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Southeast Asia: Major Power Playground or Finishing School?

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Introduction

The nations of Southeast Asia, all of whom are now members of the Association of Southeast Asian Nations (ASEAN), have never had reason to feel that the world's major powers were neglecting them. Indeed, for most of recorded history, they probably felt that a greater measure of neglect would have been a blessing. That was not to be. Their natural resources, and, above all, the fact that they commanded the sea-links between the Indian Ocean and the Pacific Ocean, has meant that the major powers of the day were always turning up in the region, whether to advance their own interests or to frustrate those of a rival power. In more recent times, the region has seen a succession of colonial powers: the Dutch, the British, the French, the Americans (relatively briefly and only in the Philippines), and the Japanese. During the Cold War, China and the Soviet Union fuelled communist insurgencies, helping to set the stage for America's massive, prolonged and ultimately unsuccessful commitment to South Vietnam. Back further in time, Imperial China repeatedly invaded and, for varying periods, occupied Vietnam and conducted sporadic military campaigns against Burmese and Thai dynasties that were deemed to be trouble-makers (with consistently poor results because China's weaponry and tactics, shaped by the terrain in northern and central Asia, performed badly in the jungles of Southeast Asia).

By the 1960s, the machinations of the great powers had culminated both in statehood for all the major communities in the region, and in war between these states, with the formation of Malaysia provoking armed resistance from Indonesia (*Konfrontasi*) and strong political opposition from the Philippines.¹ This scare provided the political impetus for the formation of ASEAN in January 1967 among Indonesia, Malaysia, Singapore, Thailand and the Philippines. ASEAN was an unpretentious endeavour. It asked little of its members beyond, as one would expect from new states, the highest regard for territorial integrity and non-interference in internal affairs. From the outset, ASEAN explicitly eschewed any defence or security dimension as overly demanding and settled for a loose political, economic and social agenda. But its low profile allowed it to endure and, very gradually, to develop confidence among its members that the basic norms of interstate relations would be respected.

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The fallout from the war in Vietnam continued into the 1970s and 1980s with Vietnam's invasion of neighbouring Cambodia in 1978 to depose the Pol Pot regime, and occupying the country for nearly a decade. ASEAN ended up playing a prominent role in crafting a political solution to facilitate Vietnam's withdrawal, the association's first serious endeavour to act as a single entity.

By the time the Cold War ended in 1989–91, ASEAN was brimming with confidence, enjoying both economic prosperity and acknowledged political clout. This confidence created a receptive climate for bold strategies to cope with the promise and potential perils of a world that would be unipolar, at least for a time, and where political leaders and academics both agreed most of the unfinished strategic business resided in Asia. Europe had transitioned to the new order with astonishing alacrity: the Berlin Wall came down, and iron curtain went up, the Warsaw Pact disbanded, the Red Army went home and Germany reunified, all without so much as a hint of violence. In Asia, while the enormity of what had just happened was clear to nearly everyone and the manoeuvring in response was not long in starting, hardly the twitching of a muscle was actually visible. Asia, of course, lacked counterparts to the North Atlantic Treaty Organization (NATO) and the European Union, which acted as critical safety nets or shock absorbers in the European arena.

In these circumstances, and with important conceptual inspiration from Singapore's then Prime Minister Lee Kwan Yew, ASEAN set out quietly to get on the front foot, to welcome all the major powers but to use the checks and balances inherent in such an environment so as to shape the manner in which they each related to and engaged with Southeast Asia. This was something of a role reversal, with the hegemonies setting out to manipulate the potential hegemonies, but, again, ASEAN appears on the surface to have been rather successful. Through the ASEAN Summit processes and the ASEAN Regional Forum (ARF), followed later in the 1990s by the ASEAN Plus Three (APT) and, most recently, the East Asia Summit (EAS), ASEAN has sustained a near monopoly on pan-Asian multilateral processes. To get some perspective on the circumstances that have made this possible, and to provide a basis for assessing its real effectiveness, it is useful to look at how the United States, Japan and China relate to Southeast Asia and at what these postures suggest about the aspirations these states may have for the region.

The United States

US engagement with East Asia dates back to the early days of the nineteenth century when it jockeyed for a share of trade with imperial China. Later, the United States was instrumental in persuading a reluctant Japan to open up to trade, an experience that some historical analysts consider played an important role in shaping Japan's ambition not only to become strong enough to dictate to the foreign (mostly European) powers but to take over their hegemonic position in Asia. For the present purposes, however, we can fast-forward to 1945.

In Europe, while the United States was in a strong position to shape the postwar order (it was the only power to emerge from the Second World War comprehensively stronger than when it went in), it had to share the stage with several others, notably the Soviet Union, United Kingdom and France. In Asia, in contrast, the success of the Manhattan Project made it possible to secure the surrender of Japan before the Soviet Union could fulfill its agreement at the Potsdam conference to contribute to this objective (and to have a voice in designing the postwar arrangements in Asia). Relatively speaking, therefore, the United States had a

freer hand in Asia, and the foundations it laid, though light and thin compared to Europe, have underpinned its pervasive enmeshment in Asia to the present day.

As the United States and the Soviet Union drifted into what became known as the Cold War, Washington toyed with a Pacific counterpart to NATO. This was attractive to Washington only insofar as it involved allies that had a reasonable prospect of making a substantive contribution to the common cause. But while most of the states of Western Europe had strong track records as modern, industrialised nations, in Asia the cupboard was essentially bare, with the single exception of Japan. The dilemma was that, if Japan was included, others (including Australia and New Zealand) became very hesitant. So we ended up with five bilateral security arrangements sometimes called the San Francisco system or the 'hubs and spokes' system. The most important of these arrangements, understandably, was that with Japan. And although the United States had resolved very soon after the Second World War to assist and encourage Japan (and Germany) to rebuild and resume its place in the community of states, it preferred an asymmetric security relationship, assuming obligations to the defence of Japan without requiring reciprocal obligations in respect of the United States and thereby facilitating Japanese compliance with its pacifist postwar constitution. In contrast to Germany and Europe, there was no wider community of allies in East Asia within which Japan could be 'cocooned' and allowed with some safety to re-acquire all the attributes and freedoms of sovereignty.

These formal security obligations (to Japan, South Korea, the Philippines, Thailand and Australia/New Zealand) might be said to have constituted the skeleton. Over time, the United States put layers of political, economic and cultural flesh on these bones, becoming a decisive force in the region and, indeed, being seen as integral and indispensable to the region despite being an ocean away. The Korean War (1950–53) was instrumental in propelling Washington toward deeper engagement in Asia than it might have wished. China's entry into that conflict transformed an ambiguous relationship with the United States into one of deep enmity. And while the United States, in 1950, was reconciled to the early prospect of Taiwan's forceful incorporation into China, the conflict in Korea led Washington to declare that it would resist the use of force to accomplish this objective. The resulting conundrum, the cause of several sharp crises over the years, some involving serious consideration of use of nuclear weapons, has bedevilled Sino-US relations ever since. A decade later, the United States began its slide into what eventually became a humiliating defeat in Vietnam—an experience that shattered America's domestic consensus on the US role in the world. Although Korea and Vietnam were the largest conflicts in the postwar era, it did not follow that Asia was the pre-eminent prize in the Cold War. That award always went to Europe, with the Middle East as a further serious competitor for America's priority attention. Indeed, it would be fair to say that, the wars in Korea and Vietnam notwithstanding, for essentially the whole of the postwar period to 2001, Asia tended to be ranked last among the regions Washington considered central to its global posture.

The US scorecard in East Asia is a complex document, but it is very hard to dispute the view that its overall contribution to the development of postwar East Asia is seen, not least by East Asians, as overwhelmingly positive. At the same time, US engagement with East Asia has been so deep and pervasive for so long that it is only too easy to discount it and be diverted by more conspicuous and novel developments, so to speak at the margins. US markets, capital and technology have underpinned Asia's progressive consolidation of its status as the most economically dynamic region in the world and, now, as effectively the world's economic centre of gravity. Japan leveraged these assets to accomplish its economic miracle in the 1950s–1970s, and then played a catalytic role in putting the likes of South Korea, Taiwan,

and much of Southeast Asia onto trajectories of rapid growth in what was popularly described as the 'flying geese' model. In 2005, at over 14 per cent, the United States remained ASEAN's single most important export market and second only to the European Union as a source of Foreign Direct Investment (FDI).

In terms of security or geopolitical stability, what some commentators have described as the 'oxygen' of broader development (unnoticed until it is absent), a couple of more or less recent indications suggest that East Asia continues to attach great value to the US role. In 1990–92, when the George H.W. Bush Administration announced plans to cut US forces forward-deployed in Europe and Asia quite sharply, there were sufficiently strong and widespread expressions of concern in East Asia to cause Washington to limit these reductions, to reaffirm that the United States would keep some 100,000 military personnel in East Asia indefinitely, and to launch a campaign to reassure Asian governments that its commitment to regional security was undiminished. Later in the decade, in 1997–98, a high-powered Chinese delegation toured Asia to market the government's 'new security concept' and, more discreetly, to gauge whether regard for the US-base security order was eroding. Reportedly, the message they received and took back to Beijing is that it would be folly for China to adopt policy settings that presumed that Asia was ready to see a diminution in the US security role.²

Southeast Asia has had difficulty in staying on the radar screen in Washington. It is not that the region lacks interest or importance to Washington, just that the region has more often than not been 'crowded out' by the relentless stream of matters that were or seemed more important and urgent. Southeast Asia lacks an issue that is both unstable and strategically consequential, that is, an issue that imposes itself on Washington's agenda. Southeast Asia's strategic importance resides primarily in its command of the lines of communication between the Pacific Ocean and the Indian Ocean, and so long as Washington assessed that there was no actual or prospective threat to the 'freedom of the high seas' this interest was addressed. It is noteworthy that Washington stayed out of the disputes over rival claims in the South China Sea but did make clear that it would quickly become a decisive player if the management of these disputes in any way challenged this freedom. For broadly the same reasons, it seemed for much of the 1990s in particular, that US policy toward Southeast Asia was driven by Pacific Command in Honolulu rather than by Washington.

Over the past several years, US engagement with Southeast Asia has been utterly dominated by a single issue: terrorism. Southeast Asia, after all, had been quickly characterised as the likely 'second front' in the global 'war on terror'. The United States would have been aware of the sharp intensification in China's efforts to become a primary consideration in political judgements made by ASEAN leaders. However, some combination of preoccupation with Iraq and the 'war on terror', an assessment that China was doing little to be concerned about, and confidence that Japan in particular (despite its prolonged economic difficulties) could contain China's influence, translated into a characteristically low US profile in Southeast Asia—a willingness in Washington to be reactive rather than the shaper of developments. The scale and speed of America's response to the Indian Ocean Tsunami on 26 December 2004 was a significant exception, and a timely reminder of the exceptional capacities possessed by US armed forces.

The cautionary remarks above, to the effect that one should not underestimate the depth and breadth of the US 'presence' in East Asia, should not, of course, be over-interpreted. Things are moving in East Asia, all the way down to the 'tectonic plates'—the basic relationships of power and influence that will determine the directions of change and who shapes these

directions. China's re-emergence as a player of consequence is at the heart of this transformation. Still, the prevailing impression of fast and fundamental change has probably got out ahead of the facts due to US distractions with the 'war on terror' and by its adoption of the neo-conservative grand strategy which, for the first time in US history, led even its admirers to wonder whether the United States would remain that most fortuitous of entities, a benign hegemon with the most dependable internal checks and balances on how it used its power.

Japan

If it is possible to underestimate the breadth and depth of the US 'presence' in East Asia, it is even easier to do for Japan. First of all, Japan has little or no security profile in the region and, for most of the past 60 years, has gone to great lengths to achieve invisibility on this front. In a similar vein, the humiliation of unconditional surrender, coupled with vulnerability to resentment throughout its immediate neighbourhood to the brutal and arrogant practices it adopted during the Second World War, appears to have produced a nation that lacks confidence in itself, is ambivalent about how it should engage other states and is consequently awkward and ineffective in implementing its diplomatic agenda. The numbers tell a different story. Just as Japan raced into the ranks of the major powers in the latter half of the nineteenth century, its economic revival after the Second World War was no less impressive. Japan has been the world's second largest economy for more than 30 years and an autonomous source of top-end technological innovation across a broad front for nearly as long. As noted earlier, Japanese investment and technology provided the ladder for a succession of smaller states in the region to achieve transformational rates of growth, a process that obviously became progressively more self-generating as economic vibrancy became more the rule than the exception in the region.³

Japan has also consistently been among the most generous of the wealthy powers in disbursing development assistance, although this commitment has weakened since the turn of the century. In its rather unique circumstances, development assistance became a more prominent tool of international diplomacy for Japan than for otherwise comparable powers. In addition, Japan has in a number of cases used development assistance as a disguised form of reparations to the countries it occupied before 1945. Crucially, however, Japan's overall profile in the region has always seemed to fall well short of its economic weight.

The stresses arising from Japan's unusual circumstances began to become noticeably more visible in the early 1990s. For most of the 1980s the United States had pressed and encouraged Japan to begin the domestic political processes needed to become a normal security actor and thus a more valuable ally, but generally found that Japan kept this door firmly shut. Since that time, however, Japan has become progressively more adventurous in pushing the boundaries of what might be possible under the pacifist constitution imposed by the United States, and even exploring the possibility of constitutional amendment.

In the early 1990s, Japan was lobbying forcefully for a permanent seat on the United Nations Security Council (UNSC). The Gulf War (Operations *Desert Storm* and *Desert Shield* in 1990–91) provided a demoralising reality check. Japan received hard criticism for not contributing forces, and was invited to contribute US\$13 billion toward the cost of the campaign. The sub-text was that permanent members of the UNSC were expected to have a complete suite of political, economic and military tools to bring to the business of global

governance. The second major consideration for Japan was the rise of China. While for many of us this phenomenon became rather suddenly visible when the smoke of the Cold War cleared away, those closer to China had already spent a decade watching how dramatically it was transforming under Deng Xiaoping's embrace of market economics and opening-up to the international economy. Japan sensed that its hard-won and still inadequately recognised accomplishments in regaining status and influence in East Asia and the wider world was at risk of being eclipsed by a re-emergent China. Japan would also have been aware that little had been accomplished between China and Japan in the way of coming to terms with their ugly history of the first half of the twentieth century, nothing remotely comparable to what the French and Germans had worked so hard to achieve over the decades after the Second World War.

Japan's sense at the beginning of the post-Cold War era that it faced a defining contest with China for regional leadership has turned out to depressingly accurate. China is credited with methodically and skillfully building positive relationships with everyone on its periphery, with the conspicuous exception of Japan. Neither China nor Japan has been prepared to launch and sustain bold policies to transform this relationship, with the inevitable result that it has deteriorated almost continuously over the past 15 years and now looms as East Asia's Achilles heel in terms of the outlook for constructive stability over the longer term.⁴ Japan's new Prime Minister, Abe Shinzo, might prove to be an exception to this observation. Unfortunately, Japan's ability to respond to the challenge from China was emasculated, both materially and psychologically, by a prolonged economic malaise. For the better part of 15 years from 1990, Japan's economy spluttered along with a net growth perilously close to zero.

The comparative weakness of Japan's economic tools probably contributed to relatively more political energy and attention being devoted to Japan's security posture and particularly the alliance relationship with the United States. One of the most conspicuous trends in East Asia over the past decade or more has been the strengthening and deepening of the US–Japan defence relationship. Highlights included the emphatic reaffirmation of the alliance in April 1996; the so-called Defence Guidelines of 1998, wherein Japan tried for the first time to specify the assistance it could legally provide to US forces in Asian contingencies; the prompt dispatch of naval vessels to the Indian Ocean in 2001 in support of Operation *Enduring Freedom* in Afghanistan; committing an engineering contingent to Iraq; evolving plans to deploy ballistic missile defences linked to those of the United States; and identifying common strategic interests in a statement issued early in 2006. Japanese defence statements also became markedly less reticent about characterising China as a military threat, a trend that China reciprocated. Abe, while he did make the important gesture of visiting Beijing and Seoul immediately after taking office, has given every indication that he intends to continue to project a more assertive Japan, including the revival of the bid for a seat on the UNSC.

In addition, Japan has become far more active in promoting and participating in activities (like search and rescue, submarine escape, anti-piracy and counter-terrorism exercises) that allow Japanese forces, particularly naval forces, to show the flag in Southeast Asia and to reinforce Japan's interest in enhancing the maritime security capacities of ASEAN countries. The still distant, yet probably quite real, Japanese concern is that China could ultimately translate compelling economic and political influence in Southeast into an implicit threat to oil flows through the Indonesian archipelago and thereby gain significant leverage over Japan.

In recent years, with its economy in better shape, Japan has become more proactive in protecting its credentials as an economic leader in Asia. In 2005, it was still taking over 11 per cent of ASEAN exports and providing 10 per cent of its FDI, as well as being the largest donor of development assistance to the region. Japan has sought to match in particular the energy and boldness that China has shown in asserting its leadership credentials in this field since the late 1990s. Japan, along with China and South Korea, is a member of the APT forum, which developed after 1997 into the most fruitful of the several regional multilateral fora broadly seeking to shape Asian regionalism. China got in first to secure ASEAN agreement to a Free Trade Agreement (FTA) with China by 2010—potentially a 2 billion-strong market. There are signs that some ASEAN members are concerned that this would give China undue prominence and would prefer to broaden participation in the endeavour. This is linked to the EAS, the newest forum and one that includes India, Australia and New Zealand in addition to the APT members. Japan has responded with FTA proposals of its own but has tried to distinguish its initiatives, both in the APT and the EAS, by giving them characteristics of a broader partnership, that is, trade plus things like research and development, or tourism. At the second EAS in January 2007, Japan put up US\$85 million for ASEAN to study the details of a comprehensive economic partnership and offered US\$2 billion in aid to East Asian countries to accelerate the adoption of cleaner, more energy-efficient technologies. China naturally prefers the narrower APT format over the EAS, seeking to bolster the relative importance of the former by using it to announce their more important initiatives and lobbying sympathetic ASEAN leaders to continue to characterise the APT as the primary instrument for the development of regionalism in East Asia.

China

The end of the Cold War came as a considerable surprise to both policy-makers and academics. No one had spent any time thinking about how to deal with this development. In Europe, however, being intellectually unprepared and having to think on one's feet proved to be no handicap. The old order cascaded into the new with astonishing speed. The Berlin Wall came down, the Warsaw Pact dissolved, Germany re-unified, the Red Army went home, and home (the Soviet Union) broke up. All in the space of 25 months.

In East Asia, in stark contrast, absolutely nothing seemed to happen. This was an illusion, of course. It was quickly appreciated that, in strategic terms, East Asia (and especially North East Asia) remained as the major piece of unfinished business from the Cold War and therefore a key determinant of the ultimate shape of the post-Cold War order. Relationships of power and influence were still very immature and fluid. Moreover, it soon became apparent just how important the Soviet threat had been to sustaining relatively harmonious relations among the 'big three'—the United States, China and Japan. Managing these relationships without the Soviet Union proved in some respects to be tantamount to going back to the beginning, to the pre-Cold War days. And there were not too many positives from those days to build on.

At the time, China's 'grand strategy' (or the core judgements that framed national priorities) had been set by the last of China's paramount leaders, Deng Xiaoping. Deng was responsible for the 1978 decisions to commit an authoritarian socialist government to the development of a market economy and to open China up to the international economy. This represented a bold strategic judgement that China had to go back to basics and restore the fundamental basis of power in any state, that is, its economic strength.

China's Deng Xiaoping cast off one half of the socialist straight-jacket (the economic one) in 1978 with a simple homily: 'It does not matter whether a cat is black or white so long as it catches mice'. Second, the Chinese leadership recognised that this choice would involve China becoming progressively more interdependent with other states. This contrasted with China's traditional preference for maximum autonomy, and involved risk in that its full consequences over the longer term, not least on the political front, were impossible to anticipate with any certainty. Until his death in early 1997, Deng continued to urge the strongest possible focus on economic growth and development and holding in check other national aspirations until the strength of this foundation was no longer in doubt. His adages, including 'Hide our capacities and bide our time' and 'Be good at keeping a low profile' remained beacons for the Chinese elite for years after he faded from the scene (Deng died in 1997), even as it began to dawn that these adages were counter-productive in implying so strongly that China could have a different and less attractive agenda for the era beyond the restoration of its economic fortunes.

The sub-text of Deng's grand strategy was that peace between the major powers and a preoccupation with developing economic strength would be the defining features of the contemporary era, allowing the inference that China could give maximum priority to its economic agenda without being unduly concerned that its basic security or wider geopolitical interests would be irredeemably eroded while it was thus preoccupied. The fate of the Soviet Union, which has endeavoured to maintain strategic parity with the United States with a sub-par economy, and where it seemed that political reform had got out ahead of economic revival, gave additional credence to Deng's philosophy.

Naturally enough, events and developments in the real world, and factions within the elite in Beijing, required continual review and reassessment of the extant grand strategy. Most analysts agree that a seminal review occurred around 1995–96.⁵ A key judgement in this stocktake was that, when coupled with the 'power of projections' (the misgivings and even alarm caused by forecasts of how hugely powerful China could become), perceptions of an already assertive China (as on Taiwan and competing claims in the South China Sea) risked generating a powerful countervailing reaction that could seriously complicate China's economic renewal.

Looked at differently, they probably concluded that China was, and would for some time remain, too weak relative to the other powers to make dissipating China's energies across a broader set of objectives sensible or feasible. China also made a crucial additional judgement, namely that unipolarity or US hegemony would not be short-lived: Washington was not going to give it away and there was no prospect over the coming decades that other major powers could decisively erode US supremacy. From it flowed the policy prescription that, in order to give effect to the strategy of giving maximum priority to economic development, it was imperative that China avoid generating the view in the United States that it was a prospective strategic challenger and provoking Washington into a dedicated effort to block China's development.

Two further policy settings emerged to support the key objective of preserving a basically positive relationship with the United States. First, that China should aspire to dispel absolutely its reputation as a spoiler or loose cannon and present itself as a responsible participant in the international system. The second could be seen as a hedge in the event of unmanageable difficulties with Washington; namely, the objective of making China an attractive or at least indispensable partner for a broad range of influential actors on the regional and international stage. ASEAN was among the key actors in this regard.⁶

Developments in the second half of the 1990s continued to test China's resolve to persist with the core judgements underpinning its grand strategy. The thrust of events and developments seemed to be moving in the direction of closer US interest in Asia and sharper interaction with China. The US commitment in 1998–99 to deploy ballistic missile defences (both national and theatre systems) put a question mark over China's nuclear deterrent against the United States and raised the prospect that the sea-based component could be deployed to cover Taiwan. More to the point, China found it hard to disguise its view that these possible outcomes in fact constituted the real motives behind the US missile defence program rather than North Korea's launch of a Taepo Dong Intermediate-Range Ballistic Missile (IRBM) in August 1998.

Second, when China and Russia adamantly opposed intervention against Serbia in the UNSC (over humanitarian concerns in Kosovo), the United States went ahead (with NATO support) without any form of UN authorisation. And it accomplished its objectives in Operation *Allied Force*, while a targeting error led to the destruction of the Chinese embassy in Belgrade on 7 May 1999 and the loss of three lives. Within Chinese leadership circles—with an eye to Taiwan, Tibet, and the separatist movement in Xinjiang, in addition to scepticism that the embassy bombing was truly accidental—confidence that the United States could be relied upon to be a relatively benign hegemon (an important element of China's grand strategy) must have declined rather sharply.

When the George W. Bush Administration assumed office in January 2001, it essentially codified the preceding decade of difficulty and deterioration in US–China relations. During the campaign it had bluntly characterised China as a strategic competitor. Once in office, it consciously took a more detached or aloof approach to China, signalling—as befits a superpower—that China was an important concern but not especially important. In an early crisis—the collision between a Chinese military jet and a US intelligence-gathering EP-3 aircraft in international airspace off Hainan Island in April 2001—the US Administration conspicuously resisted elevating its significance and pursued a resolution through normal diplomatic channels. Moreover, with no particular subtlety, the administration flexed its muscles. In the delicate psychological game over Taiwan, it tilted conspicuously in favour of Taiwan, following up in April 2001 with the most generous arms package since 1992. As a US State Department official put it in 2002, 'Taiwan is not looked at as a problem anymore. We look at it as a success story'.⁷

Beijing stuck to its grand strategy. Unwilling to put its economic trajectory at risk by confronting the United States alone, it endeavoured to lower its profile further by decreeing that less provocative rhetoric be employed in talking about the United States.⁸ But keeping a low profile became harder still. Washington foreshadowed withdrawal from the Anti-Ballistic Missile (ABM) Treaty in May 2001 and took this step in December of that year, despite solemn warnings from China and Russia that this would weaken global stability. Finally, in its Quadrennial Defense Review (QDR) released in October 2001, the administration made it clear that, for the first time in at least 30 years, Asia would rank ahead of Europe and the Middle East as the region of primary interest and concern to the United States. The QDR made it abundantly clear that this re-ordering was very much driven by caution about China.

The salience of China's grand strategy was unexpectedly reinforced by the fallout from the dreadful terrorist attacks on New York City and Washington, DC on 11 September 2001. China was among the many states that spontaneously aligned themselves with Washington in the largest 'coalition of the willing' yet seen to signal that arbitrary violence of this kind could not be tolerated. Practical collaboration on terrorism was facilitated by Washington's

preparedness to classify Islamic separatists in Xinjiang as terrorists. China was sceptical about and/or contested a number of dimensions of the US response to the events of 11 September 2001, notably the Pentagon's swift penetration of Central Asia and the drive against Iraq in the absence of a clear link to the terrorist attacks. But those attacks did deliver one overwhelming benefit for China. It put on hold for an indefinite period Washington's declared intent to focus on Asia, giving Beijing renewed confidence that it could remain focused on building its economic power and political influence without attracting focused countervailing stratagems from Washington. The attractiveness of this prospect can be inferred from the fact that as, early as October 2002, China's President Jiang Zemin stepped away from France and Russia and told US President George W. Bush privately that China would not use its veto in the UNSC to deprive the United States of a resolution 'authorising' the invasion of Iraq.

At the same time, while US policies and actions were buffeting the grand strategy and inclining some to advocate placing resistance to US hegemony at the centre of China's strategy, it was delivering major dividends on other fronts, most particularly Southeast Asia. For one thing, the growing weight of China in the local economies ensured heightened sensitivity to Chinese interests. For example, by 2005, China accounted for 8 per cent of ASEAN exports. This was still well short of the United States, European Union and Japan, but the share of these partners has slipped in recent times while China's had risen from around 2 per cent just 15 years earlier.⁹ Equally, however, China's new determination to attenuate concerns about its spectacular growth, to replace the old label of 'loose cannon' with partner and team player, was paying off handsomely. In sharp contrast to the United States, Japan and the European Union, China emerged from the economic crisis of 1997–98 as helpful and responsible. It also shed its ambivalence about multilateralism in favour of being pro-active in the ARF and APT, agreed to a code of conduct to defuse tensions over rival claims in the South China Sea, and signed ASEAN's Treaty of Amity and Cooperation. In 2003, China's leadership launched its 'peaceful rise' slogan to replace the less marketable phrases authored by Deng Xiaoping, only to conclude a year later that 'peaceful development' was even more felicitous, perhaps because it was more timeless and thus less likely to promote musing about what might follow China's 'rise'. As caution and ambivalence about China eroded, its positive aura was accentuated by perceptions of Washington as aloof, abrasive and utterly obsessed with the global 'war on terror'.

In the security arena, China has moved very warily, mindful, perhaps, that a number of ASEAN states had dealt with Chinese-supported insurgents, that security was the long pole in America's engagement with the region, and that most regional states valued this engagement rather highly. China has encouraged the APT to extend its agenda beyond trade into the non-traditional security field, but both the APT and the ARF have been noticeably more cautious than the Shanghai Cooperation Organization (SCO). China has felt on safer ground in discreetly but relentlessly portraying its new security concept as more suited to the post-Cold War environment and more compatible with ASEAN values than the elliptically characterised US alliance-based system. To support this message, the People's Liberation Army even initiated some substantively trivial but still unprecedented and therefore interesting transparency measures, and intensified the frequency of bilateral military-to-military contacts, naval visits and modest joint exercises. Even so, China stepped beyond ASEAN's comfort zone in 2004 by seeking a role in policing the Malacca Strait. With the conspicuous exception of Myanmar—which is just as conspicuously outside the ASEAN mainstream—China has been very shy about arms sales, waiting to be asked rather than being pro-active. There has been a modest ice-breaking transaction with Thailand and a

potentially more comprehensive arrangement with Indonesia involving short-range missiles and technical assistance to Indonesian defence industries.¹⁰

In short, although the speed of China's entrenchment in Southeast Asia and elsewhere has tended to produce exaggerated assessments of a fundamental shift in the balance of power that has already occurred, it seems undeniable that, in Southeast Asia in particular, Beijing is already well-positioned relative to the United States and Japan to compete for influence.

Assessment

ASEAN has set out quite deliberately to lead the process of forging a stronger sense of community in East Asia and to conduct what might be called a 'managed open door policy' with respect to the engagement of major powers in Southeast Asia. Quite naturally, ASEAN is very keen to avoid both domination (by any one major power) and aggressive competition (among the major powers) to achieve such dominance. ASEAN does not want to be forced to choose one power over another, so it aspires to ensure that all interested major powers have a stake in the stability and security of Southeast Asia and feel effectively constrained (or socialised) as to the means they employ to accumulate influence in the region. A task that is strongly implicit in this strategic objective is that of shaping relations between the major powers. It is also reasonable to suppose that ASEAN leaders view this outward-focused mission as helpful in developing further cohesion within ASEAN, not least in the sense that the association could not credibly promote forms of regionalism in greater Asia that ASEAN itself did not exemplify or was not ready to embrace.

Fifteen years after the end of the Cold War, ASEAN has established a near monopoly over these regional community-building processes. Moreover, ASEAN is overtly defensive of its leadership role. It is virtually a rule that statements emerging from these forums reiterate ASEAN leadership. Thus, statements from the second EAS and the 10th APT meetings in January 2007 refer to 'ASEAN as *the driving force*' while the statement from the 12th ASEAN Summit, also held in January 2007, reaffirmed '*that ASEAN should consolidate its leading and central role in the evolving regional architecture*'.

One thoughtful and sympathetic investigation into how ASEAN has conceptualised the challenge it faces to manage and guide the postures of the major powers toward Southeast Asia suggests that the objective is a 'hierarchical regional order that retains the US's dominant superpower position while incorporating China in a regional great power position just below it'.¹¹ Many observers might be inclined to regard geopolitical fine-tuning on this scale as a pipedream, particularly if the practitioners are a group of mostly small-to-medium sized countries whose own cohesiveness is relatively modest. On the other hand, ASEAN has indisputably enjoyed a measure of success. Southeast Asia itself is free of any serious prospect of interstate conflict (indeed, the region has steadily strengthened its credentials as a de facto Deutschian 'security community' or a grouping of states characterised by confident expectations of peaceful change), and the intersection of great power interests in the region has thus far been managed without significant stress.¹²

The questions worth asking might therefore be, first, how is it that ASEAN has managed to protect its claim to be the leader and driving force of regionalism in East Asia; and, second, is it sensible for the wider region to rely on ASEAN to succeed unaided? My own answer to this second question is 'probably not'. A key to the success of ASEAN's game plan is to engineer

deeper engagement between, and the development of, collegiate instincts amongst the major powers beyond the arena of Southeast Asia. However one assesses ASEAN's success in building a sense of Asian community, it is harder to argue that it is making clear headway in bringing the major powers together. Indeed, the trajectory of US–China and China–Japan relations over the past 10–15 years has been closer to flat and arguably negative than to clearly or even arguably positive.¹³ While all three powers and, particularly in more recent times, India as well, have joined in the ASEAN processes, it is also clear that they are not yet prepared to subject their wider bilateral relationship to the discipline and constraints of an institutionalised process. The prevailing judgement in all three capitals appears to be that preserving maximum autonomy still seems to promise better outcomes compared to signalling a preparedness to consider collective management of regional affairs. And, to answer the first of the questions posed above, in the absence of such preparedness, the major powers have been content to leave the field to ASEAN, confident in ASEAN's assurances that it would be a cautious and careful driver proceeding at a pace comfortable to all.¹⁴

The challenge that ASEAN faces in single-handedly trying to organise the major powers into a stable and durable alignment is concentrated in Beijing. ASEAN's difficulty with the United States has always been too little and too inconstant rather than too much. This is not a difficulty that it is likely to encounter with Beijing. China is huge, proximate and contiguous (three ASEAN states share a land border with China). Moreover, in the light, *inter alia*, of China's sweeping claims in the South China Sea, it seems likely that Beijing views Southeast Asia as part of its proper sphere of influence; that is, a region in which it should be able to create a disposition to put Beijing's interests ahead of those of other major powers. Failure to achieve this would allow the region to be a vulnerability, a chink in the armour, as China aspired to develop beyond the ranks of the major power into the realms of great power.

There is, as noted earlier, a full spectrum of views on how far and how high the goals of China's elite may reach. There is substantial unanimity, however, on the judgements that China is committed to being a serious and determined player in 'the game of nations', that it has resolved to take the time to develop its strengths evenly and to avoid being lured into unbalanced development, that it has a strong pre-occupation with the measurable dimensions of national power and that it has a decidedly traditional 'realist' perspective on why the international system works as it does.

China's authoritarian government can and has deployed the nation's assets with skill and disciplined consistency. At the same time, its most formidable competitor, the United States, is not only intrinsically less capable of disciplined consistency in foreign policy, but has found itself saddled with a strategic blunder in Iraq that has soaked up all of its political energy for some six years and caused a disturbing erosion of its moral authority as the world's pre-eminent state. Thus, while China's trajectory has been sharply and substantively positive, it is perceived as even more dramatic because of what has been happening to the United States. And perceptions, of course, can be and often are very important, especially so, perhaps, at the present moment when the possible fallout from the quagmire in Iraq includes a slide in the United States toward isolationism.

One senses that, at the present moment, circumstances have presented ASEAN with a China more prominent than many of its members are comfortable with, and with an outlook for an effective and timely re-balancing exercise (on the part of the United States and/or Japan) that remains much in doubt. The still ill-defined relationship between the APT and the EAS, and the vigorous political manoeuvring going on behind the scenes in support of rival

visions for this relationship, would seem to reflect this concern. Both fora exclude the United States, but the EAS includes India, Australia and New Zealand in addition to the APT three of China, Japan and South Korea. The exclusion of the United States is problematic only in the sense that there is no forum on East Asia with real authority and a broad agenda in which it plays a significant role. A further option is potentially available in the Asia-Pacific Economic Cooperation (APEC) forum. In 1989, APEC was the pioneering venture in multilateralism. It was elevated to summit level by US President Bill Clinton in 1993 and has managed to bring the leaders together every year since. Unfortunately, APEC is an awkward structure that reflects regional hesitations about multilateralism prevalent when it began, and neither its structure nor its agenda have evolved to match the authority and responsibility of the heads of government. When APEC has addressed non-trade issues like terrorism or East Timor, it has been on an ad hoc basis and required the interested governments to make a determined political effort to commandeer the agenda. The potential of APEC has in a sense been wasted, and whether the competition from the APT and the EAS can evoke the political courage to revamp APEC and make it a more central player in the unfolding drama of regionalism in East Asia remains to be seen.

There is no prospect that current or foreseeable stresses arising from major power engagement in Southeast Asia will result in conflict between ASEAN states. The more real concern is that China's engagement will weigh unevenly on the ASEAN states, and that eventual US-Japanese countervailing steps, possibly sharpened by a sense of having already lost a lot of ground, will focus where China's influence is least developed and put pressure on ASEAN's cohesiveness.

There has been speculation that the United States is likely over time to concede that trying to keep the Korean peninsula out of Beijing's orbit would be a fruitless exercise. Something similar could be envisaged for Southeast Asia, with the United States eventually settling on balancing China from the island states that encircle East Asia.

In short, it seems to me that the risk is very real that ASEAN will find that it lacks the muscle to pull off its experiment in geopolitical fine-tuning. ASEAN will need help, ideally in the form of a forum in which the major powers are in the driver's seat, and in which they accept responsibility to try and devise a trajectory toward a stable accommodation in the management of East Asia's development.

Notes

- 1 For an insightful discussion that places Konfrontasi in its broader context, see W. M. Roger Louis, 'The Dissolution of the British Empire in the Era of Vietnam', presidential address to the 116th annual meeting of the American Historical Association, San Francisco, 4 January 2002.
- 2 David Shambaugh, 'Return to the Middle Kingdom?: China and Asia in the Early Twenty-First Century' in David Shambaugh (ed.), *Power Shift: China and Asia's New Dynamics*, University of California Press, CA, 2005, pp. 28–29.
- 3 For a fascinating discussion on the modalities of Japan's pivotal economic role in Asia, and on how and why this differs from Germany's role in Europe, see Peter J. Katzenstein, *A world of regions: Asia and Europe in the American Imperium*, Cornell University Press, NY, 2005, especially pp. 96–103 and pp. 188–95.
- 4 For a brief but arresting account, see June Teufel Dreyer, 'Sino-Japanese Rivalry and its Implications for Developing Countries', *Asian Survey*, vol. 46, no. 4, 2006, pp. 538–57.
- 5 Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security*, Stanford University Press, CA, 2005, p. 12.
- 6 Although observers of China basically agree on the timing and general policy outcome of this review (and other reviews since), there is a full spectrum of views on whether these new directions represent a deep-

- seated transformation in China's long-term vision or whether they should be viewed more prudently as essentially tactical in character. Much commentary leans toward the first option. For a more sombre, even darker, assessment of the same developments, see Michael D. Swaine and Ashley J. Tellis, *Interpreting China's Grand Strategy: Past Present and Future*, RAND Corporation, CA, 2000; and Robert G. Sutter, *China's Rise in Asia: Promises and Perils*, Rowman & Littlefield, Lanham, MD, 2005. Swaine and Tellis conclude that China's current grand strategy is 'calculative', while Sutter contends that China's intent is to displace the United States as the primary actor in Asia, but that circumstances have compelled it to blend in and work with the United States for an indefinite period.
- 7 Quoted in John Pomfret, 'In Fact and in Tone, US Expresses New Fondness for Taiwan', *Washington Post*, 30 April 2002.
 - 8 See Robert G. Sutter, *China's Rise in Asia: promises and Perils*, pp. 12–13.
 - 9 All the data on ASEAN trade and investment used in this paper are taken from the ASEAN Secretariat website (<http://www.aseansec.org/13100.htm>), accessed 3 April 2008.
 - 10 For a fuller account, see Carlyle A. Thayer, 'China's International Security Cooperation with Southeast Asia', *Australian Defence Force Journal*, no. 172, 2007.
 - 11 Evelyn Goh, 'Great Powers and Southeast Asian Regional Security Strategies: Omni-enmeshment, Complex Balancing and Hierarchical Order', paper presented to the British International Studies Association, December 2004.
 - 12 For a discussion on the notion of security communities and other conceptual options, see the papers in See Seng Tan and Amitav Acharya (eds), *Asia Pacific Security Cooperation: National Interests and Regional Order*, M.E. Sharpe, New York, 2004; and Amitav Acharya, 'A Regional Security Community in Southeast Asia?', *Journal of Strategic Studies*, vol. XVIII, no. 3, 1995.
 - 13 The author has commented at greater length on the US–China relationship in *America and China: A Long Term Challenge for Statesmanship and Diplomacy*, SDSC Working Paper no. 386, Strategic and Defence Studies Centre, Australian National University, Canberra, March 2004.
 - 14 The author has set out his views on the ASEAN-sponsored multilateral security processes more fully in 'Civilising the Anarchical Society: Multilateral Security Processes in the Asia-Pacific', *Contemporary Southeast Asia*, vol. 24, no. 2, August 2002; and in *Asia Pacific Security: Taking Charge, Collectively*, SDSC Working Paper no 368, Strategic and Defence Studies Centre, Australian National University, Canberra, May 2002.