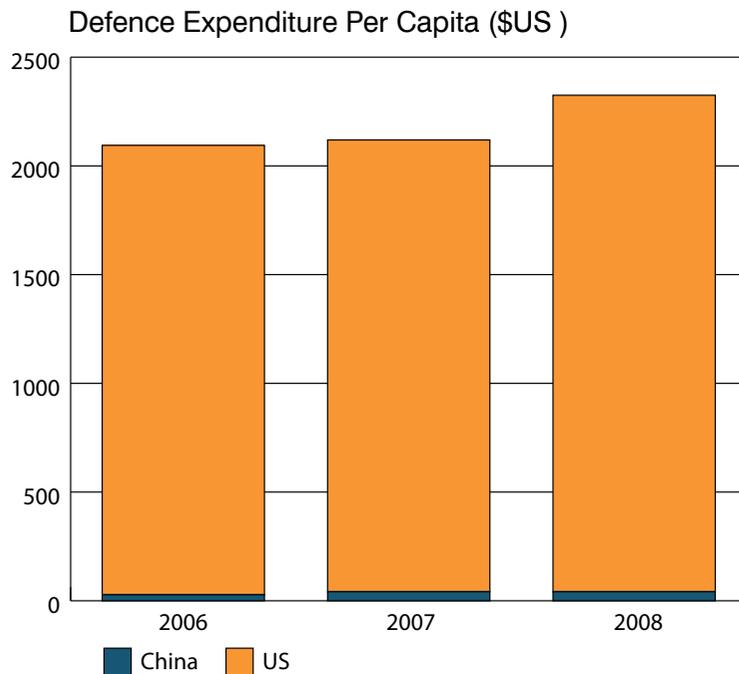
These general conclusions will usefully guide subsequent research and publications under the Lowy Institute's Asia Security Project. Given the many uncertainties surrounding Asia's future distribution of power and the order that gives rise to, subsequent research will focus in on flexible, incremental and realistic measures to mitigate the most serious risks: for example, the kinds of dialogue, coordination, confidence-building and restraint regimes that have the potential to work under multiple possible futures, and to reduce the risks of competition escalating to confrontation, or confrontation to conflict. Future publications will apply this template across some of the enduring and emerging domains of strategic rivalry in Asia, such as maritime, nuclear, cyber, space, energy and the contest to shape institutions to best suit national imperatives.

## Appendix

### Defence spending trends<sup>117</sup>



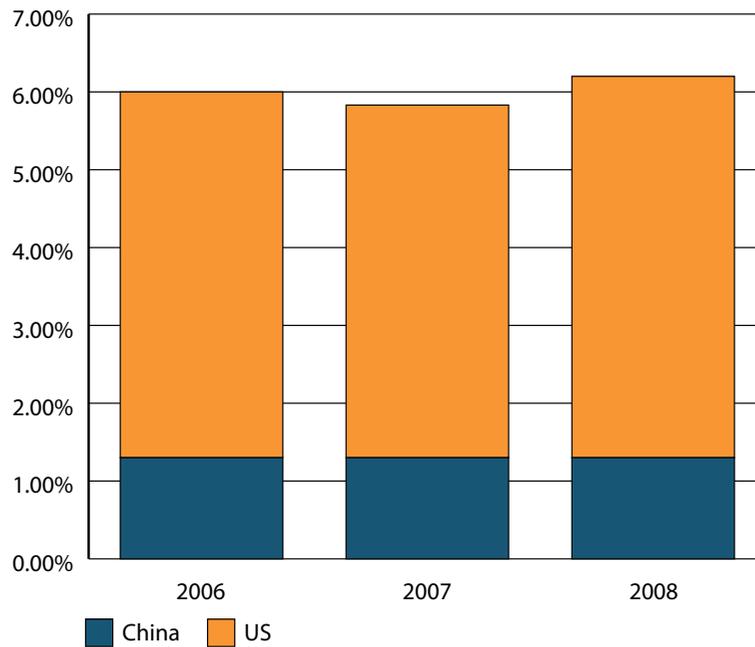
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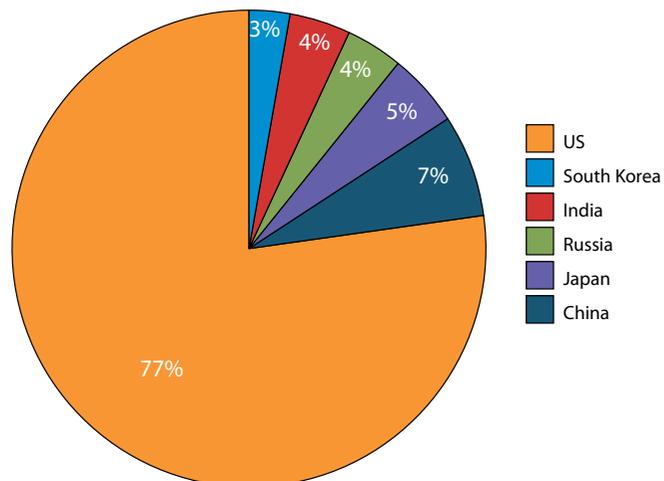


Defence Expenditure (% of GDP)



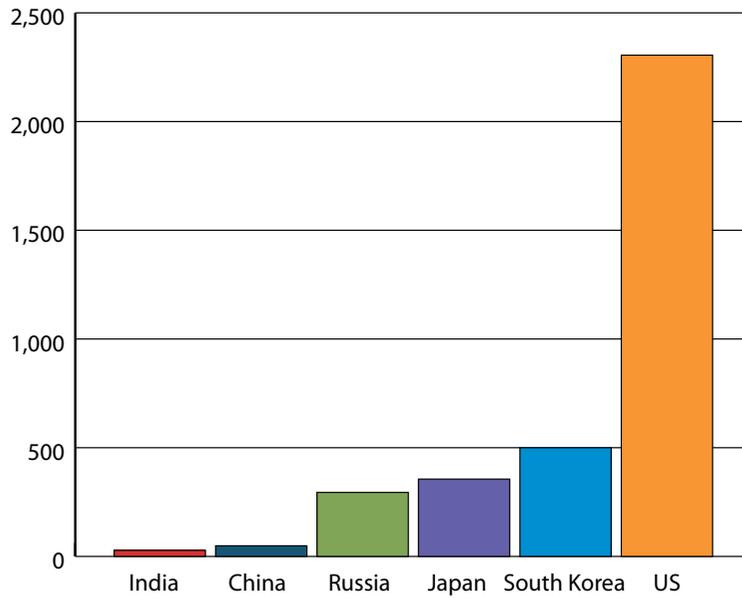
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Major Power Defence Expenditure in Asia 2008



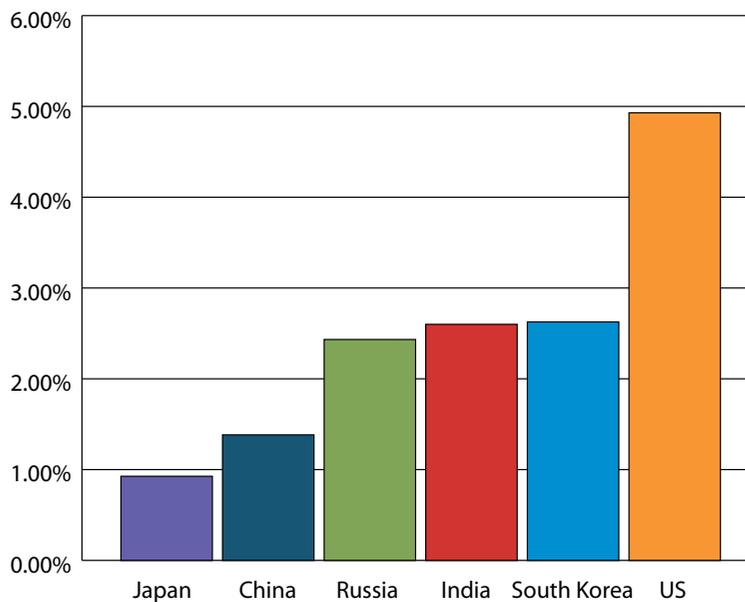
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Major Regional Powers' 2008  
Defence Expenditure - Per Capita (\$US)



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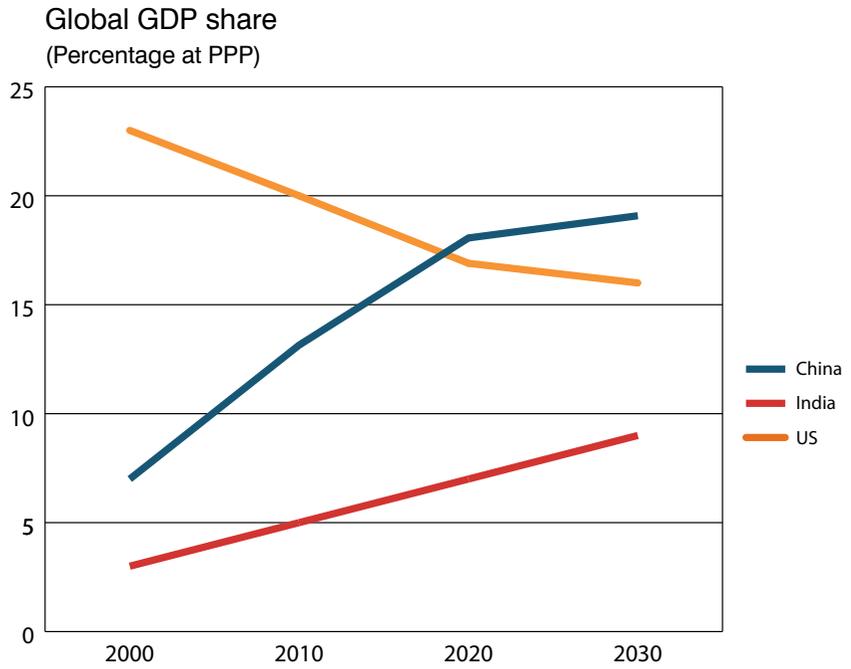
Major Regional Powers' 2008  
Defence Expenditure (% of GDP)



International Institute for Strategic Studies, *The military balance*. London, Routledge, 2010



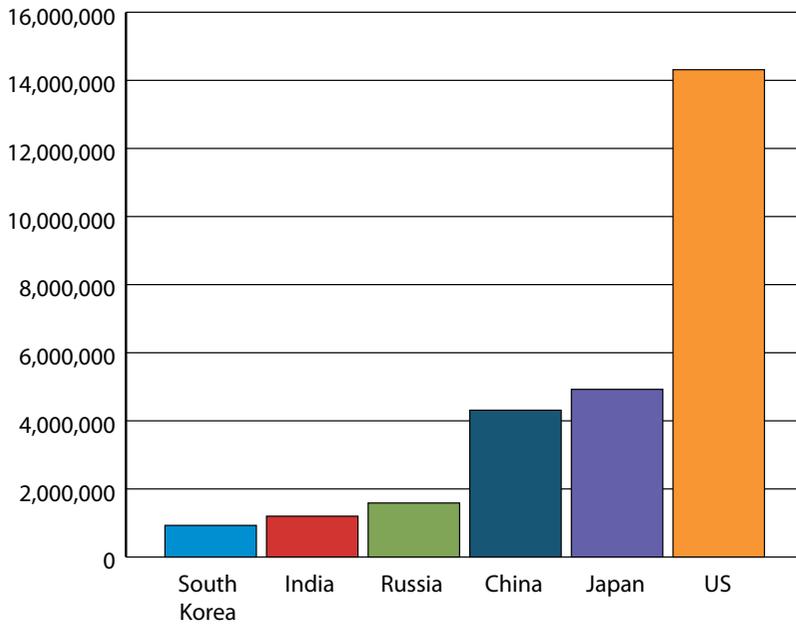
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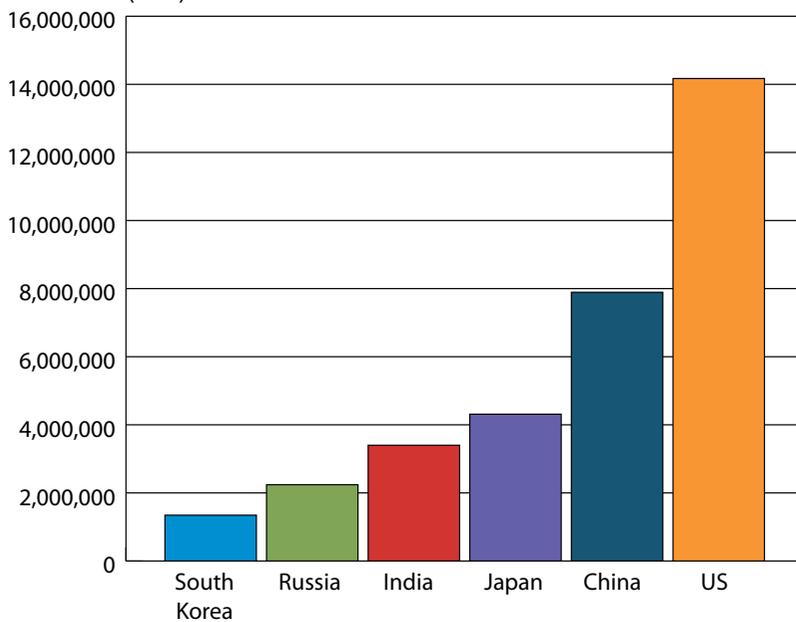
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Regional Powers' 2008 GDP  
(\$ US m)



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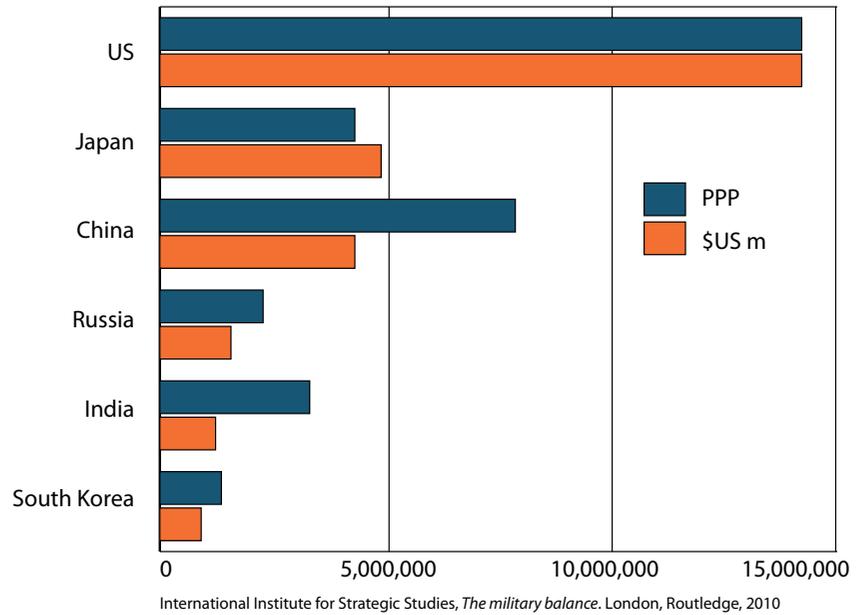
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(PPP)



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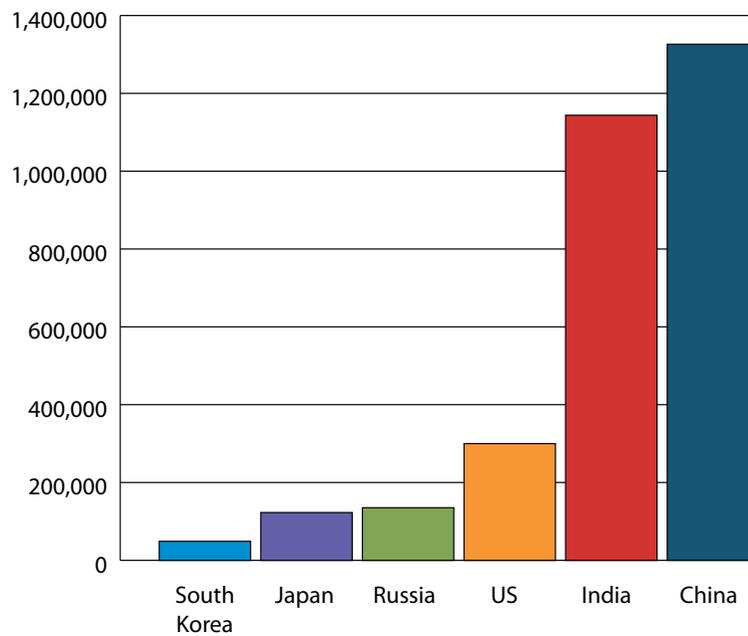


Regional Powers' GDP in \$US and PPP



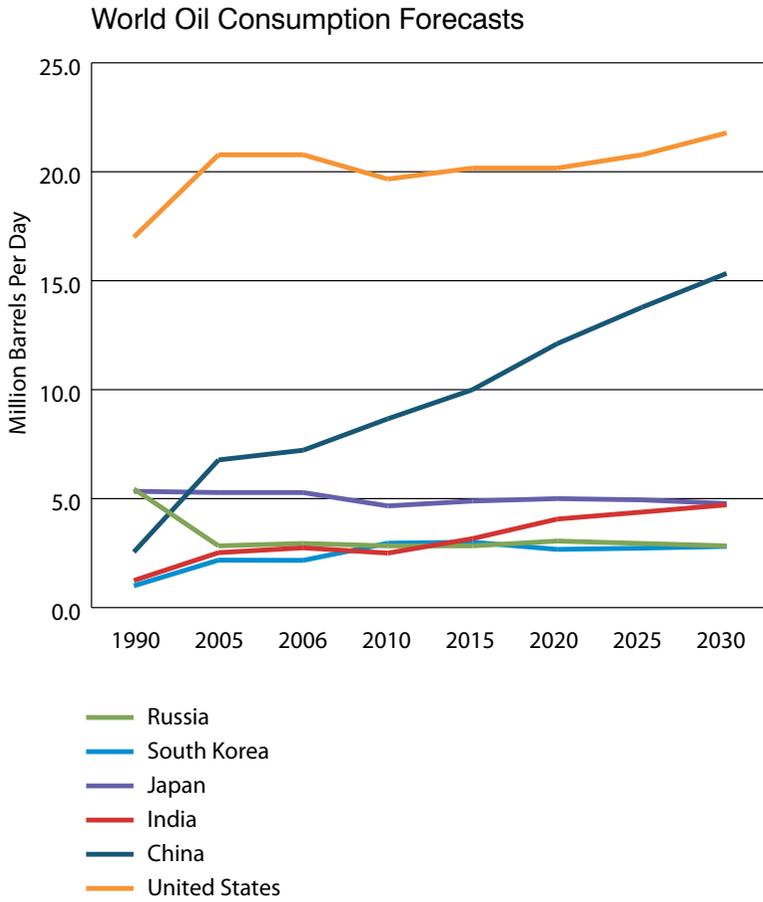
Demographic trends <sup>120</sup>

Relative Population Sizes



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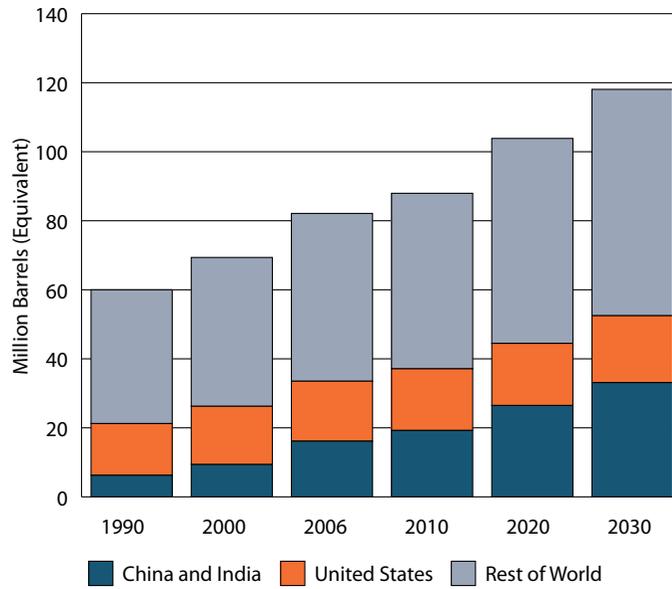
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Marketed energy use by region



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## Notes

### Introduction

- 1 This analysis deals primarily with Asia, sometimes also referred to as the Asia-Pacific. For our purposes Asia is defined broadly as the geographic area from Hawaii in the Pacific through the Indian Ocean to India's west coast, and from Australia in the South to beyond the Sino-Russian border in the north. We identify the key powers of this region as: the United States, a global power with a strategic presence and – at least for the moment – primacy as well; China and Japan, major powers located in the Western Pacific; Russia, a major power with some presence and interest in the region; India, a major power with growing economic and strategic equities in what is arguably becoming an Indo-Pacific strategic system; and South Korea, Australia, Vietnam and Indonesia, substantial middle powers – each with potential to sustain or expand its influence. Other countries, such as Pakistan, will be considered in the Lowy Institute Asian Security Project to the extent that they affect the strategic relationships among other Asia-Pacific powers.
- 2 We treat states as the basic unit of our analysis, primarily because of their unrivalled capacity to concentrate and exercise power, and to shape the international environment. This is especially true in East Asia, where state structures are relatively resilient and where non-state actors, such as terrorist groups, do not exert the same level of influence as they do in other parts of the world.
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