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Asia's Strategic Challenge: Manoeuvring between the US and China

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Mr Kausikan has been awarded the Public Administration Medal (Gold) and the Pingat Jasa Gemilang (Meritorious Service Medal) by the government of Singapore. He has also been awarded the "Order of Bernardo O'Higgins" with the rank of "Gran Cruz" by the President of the Republic of Chile, and the Oman Civil Merit Order by the Sultan of Oman.

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Asia's Strategic Challenge: Manoeuvring between the US and China

Bilahari Kausikan

Executive Summary

- ✦ The clarity of the Cold War is forever gone and it is analytically misleading to try and re-create it today.
- ✦ For non-great power countries the essence of post-Cold War strategy is to embrace ambiguity. To be forced to choose is to have failed.
- ✦ US China competition provides a space for manoeuvre for non-great powers that conflict or agreement between the major powers does not.
- ✦ To be most successful, multilateral institutions should not work too well in constraining the major powers, or the institution will be sidelined.
- ✦ Preservation of communist party rule is the core interest of China's leaders. Public US acknowledgement of this is central to strategic trust emerging.

Last year I came across a book by the late Malcom Fraser in which he argued that Australia's alliance with the US had become a strategic liability. It was tempting to dismiss his argument as so much rubbish. But on reflection, the more interesting question was why a statesman of such experience, well known for his support for the US during the Cold War, had come to such an extreme conclusion. Mr Fraser had, I think, glimpsed a central issue, but had drawn an entirely erroneous conclusion because he fundamentally misunderstood the nature of our times. For all its dangers, the Cold War had the great virtue of clarity. There was never very much room for doubt about how to position ourselves during the Cold War, even though that still left a whole lot of room for debate about how to get there and what to do when we got there. And this was true irrespective of which side of the ideological divide we stood or even we if pretended to be non-aligned.

After the Cold War, those certainties are gone forever. At least some of the confusions of our times stem from futile efforts to recreate them by reducing the complexities of US-China relations to simplistic contrasts between 'rising powers' and 'declining powers' or 'status quo powers' and 'revisionist powers' or more broadly, between Asia and the West. The complex production chains that cross and criss-cross conventional national and regional boundaries cannot be reduced to geographically defined dichotomies. China is certainly rising, but I take it you will not disagree that the changes in the distribution of power are relative and not absolute. And coming from a very small country, I see both the US and China as simultaneously selective upholders of the status quo and revisionist, and more alike despite the obvious differences than they may care to admit.

And ask yourself a very fundamental question: why China is rising? The core issue confronting the non-western world for the last two hundred years or so was how to adapt to a western defined modernity. Only a handful of countries, mainly in East Asia, have succeeded in doing so. The most successful East Asian economies are in fact the most thoroughly westernized. Japan was the first example. Singapore is a minor example. China is the most recent and important example. Of course, this does not mean that all of us must enthusiastically embrace every aspect of western values and political forms. Why should we? What is the West anyway? For reasons that I trust will become evident, this is not just an abstract intellectual question.

The most effective way of dealing with ambiguity is not to deny it but to embrace it.

The very essence of post-Cold War Strategy: To be forced to choose is to have failed.

The end of the Cold War clearly also ended one meaning of 'the West'. From the early 1970s to the late 1980s, China's participation in a de facto anti-Soviet alliance made it part of 'the West'. Other differences were conveniently ignored or downplayed. In the late 1980s, Mr Gorbachev's policies began to fudge this definition of 'the West' until the implosion of the Soviet Union made it completely irrelevant. Henceforth China's unique synthesis of communist political institutions with a flourishing market economy increasingly began to be perceived as challenging the western historical narrative and even sense of self. In China the market now thrives without liberal democracy. This was regarded as somehow unnatural. Yet communism is a western ideology, legitimate heir to the 18th century political philosophy that locates sovereignty in the will of the people rather than in divine

right, bloodline or some other principle. In the 20th century three political forms based on mass politics evolved from this philosophy: communism, fascism and liberal democracy. One may have a preference for one form or another, but one cannot deny that all evolved from the same intellectual root. And unlike the Soviet variant, Chinese communism cannot be dismissed as an economic failure and a historical dead-end (as an aside, recent events in Europe may indicate that it is premature to write off the fascists too). Moreover, unlike, say, Japan, China only wants to be China and not an honorary member of the West. In a still very tentative and inchoate manner, China is beginning to compel a reevaluation of what it means to be 'western'. At very least it is raising the cost of striking self-righteous postures on such issues as Tibet or Xinjiang or Hong Kong.

I throw out these observations as an illustration of what I consider to be the most salient characteristic of the post-Cold War world: ambiguity. Many find ambiguity psychologically disorienting and have in various ways sought to recreate the verities of a simpler age, a quixotic delusion to which certain types of academic international relations theorists and journalists are particularly prone. In its most benign manifestation, this took the form of scribbling nonsense about 'the end of history' or variants on such fantasies. Harmless, you may think. But it metastasized into interventions in the name of the alleged universality of certain values and political forms in the Middle East and North Africa that left hundreds of thousands of casualties and that unfortunate region in turmoil that will likely persist for decades. Unfortunately despite history rolling on so disastrously, this mode of thought has not disappeared from discussion of international events.



It was a somewhat similar groping after false clarity – fortunately for Australia, divorced from any capacity for action – that, I think, led the late Mr Fraser to posit a false necessity of choice. It is true, as he and some others have recognized, that many countries in East Asia face a divergence between their economic calculations, in which China will inevitably loom larger, and their security calculations, in which the US will form a vital part of the equation for the foreseeable future. But not only is this less stark a contradiction than it may appear to be, the most effective way of dealing with ambiguity is not to deny it but to embrace it: to position oneself to avoid having to make invidious choices. This is the very essence of post-Cold War strategy. To be forced to choose is to have failed.

Please note that I said ‘avoid making *invidious* choices’. I did *not* say that we should not take positions. Of course we must stand firm on our own vital interests and basic principles. But interests and principles are manifold and, particularly in their general or rhetorical form, more often than not contradict one another. In practice they have to be applied with a certain flexibility and bent to accommodate reality. To put it bluntly: propaganda is a necessary and unavoidable part of international relations but one should not make the mistake of believing one’s own propaganda. This is more difficult than you may think. The ability to avoid this unhappy situation has, in my view, very little to do with the legal status of any country’s relationship with other countries. It is much more a matter of the cultivation of a particular cast of mind and the development of adaptable institutions.


Is this in fact possible? I think so. Of course as in all major power relationships, rivalry and competition are an intrinsic parts of the US-China dynamic. But competition is not conflict and does not inevitably lead to conflict. US-China competition is in fact the essential condition that gives the rest of us the necessary room for manoeuvre to avoid invidious choices. US-China competition will not always be comfortable for us. But I suspect that if the US and China were ever to come to agreement, we may all well find it even less comfortable. When great powers strike deals, they generally try to make other countries pay the price. It will then matter very little whether you are an American ally or not.

But for now the US and China are still searching for a new equilibrium in their relationships with each other and with other countries in East Asia. There is now a consensus across the region that while the US is still and will remain a necessary, indeed vital, condition for the stability that is the foundation for continued growth, it is no longer a sufficient condition and needs to be supplemented – supplemented not supplanted – by some new architecture. This is a consensus shared by US friends and allies and I believe, implicitly by China as well. Beijing well knows that absent the US, it will have to deal a nuclear Japan. And if Japan should go nuclear, South Korea will not be far behind. Taiwan too may begin to have evil thoughts as it did in the 1970s before the US sat firmly on Taipei. To Beijing such an eventuality would be a dangerous distraction from the many complex internal challenges it faces and to be avoided if at all possible. This is why I do not believe that the contradiction between economic and security interests is as stark as some may make it out to be. The situation will be difficult but manageable.

The most important decisions are always going to be made in Washington DC and Beijing and not in Singapore or any ASEAN capital or in Tokyo, Seoul, Moscow, Brussels and, I dare say, even in Canberra. I do not mean to imply that we should all just throw up our hands in despair and meekly await our fate. But it does mean that we should recognize that there are limits to our ability to influence events and that we should be careful not to over-reach ourselves, even as we probe those limits and try to extend them.



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Let me give you an example. No one really knows what a new regional architecture will look like. But US-China relations will certainly be its central pillar. For now the US and China have found it convenient to use ASEAN-led platforms like the East Asian Summit (EAS) and the ASEAN Regional Forum (ARF) as *secondary* means of ordering their relationships with each other and other participants. The most crucial US-China interactions will always be directly with each other and they always prefer to deal bilaterally with other countries.

Nevertheless it is in Australia's and Singapore's interests to do what we can to encourage Washington and Beijing to make as much use of such multilateral forums as possible as this gives lesser beings like us a modicum of influence and helps mitigate the trials and tribulations that inevitably arise when strategic adjustments of this scale are underway between major powers. But our efforts will not only be futile but could even be counter-productive if we lose sight of what I call the paradox of multilateralism in the management of great power relations: multilateral institutions work best when they do not work too well. The great powers then find them occasionally useful instruments to advance their interests, while being assured that multilateral institutions will be unable to frustrate their most vital designs. This is true of global institutions such as the United Nations as it is of regional forums like the EAS, the ARF or APEC. And this is also why I do not think greater institutionalization of regional forums or the rationalization of the various existing regional forums is necessarily desirable.

To choose is to compromise autonomy.

All the ASEAN-led forums have as their fundamental purpose the promotion of balance by encouraging the evolution of predictable and constructive patterns of major power relations. Not balance in its Cold War sense of being directed against one power or another, but balance conceived of as an omnidirectional state of equilibrium that will enable ASEAN to maintain the best possible relations with *all* the major powers and thus preserve autonomy. To choose is to compromise autonomy.



Will the major powers allow us to promote balance in this sense? They say they do. Both the US and China have indicated that the region is big enough for both of them. But China has not hesitated to divide ASEAN over the South China Sea (SCS) which is becoming something of a proxy for US-China strategic competition. And Singapore has on occasion been accused by the US of being too close to China and by China of being too close to the US. The long term trends can only complicate the situation. Contiguity, growing economic ties and infrastructure investments are binding South-western China and mainland Southeast Asia into one economic space. This is mutually beneficial but will certainly have political and strategic consequences, the extent of which is impossible to say at present. The US will not disappear, but in the long run a more symmetrical US-China naval equation in the SCS is bound to develop. Will this lead to greater convergence of interests and concepts between the US and China, or will mainland and archipelagic Southeast Asia be pulled in different directions, rendering ASEAN's aspiration of balance hollow? Too early to tell.

The essential challenge confronting all of us as we decide how to position ourselves vis-à-vis the US and China is that I do not think either Washington or Beijing yet really knows what they want. Although some American rhetoric sometimes suggests otherwise and some American officials are overly sensitive to suggestions that the US and China need to seek a new accommodation with each other, Americans are pragmatic and know that the current status quo cannot hold unchanged; no status quo is ever static. The US knows it must maintain stable relations with China and work with it, even as it tries to maintain and strengthen its own alliance system. But the US has not yet decided how much help to ask for to maintain order in East Asia, in what areas to ask for help, and what price to pay for help.

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On its part, Beijing does not yet know whether to offer help to maintain order, in which areas to offer help, and what price to ask for its help. China has no reason to be strongly committed to a status quo that it regards as heir to the order that it holds responsible for 'a hundred years of humiliation'. But at the same time, China knows that it is this same order that, at least for the last four decades or so, has facilitated its rise. Beijing has neither strong reasons nor the capacity to kick over the table, even as it seeks an East Asian order that better reflects its restored status and its historical role in the region. Beijing well knows that conflict with America will put at serious risk its most vital concern: the preservation of communist party rule. Prudence tempers but does not erase ambition. This ambivalence is reflected in contradictory statements. The 'new type of major power relations' that Beijing has suggested implies acceptance of a legitimate American role in East Asia, even though the precise parameters of that role are yet to be defined. But China has also resurrected the pernicious idea that Asian problems should be resolved only by Asians. More recently,

the 'One Belt, One Road' slogan seems intended to square the circle by a more benign presentation of its ambitions in positive sum economic terms. I do not expect these contradictions in Chinese attitudes to be resolved anytime soon. In the meantime, the chief risk in US-China relations is conflict by accident and not war by design. But if a serious accident should occur, the highly jingoistic public opinion that the Chinese Communist Party both cultivates and fears may trap the Party in its own narratives and force it down paths it never intended to tread.




US-China relations are characterized both by deep interdependence of a type that never existed between the US and the Soviet Union, and strategic mistrust. Both sides must bear responsibility for strategic mistrust. It was never very realistic to expect China to be a 'responsible stakeholder' of an order that it had no role in establishing. Great powers never just passively sign up to existing arrangements. But how they seek to change them is crucial: by unilateral actions or within existing frameworks of rules, including procedural rules to change rules regarded as obsolete or unjust? China has not been consistent, particularly in the SCS. Its unilateral actions are well known. But some of its actions and statements are consistent with UNCLOS and even American concepts and interpretations of UNCLOS. Of late, the balance of China's behaviour in the SCS seems tilted towards the former, exacerbating the natural anxieties of small countries fated to live on the periphery of a big country. Big countries have a duty to reassure that China has only partially fulfilled. Nevertheless I think that China's recent actions in the SCS are still as much an opportunistic response to the perceived weakness of a particular US administration as a long term strategic choice of approach. Beijing is rushing to change facts on the ground to present a new US administration with a new reality. Beijing will then pause to assess the situation and if necessary recalibrate its approach.


On its part, American insistence on the universality of certain values and political forms arouses deep suspicions. Last year, prior to the US-China Summit on the side-lines of APEC, State Counsellor Yang Jiechi visited Washington. I was told that the new model of great power relations was discussed. There was agreement that under this new model, the US and China should try to minimize their disagreements and foster habits of cooperation. But the US could not unambiguously endorse a third element that is perhaps the most important element for China: mutual respect for each other's core interests. Why not agree to something so innocuously obvious? I think it is because the US knows that the preservation of communist party rule must be the most vital of Chinese core interests and is reluctant to endorse this explicitly.

There is a large element of ritual in American evocations of democracy and human rights. But the conviction that their values are or ought to be universal is so essential a part of the American psyche that I don't think that their words are always just posturing for domestic effect. More to the point, I think Chinese leaders suspect that this is so too. In any case, Americans should not forget that domestic politics is not an American monopoly. The days when even the most powerful of Chinese leaders can entirely disregard their public opinion or insulate it from inconvenient foreign pronouncements are long gone.

This is a particularly delicate phase of China's development. Never before has a major country experienced so far reaching an economic and social transformation affecting so many people in such a short time. But rapid change is destabilizing and China's history has taught China's leaders to fear most those historical moments where external uncertainty coincides with internal restlessness. This is such a moment of history.



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Unless Chinese concerns on the core issue can be assuaged by an explicit American acknowledgement, strategic trust will not be established.

Beijing is now embarking on a second and more difficult stage of reforms that must loosen the centre's grip on crucial sectors of the economy while preserving the rule of the communist party. Can it be done? No one really knows. Under these challenging circumstances, the Chinese leadership can be forgiven for regarding American attitudes towards universality as ultimately intended to destabilize China and delegitimize and undermine their rule. At very least it is an additional complication to their already complex problems. But there seems to be great reluctance on the American side to confront this core issue. Perhaps the US does not sufficiently understand that this is an existential matter for the Chinese leadership, against which all other issues are of secondary importance.

Last year, I had the opportunity to hear a former senior American official speak to a closed group about what he expected would be discussed when President Obama met President Xi Jinping. He rattled off a laundry list of issues covering almost every matter under the sun on which the US and China could work together. He was obviously still connected and well briefed and most of what he said came

true. The US and China working together on such matters as climate change, counter-proliferation and terrorism is certainly to be welcomed. But unless Chinese concerns on the core issue can be assuaged by an explicit American acknowledgement that different political systems can have their own legitimacy, strategic trust will not be established. As this is not going to happen, the rest of us will just have to cope the best we can.





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