The Asian Century:

What Does it Mean for the United States

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SCHAR SCHOOL OF POLICY AND GOVERNMENT

Center for Security Policy Studies
at George Mason University

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Opening Keynote Address
by Aaron Friedberg, Princeton University

Summary by Courtney Kayser
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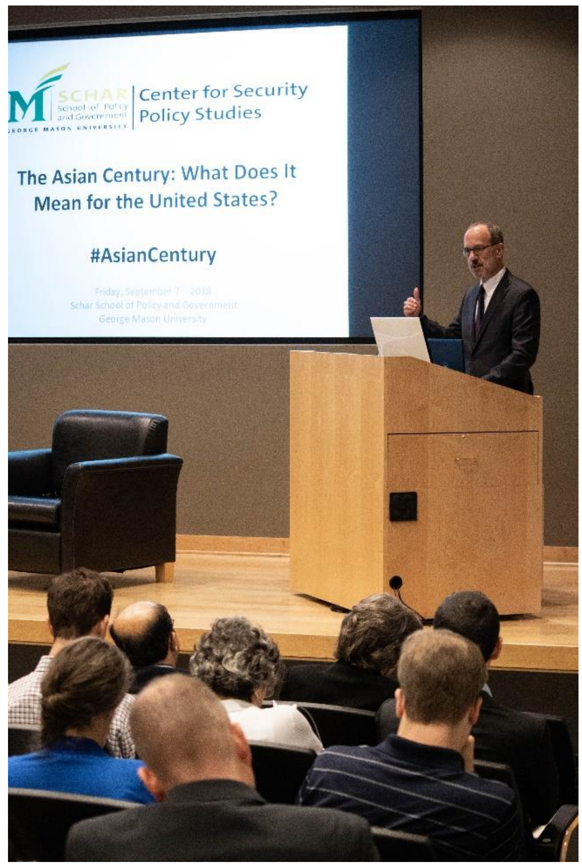
Dr. Aaron Friedberg of Princeton University gave the Opening Keynote Address at the Center for Security Policy Studies first annual symposium. Dr. Friedberg elected to narrow the topic of this address from "The Asian Century" to discuss the dynamics of the rise of China. While North Korea's quest for nuclear weapons certainly poses a security threat to the United States, China's size, economic might, and military potential make the country a larger threat to continued American primacy on the world stage.

China's expansion in wealth, power, and influence occurred under the leadership of the Communist Party. Recognition from the United States and American engagement with both the government of the People's Republic of China and its economy were key components to its quick rise to prominence as a global player. However, according to Dr. Friedberg, it is China's regime, not necessarily its economic might, that presents the greatest danger to the US; its oppressive, authoritarian regime is the true problem.

American strategy in the region has relied on the assumption that opening Chinese domestic markets and the liberalization of its economic policies would translate to regime liberalization. Engagement with China was thought to be a means to preserve stability, deter potential aggression, and cause China to be a rational stakeholder in the international system. Politicians and scholars alike believed that economic and political liberalization would occur alongside one another, and both processes were believed to benefit the United States. Due to these actions, China's economy has grown dramatically, and this growth has benefited American businesses. However, there has been little to no political liberalization and the People's Republic of China is a revisionist power in its region and on a global level.

Dr. Friedberg described several troubling symptoms of this development in his address: the Chinese Communist Party's (CCP) growing repressiveness, the expansion of mercantilism, and revisionism. The CCP holds an exclusive and absolute grip on power, and engagement with potential dissidents is risky to the Chinese regime. Therefore, the CCP leadership aims to counteract and contain potential revolutionary forces, and its efforts have only intensified with China's slowing economic growth. State-wide patriotic education programs, higher arrest rates, and violations of human rights are all indicative of increased government repression. In addition to this repression, mercantilist policies provide a means for the CCP to 'game the system,' protecting and moderating its domestic markets to maximize China's influence over the global market.

Many Chinese firms are focused on technology or military affairs, rendering them a strategic threat to the US. It is known that China seeks naval control over its near abroad, and the CCP is keen to use its economic might to realize this goal. Following its accession to the WTO, Chinese economic reforms slowed. Furthermore, Chinese leaders moved to start to undercut American alliance systems, as the presence of the American navy in its near abroad is the main obstacle to China's station as a regional power. As a result, China has invested heavily in precision weaponry and ICBM improvements, and improving its area access/area denial (A2/AD) capabilities. These improvements are meant to raise US costs, show inadequacy of US military, and undermine American alliance credibility. The CCP is also willing to use economic tools to punish others, especially American allies in the region.



Dr. Aaron Friedberg

It is not surprising that China would want to reshape the world order; other rising powers, including the United States, have done so at various points in their history. Dr. Friedberg argues that the predictability of China's actions does not mean that scholars should not attempt to understand China's goals, motivations, and future developments. China's actions threaten the basis of the Western liberal world order with its a la carte approach to institutions and consistent undermining of existing institutions that do not favor China. The CCP has proven to be contemptuous of American democracy, willing to take advantage of the openness of democratic systems and willing to use bribery and cooptation to accomplish its goals.

The CCP has been successful in its rise, but it is still a nascent power that suffers from potential future pitfalls. Inequality, both within urban areas and between urban and rural areas, in China is a potential flashpoint for protest and domestic instability. CCP policies presently suppress savings and investment by the lower classes that could mitigate this inequality. Relying on underhanded practices to achieve its policy aims abroad impacts domestic markets as well, as corruption is used to repress potential domestic rivals to CCP leadership. Despite recent attempts to mitigate corruption, it is entrenched in the fabric of business and politics.

The United States is not China’s only rival, but it is its largest. Its attempts to penetrate American establishments and markets carry economic risks, and its military growth is a certain security threat. China’s actions, moreover, are not technically illegal, even if they are in bad faith. The US faces a conundrum when confronting China and its policies; the Chinese government capitalizes on the weaknesses inherent in democratic regimes while its authoritarian regime allows it to counter American incursions into its own policies and economic markets. Following this train of thought, Dr. Friedberg left the conference with the question: How does the US combat Chinese policies and growth without sacrificing its values?

The Human Story: Demography, Health and Education, Urbanization

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China is a Paradox

China presents a unique historical case. It was the most innovative and advanced society in the world for most of human history—it was the source for many influential inventions, such as gunpowder, the compass, paper, printing, canals, porcelain, paper currency, to name just a few. Additionally, China had sailed to India and Africa long before Europe did. The richest areas of China also had a per capita GDP comparable to that of Renaissance Italy, the Golden Age of Holland, or England in the 1700s. However, during Europe's ascension China began a decline. This decline was due to rebellions, Civil War, the Opium Wars, imperialism, and the decay of the government. It continued for decades with constant invasion and civil war from the Taiping and Boxer Rebellions to the 1910 Revolution, then the Japanese invasion, and the Nationalist/Communist war and the Communist and Cultural Revolutions. By the 1980s China's GDP was only a small fraction of that of states like France, Germany, or Japan.

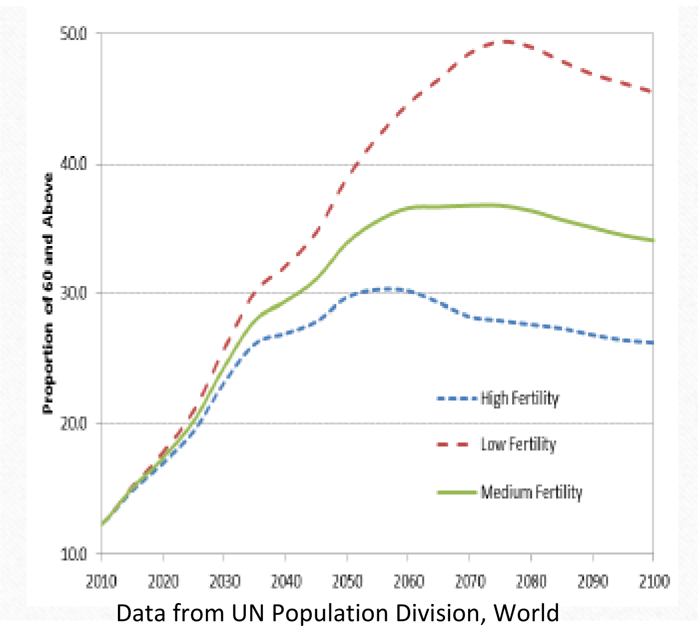
Dr. Jack Goldstone

Many civilizations rise and fall. The uniqueness of China's case begins in the 1980s when China's economic conditions began a dramatic change. Over the course of the last forty years China's economy has stormed forward to become the second largest in the world. Per capita GDP rose from roughly $300 a year in 1980 to $8,600 per year in current US dollars. In China's major cities GDP per capita is comparable to the US or Northwest Europe. After nearly two hundred years of relative decline China is now seeking to recover its traditional role as the world's leading economy. No great empire that has fallen in the past has ever recovered to again be the world's leading power. Can China do so?

Demographic Giant

For centuries, China has had the largest population in the world and the largest labor force in the world. Additionally, the size of China's population has continued to grow, while populations in other areas of the world have stayed fairly constant. However, due to the one-child policy and cultural changes, China's fertility rate has declined, and it is likely to remain very low. China is now projected to lose a large portion of its labor force, due to the steady decline in the size of birth cohorts; this will be particularly felt among those in the young military and job entry age groups.

China is also aging fast. By 2040 the population will be much older, making China dependent on a smaller cohort of young people to provide new workers and support the elderly. This trend also exists in Japan, South Korea, Hong Kong, Singapore, Australia, and to a much smaller degree in India. But the challenges in China are extreme: Projections indicate that, if fertility remains low, nearly 50 percent of China's population will be sixty years or older by 2070. Even if China is able to boost fertility to a medium level (above 2 children per woman), 30 percent of the population will be sixty or older. However, despite efforts to encourage fertility there are social conditions that inhibit it. Most housing structures are built for one child families, and the academic system is highly competitive, increasing the cost of child rearing. This makes it unlikely that there will be an increase in fertility rates. One response other countries have taken is that elderly people continue to work as they age. However, China's case is unprecedented, as its population will become old before it becomes rich—and it may be difficult to keep older people productive in a less advanced economy.



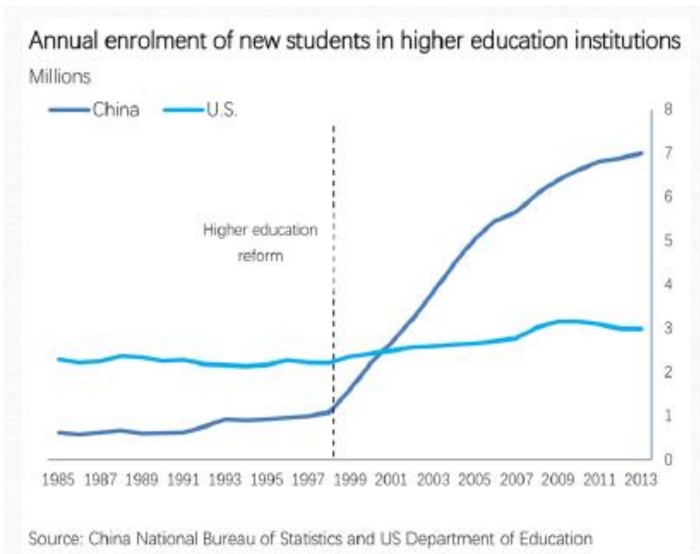
Data from UN Population Division, World Population Prospects 2015

Urban Giant

In 1950 China was overwhelmingly rural—only 13 percent of its people lived in cities. By 2010, 45 percent of a much larger population lived in cities, and China had twenty-five of the world's one hundred largest cities. China has fifteen cities with more than 10 million inhabitants. One of the consequences of urbanization and industrialization in China is that its consumption of resources has increased as well. China leads the world in the consumption of coal, is second in oil, and leads in the production of CO_2—it emits twice that of the US, which is the second largest CO_2 producer. Yet, China is also the world's largest and fastest growing provider of solar energy and supports this industry with subsidies. It also invests in wind energy. Nonetheless, it remains a country whose rapid industrialization, urban growth and sheer scale makes it the world's largest contributor to global warming, and likely to remain so for decades.

Education Superpower

China has also invested in educating its population. In 1997 China graduated 800,000 university students. Only twenty years later 8,000,000 university students graduated. Over 600,000 Chinese students are studying abroad. In addition, they have invested in the quality of their faculty and education programs. China had four universities in the *Times Higher Education* rankings: Peking, Tsinghua, Hong Kong University, and Hong Kong University of Science and Technology. This is more than any other country except the US and UK.



Despite this, China remains weak in invention and breakthroughs. It has the most patents in the world, but most of these are incremental, covering changes in processes, not breakthroughs. Companies in China advance not by creating totally new products, but by adopting Western innovations at a lower cost. The internet within China is sealed and intensively monitored. Even graduate students do not have access to resources like *The New York Times*. There are also limitations to what can be posted online—there is freedom as long as online material avoids taboo subjects. The Chinese government is not as concerned about what individuals post, as they are about what organizations create. They figure individuals can be silenced by alternative narratives online, while organizations, even religious ones, can undermine governmental authority.

Ideological control is also growing within the universities. Xi Jinping declared, "To run our higher education well, we must adhere to the leadership of the Party, firmly grasp the leadership of the Party over the work of colleges and universities, and enable colleges and universities to become a strong front to adhere to the leadership of the Party." This is a problem for the social sciences: China is moving backwards. Chinese universities have recently developed twenty-four new research centers dedicated to the study of Xi Jinping thought.

Paradoxes of China

China is changing so fast that no one, not even the Chinese, can fully grasp where they have come from and where they are going. In economic terms they have basically gone from the per capita income level of sub-Saharan Africa to that of Portugal in one generation. This means that hundreds of millions of Chinese have new resources and opportunities, including going to university and traveling abroad. China's booms in economic growth, urbanization, education, and travel have transformed the world, and China's place in it. Still, one must note that the data that is used to understand what is happening in China is suspect—China has a history of publishing self-serving data. Thus, even the Chinese may not have a firm handle on how fast things are changing, or if the direction is shifting.

The Chinese have a well-earned pride in their accomplishments and most Chinese respect the Communist Party for its role in the last thirty years of amazing gains. But they are also are insecure. They have anxieties about corruption, control, and the personal rule of Xi Jinping in the Communist Party. There are concerns about inequality and whether or not the changes underway will continue to increase China's global position. China's future could be amazing, tragic, or both. What is certain is that whatever happens in China will affect the entire world.

Economic Trends and Their Impact on Asian & U.S. Security

Ellen L. Frost
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Four pillars have contributed substantially to Asia's decades-long economic growth and stability: a relatively open U.S. market; rapidly growing, market-fueled prosperity in a reform-minded China; a functioning set of trade rules and norms implemented through the World Trade Organization (WTO); and credible U.S. security guarantees backed by a substantial U.S. military presence. All four are now at some degree of risk.

In the United States, President Trump seems determined to carry out his threat to impose steep tariffs not only against China but against some of America's closest friends and allies. Under China's president Xi Jinping, state intervention, forced technology transfer, the revival of ideology, and an emerging personality cult are souring the business climate in China. President Trump appears to dislike all multilateral organizations and has blocked the appointment of key personnel to the WTO's dispute settlement mechanism, thus paralyzing a central function of the organization. Although the U.S. military presence in Asia will likely continue, President Trump's behavior and unscripted remarks have eroded the credibility of U.S. security guarantees in the region.

Dr. Ellen Frost

This somewhat more threatening landscape calls for a strategic response on the part of U.S and Asian leaders. The first step is to recognize the close link between economic and security issues in Asia, particularly in developing countries and indeed in the entire Indo-Pacific.

Recognizing this link calls for some mental adjustment. In the West, "strategy" is often defined in political-military terms. The main goals are security, the achievement of foreign policy goals, and the ability to resist external control and influence. Economic instruments are the tools. The current wave of publications on "geoeconomics," stimulated in part by China's Belt and Road Initiative and other moves, illustrates this form of strategic thinking.[1] This approach is a good start. But in Asia, particularly developing Asia, economics and security are closely intertwined: neither is a tool of the other. Inclusive economic growth creates jobs, raises living standards, finances higher levels of defense spending, and increases political influence in the region and beyond. These gains bolster a government's legitimacy, which in turn underpins stability and security. Their absence can fan ethnic and religious tensions, spark anti-government demonstrations, facilitate illegal trafficking and other economic crimes, permit unchecked environmental degradation, and fuel tensions with neighbors.

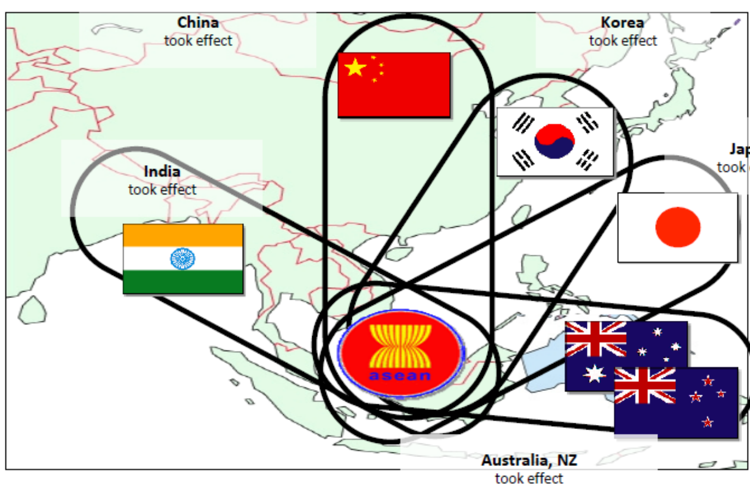
Recent Economic Trends

Several recently emerging economic trends have a direct or indirect impact on Asian and U.S. security. Among them are (1) changes in the shape and content of regional economic integration; (2) the U.S. withdrawal from the Trans-Pacific Partnership (TPP) and its regional consequences; and (3) the recent surge of economic statecraft. This paper elaborates on these trends, highlights some major security consequences, and cites several risks that could choke off further growth.

Changes in the Shape and Content of Regional Integration

Despite the Asian financial crisis of 1997-98 and the global recession of 2008-09, no Asian government has abandoned the effort to bring about closer regional economic integration. The ten members of the Association of South East Asian Nations (ASEAN) are still inching toward their goal of an ASEAN Economic Community. The longstanding "hub and spokes" pattern of trade agreements centered on ASEAN has now melded into a 16-member trade negotiation grouping entitled the Regional Comprehensive Economic

ASEAN'S FREE TRADE AGREEMENTS



Source: METI

[1] Examples include Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft* (Belknap Press, 2017); and Wigell, Michael, Soren Scholvin, and Mika Aaltola, eds., *Geoeconomics and Power Politics in the 21st Century* (Routledge, 2018).

Partnership (RCEP).[2] Even India, inward-looking for decades and still riddled with protectionist forces, participates actively (if stubbornly) in RCEP.[3] From a U.S. perspective, RCEP is inadequate because it is mostly limited to trade in goods and lacks a number of key provisions, such as enforcement. But it promotes dialogue and legitimizes gradual market-opening measures, which are better than nothing.

The TPP, now renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), is much more ambitious than RCEP. Only a small part of the text is dedicated to "trade" in the traditional sense of tariffs and quotas. The rest of the chapters address such topics as investment, electronic commerce, government procurement, technical barriers to trade, the treatment of state-owned enterprises, measures to promote participation by small businesses, protection of intellectual property, labor standards, and environmental protection.[4]

Alterations in the structure of production networks, especially those that rely on China for final assembly, could come about for several reasons. Depending on the product, Chinese exports contain a number of parts and components sourced from elsewhere in Asia, including Taiwan, South Korea, Japan, Vietnam, Malaysia, and the Philippines. Nevertheless, final products shipped from China are misleadingly labeled "Made in China." Now that the Trump administration has carried through on its threat to impose escalating 10-25% tariffs on another $200 billion of imports from China, Asian suppliers of parts and components will probably suffer. On the other hand, there are clear signs that some investors are planning to relocate certain operations from China to Southeast Asia (and possibly elsewhere) to avoid getting caught in the U.S.-China trade war.[5] This restructuring, if extensive, could boost growth in the rest of the region.

The U.S. Withdrawal from the TPP and Its Regional Consequences

There has much misinformation about the origin of the TPP. It was initiated not by the United States but by a group of countries known as the P-4 (Singapore, Brunei, Chile, and New Zealand). It embodied "open regionalism," meaning that any government willing to commit to its high standards could become a member. Joining the original four were Malaysia, Vietnam,

[2] The six non-ASEAN countries are Japan, China, South Korea, India Australia, and New Zealand.

[3] As of September 2018, the government of India was planning to raise tariffs in response to the months-long slide in the value of the rupee.

[4] For a summary of the TPP, see https://ustr.gov/about-US/policy-offices/press-office/press-releases/2015/october/summary-trans-pacific-partnership. An earlier, controversial provision relating to the right of private entities to bring suit has been dropped from the CPTPP.

[5] See, for example, Kenji Kawase, "How Asian companies are navigating the trade war," *Nikkei Asian Review,* September 19, 2018, available at https://asia.nikkei.com/Spotlight/Cover-Story/How-Asian-companies-are-navigating-the-trade-war?utm_campaign=RN%20Subscriber%20newsletter&utm_medium=weekly%20newsletter&utm_source=NAR%20Newsletter&utm_content=article%20link. For examples of corporate reactions, see "US-China trade war: Asia's winners and losers," *Nikkei Asian Review,* September 19, 2018, available at https://asia.nikkei.com/Spotlight/Cover-Story/US-China-trade-war-Asia-s-winners-and-losers

Canada, Mexico, Peru, Australia, and—after some delay—the United States.[6] Open regionalism is still the CPTPP's guiding norm.

After the Obama administration announced that the United States would join the TPP, China launched a series of blistering attacks, charging (erroneously) that the TPP was forged by Washington as a Cold War instrument and designed to exclude China. Because of the overall rivalry between the United States and China, this false narrative gained widespread adherents. As time passed, however, Beijing toned down its rhetoric and quietly expressed interest in joining the agreement. China's potential entry was explicitly welcomed by high-level Obama administration officials, including National Security Advisor Susan Rice.[7]

The U.S. withdrawal from the TPP, officially announced only days after President Trump's inauguration, was widely perceived in Asia not only as a sign of the president's personal hostility to multilateral trade agreements, but also as an indicator of America's waning commitment to Asia. Nothing has emerged from the White House that resembles the Obama administration's "pivot" or "rebalance" toward Asia. Nor has President Trump claimed President Obama's mantle as America's "first Pacific president." Secretary of State Pompeo's "America's Indo-Pacific Economic Vision," announced in July 2018, is well intentioned but miniscule in content. Designed in part to attract the private sector, the initiative features a mere $113 million.[8] The Department of Defense has emphasized the continuity of the U.S. security commitment, but some Asian leaders talk privately about developing a "Plan B" that relies less on Washington's military presence. Some governments, by contrast, have quietly offered Washington more access to military facilities such as airstrips and ports. One way or another, the U.S. withdrawal from TPP changes the security landscape.

Ironically, the medium-term consequences of the CPTPP for the United States and China are now reversed. The United States would benefit significantly from membership in the agreement, but that prospect is now postponed if not eliminated. Conversely, if China pledges its commitment to the CPTPP's high standards and joins the agreement in a second round, Chinese companies will gain more market access in the Asia-Pacific region and become even more competitive.

The Recent Surge of Economic Statecraft

Economic statecraft can take the form of coercion, inducement, or simply a desire to avoid criticism. It can be announced publicly or pursued quietly and even obliquely. The most well-known tools include trade policy, investment policy, sanctions, cyber tools, economic assistance, financial and monetary policy, and national policies governing energy and commodities.[9] To that list can be added export controls, exit or entry permits for tourists,

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[6] The United States signed the TPP on February 4, 2016, but it was never ratified. The letter announcing the U.S. withdrawal was sent on January 30, 2017.

[7] See, for example, "China Can Join TPP If It Meets Standards," Speech at Georgetown University, November 21, 2013, https://www.law360.com/articles/490653/china-can-join-tpp-if-it-meets-standards-us-official-says,

[8] One observer dubbed Secretary Pompeo's July 31 speech as "geoeconomics on a shoestring." See https://thediplomat.com/2018/07/pompeos-indo-pacific-speech-geoeconomics-on-a-shoestring/. For the text of his remarks, see https://www.state.gov/secretary/remarks/2018/07/284722.htm.

[9] Robert D. Blackwill, "Indo-Pacific Strategy in an Era of Geoeconomics," Keynote speech at a conference sponsored by the Japan Forum on International Relations, Tokyo, Japan, July 31, 2018, sent to the author by email.

surprise factory “inspections,” unexplained customs delays, and even the large-scale dispatch or recall of students pursuing an education in a targeted country. Most if not all of these instruments have been in play in Asia at one time or another.

China’s recent economic statecraft in Asia has naturally captured the spotlight. It consists of its ambitious “Belt and Road Initiative” (BRI), its new “Asian Infrastructure Investment Bank” (AIIB), its willingness to extend huge loans, and various bilateral initiatives in Southeast, South, and Central Asia. Beijing has also deployed coercive measures against South Korea, the Philippines, and Taiwan.

Some pushback has emerged, including fears of a “debt trap” forcing an insolvent borrowing country to turn over important assets to China. (The fate of Sri Lanka’s port of Hambantota is an example.)[10] In August 2018, Prime Minister Mahathir of Malaysia startled his Chinese hosts in Beijing by implying at a press conference that China may be edging toward “a new version of colonialism.”[11]

Less visible but equally significant from a strategic perspective is the economic statecraft recently initiated by Japan. While seeking to avoid alienating Beijing, the Abe administration has taken up the challenge posed by China’s strategic infrastructure initiatives in the region. Having pioneered Asian production networks and contributed large amounts of foreign aid to the region, Japan is well positioned to play a major role.

In the first year of his current term, Prime Minister Abe visited all ten members of ASEAN. In 2015, at a conference on “The Future of Asia,” he announced a “Partnership for Quality Infrastructure” (PQI). In the following year, it was upgraded and renamed the “Expanded Partnership for Quality Infrastructure” (EPQI). The choice of the word “quality” reflects Japan’s reputation for high-quality manufacturing, a competitive strength. It is also an implicit reminder that Chinese infrastructure investments abroad have been criticized for shoddy and environmentally harmful construction and for employing teams of imported Chinese workers rather than local inhabitants. Not surprisingly, Japanese officials promoting the EPQI have highlighted protection of the environment and the employment of local workers.

Meanwhile, a major new initiative emerged from the Asian Development Bank (ADB), sometimes nicknamed the “Japanese bank.” Just as the World Bank and the International Monetary Fund are traditionally headed by an American and a European, respectively, the president of the bank is always Japanese. Ties between the ADB and Japan’s Ministry of Finance are close. In 2015, the ADB merged its two major lending operations, thus enhancing the ADB’s ability to leverage its resources and increase lending.[12] Both the United States and China supported this move.

In Tokyo, the Abe administration has expanded the foreign aid budget and added “strategic” as a permissible criterion for eligibility. In other words, Tokyo’s aid planners can now

[10] See, for example, Maria Abi-Habib, “How China Got Sri Lanka to Cough Up a Port,” *New York Times,* June 25, 2018, available at https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html

[11] “Mahathir Warns Against New ‘Colonialism’ During Visit to China,” *Bloomberg News*, August 20, 2018, available at https://www.bloomberg.com/news/articles/2018-08-20/mahathir-warns-against-new-colonialism-during-visit-to-china

[12] See the ADB’s press release of May 2015, available at https://www.adb.org/news/adf-ocr-merger-boost-support-region-s-poor

take foreign policy and security interests into account when allocating grants and loans. This is a departure from longstanding practice.

These initiatives reflect the views of Prime Minister Shinzo Abe and mostly pre-date the Trump administration. But Japan's recent trade diplomacy is a clear response to the actions announced by the U.S. president. Somewhat to the surprise of longtime observers accustomed to Tokyo's cautious and low-key diplomatic behavior, Tokyo moved swiftly to ensure that the TPP would survive the U.S. withdrawal and assumed a leadership role toward that end. Along with Singapore and Mexico, Japan has ratified the CPTPP. The Japanese government also rejected the Trump administration's proposal for a full-scale bilateral trade agreement, although sector-specific agreements are possible. Japan's moves help to fill the gap caused by President Trump's fixation on trade balances and apparent lack of interest in sustaining a prominent U.S. leadership role in Asia.

Many other governments in the region have welcomed Japan's more active presence as a means of balancing China's influence. For example, President Joko Widodo ("Jokowi") of Indonesia has invited Japanese companies to participate in the country's oil and gas sector, and the Cambodian government is seeking Japanese help with port expansion. Prime Minister Modi of India has invited Japanese companies to invest in its remote, conflict-prone northeast states, hitherto mostly off limits to foreigners. Japan is also taking part in various joint activities to promote both economic connectivity and maritime security in the Bay of Bengal. Opportunities for further cooperation with India are very promising.[13]

Security Implications and Risks

In their effort to ensure ongoing stability and growth and thus to consolidate their own legitimacy, Asian leaders face a number of region-wide risks. Among the major ones are (1) financial volatility, (2) rising inequality, (3) armed conflict arising from rival maritime claims, and (4) emerging technologies.

Financial volatility

A "hard landing" in either China or the United States cannot be ruled out. But more likely setbacks include financial crises, the collapse of speculative "bubbles," commodity price shocks, and unsustainable levels of debt, all of which could lead to disinvestment, job losses, and the collapse of various national currencies. The likely increase in climate-induced disasters could also shake investor confidence and undermine political stability.

Rising inequality

Asia contains several of the richest countries in the world (Japan, South Korea, and Singapore) and also several of the poorest (Myanmar, Cambodia, and the Lao People's Democratic Republic). Because of the uneven effect of globalization, inequality among them has been rising. Countries that have adopted domestic reforms and found a niche in regional value chains are leaving the others behind, posing the specter of two-track economic

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[13] See, for example, "Connecting the Bay of Bengal: India Japan, and Regional Cooperation," summary of a seminar sponsored by Carnegie India and the India Development Foundation, October 26, 2017, available at https://carnegieindia.org/2017/10/26/connecting-bay-of-bengal-india-japan-and-regional-cooperation-event-5711

integration. If formalized, such a split would further marginalize the poorest countries, dampen hopes for reform, and increase the likelihood that they can be bullied by an outside power. ASEAN would lose its "strength in numbers," which is a negotiating advantage.

Inequality within Asian nations is rising even more sharply. Members of a new class of "crazy rich Asians"[14] are flaunting an unprecedented amount of wealth. Incomes of the urbanized middle class have been rising, while the rural poor are left behind. This combination may hamper further progress. According to a working paper issued by the International Monetary Fund, there is a growing consensus that high levels of inequality can hamper the pace and sustainability of growth.[15]

Armed conflict

The combination of China's surging military expenditures and its claims to almost the entire South China Sea has set off an arms race in the region. Annual defense spending in the Asia Pacific has more than doubled since 2000, and India has now made the list of the world's top five arms purchasers.[16] By 2029 defense spending in the region is projected to surpass North America's. By 2035, it is estimated that half of the world's submarines will patrol Indo-Pacific waters.[17]

No government in the region wants war, but in the current environment minor clashes can escalate quickly. Overfishing is already a flashpoint. A growing middle class is likely to demand more protein, posing an additional threat to fish stocks. Disputes over exclusive economic zones have already led to armed skirmishes, and these could become more frequent as competition heats up.

Emerging technologies

Within the next decade, new technologies—notably 3D printing, artificial intelligence (AI), and robotics—may revolutionize the local manufacturing of industrial goods as well as the local production of clothing, footwear, energy, and food. The result could be some degree of "de-globalization."[18] Since wealthier Asian countries owe much of their growth and stability to participation in the global economy, this scenario calls for strategic attention.

More specific security implications stem from developments in AI, 3D printing, nanotechnology, and biotechnology. AI has numerous military applications, including data analysis, drones, cruise missiles, and military intelligence. 3D printing enables anyone to

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[14] The phrase "crazy rich Asians" comes from a book of that name by Kevin Kwan, which was made into a movie released in 2018.
[15] Jain-Chandra, Sonali, Tidiane Kinda, Kalpana Kochhar, Shi Piao and Johanna Schauer, "Sharing the Growth Dividend: Analysis of Inequality in Asia," IMF Working Paper WP/16/48, March 2016, available at https://www.imf.org/external/pubs/ft/wp/2016/wp1648.pdf
[16] The Stockholm International Peace Research Institute (SIPRI) maintains an annually updated database on military expenditures that can be accessed at https://www.sipri.org/databases/milex
[17] See "Battle stations: Asia's arms race hots up," *Financial Times,* August 25, 2018, available at https://www.google.com/search?q=Battle+Stations%3A+Asia%27s+arms+race+%2B+Financial+Times&ie=utf-8&oe=utf-8&client=firefox-b-1-ab
[18] See T.X. Hammes, "Will Technological Convergence Reverse Globalization?" *INSS Strategic Forum,* National Defense University, July 2016, available at http://ndupress.ndu.edu/Media/News/Article/834357/will-technological-convergence-reverse-globalization/

produce guns and other weapons, a threat that has already become an issue in Singapore and the United States. Nanotechnology, which operates on a scale of one billionth of a meter, has numerous applications ranging from materials and medicine to smaller and more powerful weapons. Biotechnology has the potential of developing personalized drugs based on an individual's DNA, but it could also lend itself to the creation of new viruses and germ warfare.[19] It is likely that both the United States and China are forging ahead to pursue breakthroughs in these fields.

Conclusion

There is no reason why the human talent, resilience, and energy that has gone into Asia's development thus far cannot be applied to emerging risks. Many opportunities to mitigate them are available. Job losses can be balanced or exceeded by new job opportunities, and security risks can be mitigated.

Still, the tasks ahead are formidable. Even if de-globalization fails to develop, developing country governments in Asia will need to embark on a long-term effort to raise educational standards and promote skills development so that workers can take advantage of new opportunities and qualify for higher paid jobs. As the Asian Development Bank observes, governments will also need to undertake coordinated action in response to technology-related unemployment, such as labor regulation, social safety nets, urban planning to accompany migrants, and some degree of income redistribution.[20] Failure to anticipate and deal with the consequences of technology-related job losses would pose a serious risk to domestic stability.

If the past is any guide, upcoming elections and near-term political realities may divert attention away from what is needed. Leaders seeking strategies to cope with the future must overcome short-term thinking, bridge the gap between economic and security analysis, seek further competitive niches in the emerging regional economy, and address the legitimate grievances of their most vulnerable citizens.

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[19] Cung Vu, "The Fourth Industrial Revolution: Its Security Implications," *RSIS Commentary,* Nanyang Technological University, May 24, 2018, available at http://www.rsis.edu.sg/rsis-publication/rsis/co18086-the-fourth-industrial-revolution-its-security-implications/#.W6F4ZPlReM8

[20] Asian Development Bank, *Asian Development Outlook 2018: How Technology Affects Jobs,* Highlights, April 2018, pp. 7 et seq., available at https://www.adb.org/sites/default/files/publication/411666/ado2018-highlights.pdf

*The views expressed are those of the author and do not reflect the official policy or position of the National Defense University, the Department of Defense, or the U.S. government.

Climate Security in the Asia-Pacific Region: Disaster Alley or Resilience Leader?

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When it comes to understanding the impacts of climate change upon national security, no region is more important to study than Asia. The continent is home to almost 60 percent of the world's population – by 2030, 4.9 billion people will live there – and produces almost half of its goods ("Made in China," 2015). Southeast Asia and Pacific Island nations will be the hardest hit by climate change of anywhere on the planet, and those states with less developed economies and infrastructure are particularly ill equipped to deal with its challenges (IPCC AR5, 2014). Meanwhile, countries such as Japan and in particular China have demonstrated themselves to be world leaders in environmental innovation, with China employing approaches that have complex and even threatening political dimensions. The impact of climate change upon Asia is of enormous importance to policymakers because of the outsized role it plays in international affairs. This means climate change's dangerously disruptive and destabilizing effects on the region will be felt around the globe. Yet it also offers the chance for the rest of the world to learn from and collaborate alongside Asian countries as they adapt to new environmental challenges, if only the United States will seize the opportunity.

Changing Weather

Climate change will fundamentally alter weather patterns throughout Asia, starting with significant temperature increases. Upward temperature trends are notable and robust in recent decades, coupled with a rising number of hot days and nights, and a decline in cooler weather (IPCC AR4, 2007). By the 2030s, half of all summers will be warmer than the record-hot summers of the past 40 years (Kharin, 2017). Elevated areas like the Himalayas will warm even faster, and the average temperature in the Tibetan Plateau has already risen by almost two and a half degrees Fahrenheit over the past 30 years (Molden, 2018).

Global warming will reshape water distribution and availability, inducing droughts as well as flooding across Asia, and straining water resources. Most of the climate models project a decrease in precipitation during the dry season and an increase during the monsoon season.

Freshwater availability in most parts of Asia, particularly in large river basins, is projected to decrease by the 2050s (IPCC AR4, 2007). Droughts will be especially severe in South Asia, even as rainfall patterns are increasingly deviating from historical norms and becoming harder to predict. In wet tropical regions in East and Southeast Asia, runoff is expected to increase by 10 to 40 percent by mid-century and bring widespread flooding. Coastal areas, especially heavily populated megadelta regions in South and East Asia, will be at greatest risk due to increased flooding from the sea and, in some megadeltas, flooding from rivers (IPCC AR4, 2007). These trends will compound the pressures on natural resources and the environment associated with rapid urbanization and industrialization, and endemic morbidity and mortality due to diarrheal disease are expected to rise in Asia due to projected changes in the hydrological cycle (IPCC AR4, 2007).

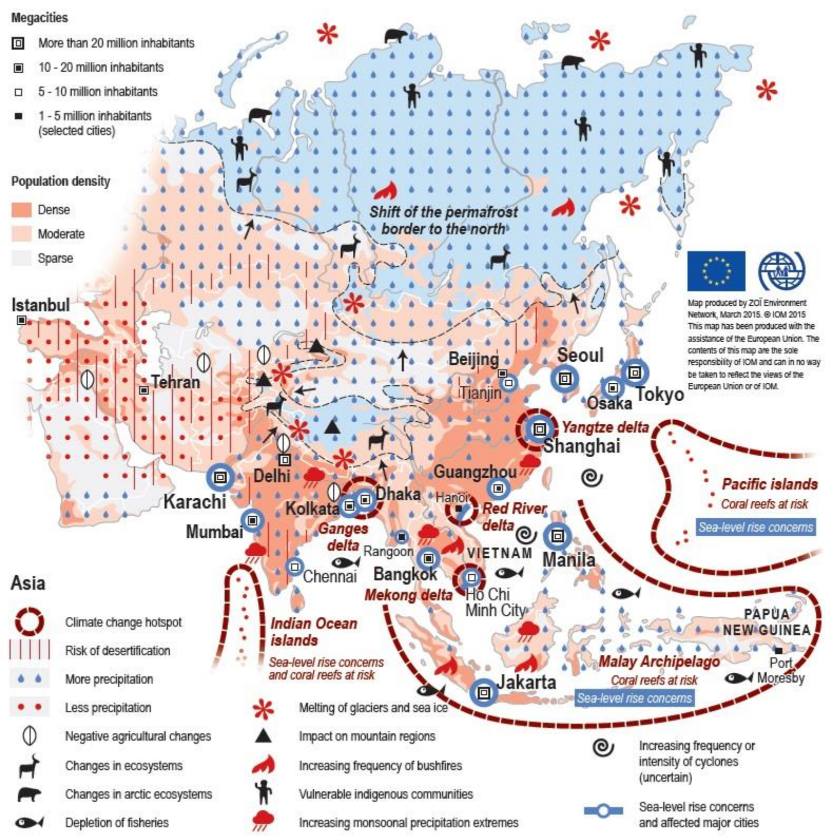
Higher temperatures have important implications for extreme weather events, and in particular cyclones. Although there is regional variation in tropical cyclone trends, scientists broadly predict that they will intensify and that the number of major storms will rise. In China, while the frequency of cyclones has decreased, their destructive force has grown, as indicated by higher maximum wind speeds, more water and lower barometric pressure in storm centers (IPCC AR5, 2014). Cyclone intensification coupled with sea level rise could increase coastal flooding, and losses of coral reefs and mangrove forests would exacerbate wave damage (IPCC AR5, 2014). In addition to cyclones, climate change is likely to increase the frequency and destructiveness of other extreme climate events such as wildfires, drought, and flooding. Scientists even think that it was responsible for the deadly Himalayan snowstorm of 2014 (IPCC AR5, 2014).

Security Implications for Asia

All these environmental changes have serious security implications for Asia, considerations which manifest as both direct and indirect threats. Indirect threats are when climate change acts as a 'threat multiplier' or 'accelerant of instability' to heighten the risk posed by preexisting dangers (Goodman, 2007; Mattis, 2018). Extreme weather events and patterns raise the risk of humanitarian disasters, water and food shortages, population migration, labor shortfalls, price shocks, and power outages, all of which affect the poorest people the most. While wealthier countries can absorb and adapt to such challenges, smaller nations are less resilient.[21] Together these trends exacerbate inequality, fueling economic and social discontent. In Asia, specific examples include the disruption of global supply chains and employment due to the flooding of manufacturing centers, as well as rice and wheat shortages due to drought. These indirect threats are so numerous that this paper can cite only a handful of examples, and the strong potential exists for climate change to set-off a series of chain reactions more far-reaching than can be predicted. Such concerns over indirect threat

[21] When cyclone damages in the Asia-Pacific Region between 1998 and 2009 are tallied in terms of relative exposure, the top ten countries most effected are all small island developing states (SIDS), with the exception of Japan and the Philippines, which rank third and fourth respectively, according to the IPCC AR5.

multiplication have been the historical focus of climate change security research. However, as climate change adaption strategies have embedded in the international security landscape, direct threats have increasingly manifested too. China in particular has positioned itself as a global leader on climate change. Although this stance has many positive aspects – for instance in carbon emission reduction - it also has worrisome national security implications. Transboundary water management has already become a point of contention between China and other Asian countries, and will only provoke further disputes as China continues to expand its dams and infrastructure projects to monopolize the region's water in the face of increasing stresses. China's aggressive adaption to – and arguably even potential for the weaponization of – climate change fundamentally shifts Asian countries' geopolitical calculations, and offers a significant great-power challenge to the United States.



Indirect Threats

Migration

Climate change will cause the displacement of millions of people throughout Asia, and trigger large-scale migration. The more apocalyptic migration scenarios featured in popular writings are generally projected to play out towards the end of the twenty-first century, but even by 2030 migration will be a major problem. A greater number of extreme climate events will cause periodic bursts of large-scale displacement, as cyclones and other disasters destroy entire neighborhoods and even cities (Kimmelman, 2017). Sea-level rise and increased flooding will make significant portions of many other countries uninhabitable, fueling external as well as internal migration. Small island developing states (SIDS) and Pacific Island nations face an existential threat from sea-level rise; Kirabati could disappear entirely by 2030. In some areas of Vietnam, several dozen meters of erosion wash away each year because of climate change, coupled with the negative environmental impacts of mangrove destruction and shrimping (IPCC AR5, 2014).

Poor populations in developing countries will struggle the most to adapt to climate change, and their displacement will prompt the most problems. Internal migration can threaten a country’s political stability, as was the case in Pakistan in 2010, when widespread flooding left ten million people homeless as the country was already struggling to reintegrate populations displaced by fighting between the government and Taliban militants in the northwest (Georgy, 2010). Externally, the influx of migrant laborers among countries at different levels of economic development can cause political and social conflicts. This dynamic holds particularly true where neighbor countries share long land borders and migrants are difficult to regulate, for example between India and Bangladesh (IPCC AR5, 2014). With 80 percent of its densely populated landmass lying near sea level, much of Bangladesh will soon be uninhabitable. Yet India has intensified its efforts to strengthen its border fence with Bangladesh and demonstrated hostility toward the idea of a potential influx of environmental migrants, all the while heightening Bangladesh’s susceptibility to climate-change disasters through its reorientation of the Ganges via the Farakka dam (Banerjee, 2010). The debate over terminology further reflects the topic’s political combustibility; policymakers cannot even agree on whether to call people displaced by environmental changes ‘migrants’ or ‘refugees’ (Edwards, 2016).

Industry Disruption

Climate change-induced flooding threatens manufacturing centers throughout Asian, and will impact global supply chains along with the world economy. Economic development and urbanization in Asia over the past few decades has tended to concentrate in coastal areas that are particularly vulnerable to climate change, such as the multitrillion-dollar transformation of China’s Pearl River Delta from farmland to manufacturing powerhouse. Indeed, China will suffer the most direct economic harm from river floods, losing more than 380 billion US dollars in economic losses from flooding by 2035, of which 170 billion US dollars is attributable to the effects of climate change (Willner, 2018). Countries that import from China and rely upon the production of these goods, including the US and EU, will feel the effects as indirect losses passed down along the global supply chain. Flooding also threatens factories throughout South East Asia. In 2011, floods in Thailand disrupted supply chains for automotive and electronic components, resulting in a global shortage of hard drives (Lindsay, 2011). Despite this destruction, however, climate change could nevertheless offer India and other developing South East Asian economies an opportunity for net trade gain. China is such a major manufacturing giant that should disasters temporarily hamper its production lines, other suppliers would potentially have the chance to jump in and replace them (Willner, 2018).

Food Insecurity and Price Shocks

Food insecurity and price shocks will occur more frequently in a world impacted by climate change, as temperature, droughts and flooding affect crop yields. Asia is a producer as well as importer of food, and there will be regional differences in the impacts of climate change on food production. While in some colder environments warmer temperatures could cause increased crop yields, in hot environments it will result in decreased yields, as well as more insect outbreaks (IPCC AR5, 2014). Currently, South East Asia produces 30 percent of the world's rice (FAO, 2008). Thailand and Vietnam account for slightly more than half of world rice exports, while Indonesia and the Philippines produce significant amounts for domestic consumption (Lassa, 2017). Globally, South Asia is also predicted to be the region, along with southern Africa, where crop yields will be hardest hit by climate change (IPCC AR5, 2014). Over the past decade, droughts have already significantly cut rice production in Cambodia and Laos (Miyan, 2015). The largest numbers of food-insecure persons currently live in South Asia, which has roughly 300 million undernourished. Some countries there will need to increase their food production by up to 77 per cent by 2050 to feed their people and keep up with population growth. Studies that estimate the impact of climate change on human nutrition have predicted that worldwide severe stunting will increase the most in South Asia, by up to 62 percent by 2050 (FAO, 2008). In addition to being a humanitarian tragedy, a hungry, frustrated population is never a good formula for political stability. When Russia instituted a grain export ban following a severe heatwave and lackluster harvest in 2010, prices spiked and the Middle East erupted into the Arab Spring (Femia, 2013). While many other factors helped drive the protests, hunger was nevertheless an important component, and the episode is a harbinger of circumstances that will become far more frequent in a climate-stressed world.

For richer Asian countries, price shocks are less of a matter of life or death, but still have important geopolitical implications. China, Japan and South Korea are all major importers of grain, and are thus vulnerable to price fluctuations that may be based upon climate events another hemisphere away. The Chinese government has made national food self-sufficiency a priority, even as projections indicate that negative impacts on wheat and maize yields in China are inevitable unless significant technological leaps are made in production (MOFA, 2017). Prices are further affected by the smooth transit of food. More than half of the globe's staple crop exports – wheat, maize, rice and soybean – have to travel along a handful of inland and maritime routes to a small number of key ports (Bailey, 2017). These key "chokepoints" are vulnerable to disruption from political interference as well as extreme weather events. China has tried to mitigate its exposure to chokepoint risk by diversifying its supply routes, for example building a railway across South America to lessen reliance on the Panama Canal (Bailey, 2017).

In addition to crop yields, fishing and livestock are bound to suffer the effects of climate change. Warmer ocean temperatures will lead to increased production of important fishery resources in some areas but decreased production in others. Ocean acidification will have negative impacts on major invertebrate species, including species responsible for building coral reefs that provide essential habitat for many fished species in these areas (IPCC AR5, 2014). This has serious security implications given that millions of people in Asia rely on fish for their livelihoods, not to mention for food security and as a primary source of protein. Asia produces roughly 50 percent of the global fish capture, and 90 percent of the world's aquaculture-raised fish (Asia, 2018). The poorest fishers and others dependent on fisheries and subsistence aquaculture will be the most vulnerable to the effects of climate change, particularly those in SIDs and tropical Asian countries. Economic distress in fishery villages has the potential to encourage illegal trafficking and trans-border criminal activities (MOFA, 2017). In the Bangladeshi Sundarbans, anecdotal evidence suggests that a recent uptick in piracy may be attributable to recruits trickling in from hard-hit fishery villages (Femia, 2017). Livestock will also be negatively impacted, as climate change affects the amount and quality of produce, as well as the profitability and reliability of production (IPCC AR5, 2014). The raising of animals – and of beef in particular – requires a huge amount of resources, especially water. Richer Asian countries such as China have adopted a more protein-rich diet in recent years, with their importation of pork and beef soaring to keep up with demand (Watts, 2008). Such preferences are ill suited to a climate change-effected world, but are increasingly taken for granted by populations that assume governments will do whatever it takes to meet their consumerism – an attitude of entitlement hardly limited to Asian countries.

Sherri Goodman

A Great Power Threat

Of all the important resources stressed because of climate change, none will be felt more keenly than the need for water. And China, through its presence in Tibet, controls the headwaters of 10 of the 11 major rivers of Asia, with the lone exception of the Ganges. This means the future of water allocation throughout the continent rests upon the political and policymaking decisions of China. China leads the world in domestic investment in renewable energy, and has taken an approach that emphasizes engineering rather than management solutions (Gleick, 2013). While stronger directives have not overcome the pace of expansion and often-lax enforcement – China continues to consume as much coal as the rest of the world combined, and to increase its steel capacity – they have resulted in dramatic infrastructure projects (Kimmelman, 2017). The country has overseen the construction of a series of dams, and has even more ambitious projects underway to address its water challenges. China faces serious constraints on water supply as well as deteriorating quality; its per-capita annual renewable water availability is around 2,140 cubic meters, compared to over 10,000 for the US (FAO, 2008). Since the 1990s, losses from drought have been equivalent to 1.1 percent of China's average annual gross domestic product, or about 41 billion US dollars (Gleick, 2013). These impetuses have pushed China to maximize its geographic advantage, often to the detriment of those who live downstream. It is not difficult to see how increasing competition for diminishing water resources is bound to have serious national security implications. In much of Asia, water is only plentiful during the monsoon season, so rivers provide critical sustenance to agriculture, people, and ecosystems in the dry season. Although water has historically been a catalyzer of cooperation between countries, there is a good chance that dynamic could shift as climate change places greater strain on resources and mega dams increasingly offer the opportunity to shape river flows (Holland, 2013).

China's infrastructure projects put the government in a position to monopolize Asia's water supply, and there is some evidence that it has begun to do so (Brahma, 2014). In particular, China's hydroelectric dams along the upper reaches of the Brahmaputra River in Tibet have prompted an outcry from India. Indian leaders point to plans in China's South-North Water Diversion Project to divert water from the Brahmaputra for industry and cities in the north. Although Chinese leadership has disavowed having any such ambitions, engineers and policymakers have pushed for the project (Watts, 2010). China has also already dammed and controls the flow of the Mekong River. Downstream neighbors have protested that the country now occupies an untenable position of power, in which it has the ability to bestow or withhold water as it sees fit. When Vietnam suffered its worst drought in nearly 100 years in 2016, China eventually released additional water for emergency use (Nhat, 2016). Yet complaints about the Mekong have been muffled compared to India's outcry over the Brahmaputra, in part because China has little to fear from smaller countries like Laos, Thailand and Cambodia (Holland, 2013).

In the words of Chairman Mao: "Southern water is plentiful, northern water scarce. If at all possible, borrowing some water would be good."

Impact on American Security Interests

Asia's social, political, and economic future is inescapably linked to the United States'. The US has a strong military presence in Asia, and two-thirds of the Navy and Marine Corps are deployed to the Asia-Pacific Region.[22] America's economy is similarly intertwined with Asia's. Thus, when Asian states face threats, the US does too. Climate change exacerbates economic inequality and destabilizes societies, contributing to a cascade of problems from migration to food security to unemployment. As the leading world power that must administer to interests around the globe, the US feels the effects of these conflicts. An increase in instability and violence ensures that more government resources must be dedicated to monitoring and addressing these problems, and even that more troops must be sent into harm's way. The Office of the Director of National Intelligence has identified South Asia as a region particularly vulnerable to upheaval due to water insecurity (Office, 2012).

In addition to damaging political well-being, climate change threatens the commercial institutions that often underpin it. Given the interconnectedness of modern trade, climate change's disruption of supply chains poses an economic threat to the United State. The destruction of Asian manufacturing centers from flooding, while obviously a threat to these countries' domestic economies, will also reverberate around the world. The United States and European Union will feel the effects as indirect losses passed down along the global trade and supply network, particularly from the disruption of manufacturing centers in China. According to one study, direct losses in the US due to Chinese flood damages might be around 30 billion US dollars, whereas indirect losses might be 170 billion US dollars in the next 20 years (Willner, 2018). The study posits that the US economy might be especially vulnerable due to its unbalanced trade relations with China, in which it imports much more from China than it exports to there. In contrast, the EU enjoys a more even trade balance. While the EU will suffer when flooded regions in China fail to deliver parts that European companies need for production, it profits from filling climate-induced production gaps in China by exporting goods to Asia. The authors concluded that the intensification of mutual trade relations makes the EU more prepared to deal with production losses in Asia, offering an important lesson for American policymakers looking to improve the nation's climate resilience (Willner, 2018).

Beyond the myriad of indirect threats it feeds, perhaps climate change's most ominous impact is its interplay with China's increasing efforts to challenge American dominance. While America maintains military supremacy in the region, China has increasingly made its economic and political presence felt in neighboring counties. And unlike Cold War-era Europe, which was clearly divided between two sides, Chinese and American influence in Asia is more complicated (Carlsen, 2018). Most countries do not want to have to definitively pick one side or the other, and states will likely alternatingly accept, reject or manage China's growing influence. Of course, in its efforts to assert greater dominance, China faces a range of difficulties, from Japanese economic clout to a testy North Korea (Carlsen, 2018). Climate change will further add to these stresses. However, China understands this. While much of the American political

[22] In the APR there are 6 of 11 carrier strike groups, as well as about 180 ships.

establishment is content to stick its head in the sand when it comes to climate change, Chinese leaders are addressing and even reshaping its environmental effects to their advantage. This has particularly ominous implications when it comes to water resources. Yet even more broadly, it gives China a platform on the international stage, anointing it with a legitimacy and leadership that could otherwise have been enjoyed by the US. China's strategic adaption to climate change leverages its position as a great power challenger to the US, and offers a potent threat to American national security.

Conclusion

Climate change promises to unleash a range of increasingly destructive disasters. Countries that do not prepare for these challenges are liable to find themselves reeling from one crisis to the next, incapable of dealing with their own domestic unrest, much less of engaging in broader regional or global politics. This holds true for Asian states as well as the US, and is the poorest populations in both that will be most affected. Yet as the world's foremost power, America does not have the luxury of retreating from international affairs in the face of these challenges. Leaders must take a hard look at the trends and threats addressed in this paper, then forge ahead with creative solutions. To do otherwise would mean shirking the US's responsibility to prepare for climate change in an era of unprecedented risk.

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Constants and Variables in the Effort at Korean Peace

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There is a school of thought in international relations theory that says as much as mankind would like to believe that interaction between nation-states changes over time, there is much that remains the same. Leaders would like to believe they are smarter than their predecessors, that interdependencies create different incentive structures, and that international relations as a whole "evolves" over time. But skeptics tell us that over the broad span of history any minor changes seem unremarkable when compared with the consistencies in how states follow national interest and respond similarly to the same external stimuli. The more things change, the more they stay the same.

The events surrounding the Korean peninsula seem to fit this mold. Despite the dramatic pendulum swings between talk of war in 2017 and leaders' summitry in 2018, there is much that remains the same. First, despite the Panmunjeom (inter-Korean) and Singapore (U.S.-North Korea) summits' proclamations about a nuclear-free Korean peninsula, North Korea still pursues its strategy of Byungjin – the pursuit of nuclear weapons status and economic development.[23] The media's focus since the Singapore Summit on Kim Jong-un's expressed desire to improve the economic conditions in the country misses the fact that these aspirations are not held in lieu of nuclear weapons, but in conjunction with the November 2017 announcement that the regime

[23] "Panmunjeom Declaration for Peace, Prosperity and Unification of the Korean Peninsula," *Korea.net*, April 27, 2018, http://www.korea.net/Government/Current-Affairs/National-Affairs/view?subId=641&affairId=656&pageIndex=1&articleId=3354; "Joint Statement of President Donald J. Trump of the United States of America and Chairman Kim Jong Un of the Democratic People's Republic of Korea at the Singapore Summit," *The White House,* June 12, 2018, *https://www.whitehouse.gov/briefings-statements/joint-statement-president-donald-j-trump-united-states-america-chairman-kim-jong-un-democratic-peoples-republic-korea-singapore-summit/*; *https://www.whitehouse.gov/briefings-statements/joint-statement-president-donald-j-trump-united-states-america-chairman-kim-jong-un-democratic-peoples-republic-korea-singapore-summit/;* on byungjin policy, see when it was first announced in KCNA, "Report on Plenary Meeting of WPK Central Committee," March 31, 2013, www.kcna.co.jp/item/2013/201303/news31/20130331-24ee.html; and byungjin in Kim Jong-un's 2018 New Year Address, KCNA, "Kim Jong Un Makes New Year Address," January 1, 2018, https://kcnawatch.co/newstream/284839/kim-jong-un-makes-new-year-address/

had completed its nuclear weapons and ballistic missile testing. It's called having your cake and eating it too.[24]

Second, despite President Donald Trump's impulsive decision to meet the North Korean leader and seek reconciliation, the United States still pursues the complete and irreversible abandonment of all nuclear weapons, missiles, and WMD programs from the country. In a nod to diplomacy, Secretary of State Michael Pompeo has stopped using the term "CVID" (complete, verifiable, and irreversible dismantlement) because the North Koreans hate it (it was coined by John Bolton during the George W. Bush administration), and replaced it with "final and fully verifiable" denuclearization.[25] But there has been no change in U.S. goals to rid this threat permanently to homeland security.

The third constant in the diplomacy that has not changed is the problem of "sequencing." The impasse in negotiations after the Singapore Summit is one familiar to anyone who has been close to these discussions about denuclearization and peace treaty in the past. As the visit by ROK special envoys to North Korea in early September 2018 made clear, the North Korean complaint is that it wants the United States to sign up to a peace declaration ending the state of hostilities on the peninsula before it is ready to consider any steps toward denuclearization.[26] Pyongyang points to its testing freeze, and decommissioning of the Punggye-ri nuclear test site and the missile engine testing site as evidence of its intention to denuclearize.[27] The United States, on the other hand, is unwilling to take such a step unless North Korea commits to denuclearization in the form of: 1) commitment to a full declaration; 2) commitment to outside verification of the declaration and a denuclearization

Dr. Victor Cha

[24] "Kim Jong Un declared with pride that now we have finally realized the great historic cause of completing the state nuclear force, the cause of building a rocket power…" in Rodong Sinmun, "DPRK Gov't Statement on Successful Test-fire of New-Type ICBM," November 29, 2017, http://rodong.rep.kp/en/index.php?strPageID=SF01_02_01&newsID=2017-11-29-0002

[25] John Walcott and Hyonhee Shin, "Pompeo hopes to 'fill in' details on denuclearization on North Korea trip," *Reuters,* July 5, 2018, *https://www.reuters.com/article/us-northkorea-usa-pompeo/pompeo-hopes-to-fill-in-details-on-denuclearization-on-north-korea-trip-idUSKBN1JW0A0*

[26] "Briefing by Director of National Security Chung Eui-yong on the Outcome of the Visit to Pyeongyang," *Cheong Wa Dae,* September 6, 2018, https://english1.president.go.kr/BriefingSpeeches/Briefings/310

[27] On suspension of nuclear and missile testing, see Anna Fifield, "North Korea says it will suspend nuclear and missile tests, shut down test site," *The Washington Post*, April 20, 2018, https://www.washingtonpost.com/world/north-korean-leader-suspends-nuclear-and-missile-tests-shuts-down-test-site/2018/04/20/71ff2eea-44e7-11e8-baaf-8b3c5a3da888_story.html?utm_term=.9221bba13215; on Punggye-ri, see Eric Talmadge, "N. Korea demolishes nuclear test site as journalists watch," *The Associated Press,* May 25, 2018, https://www.apnews.com/b3d007a341db451abc74d45279f0d5c7; on missile engine test site, see Choe Sang-Hun, "North Korea Starts Dismantling Key Missile Facilities, Report Says," *The New York Times*, July 23, 2018, https://www.nytimes.com/2018/07/23/world/asia/north-korea-dismantling-missile-facilities.html

process; and 3) commitment to a timeline. Washington does not trust the initial steps taken by North Korea and wants outside verification by international inspectors. In short, each side wants the other to go first.

The fourth constant relates to China. As in the past, China's commerce with North Korea continues to undermine the U.S. ability to put economic pressure on the regime as punishment for its WMD proliferation behavior. Today, North Korea still remains the only country to have withdrawn from the Non-Proliferation Treaty regime and produced nuclear weapons. The UN has levied ten UN Security Council Resolutions on North Korea for this activity. However, since ninety percent of North Korea's external trade is with one country, China, any costs for this rogue behavior are muted because China continues to supply the regime with hard currency through trade and the import of North Korean mineral resources.

The fifth constant relates to human rights. As in the past, the summits have privileged the nuclear negotiations above all else, including the human rights abuses inside the country, despite UN resolutions and UN Commission of Inquiry Report condemning the regime for its gulags, control of information, and other human rights violations.[28]. The United States has been consistently incapable of walking and chewing gum at the same time – that is, integrating a demand for the respect of human dignity consistent with the UN Charter as a tangible metric of the North Korean government's commitment to reform and good standing in the community of nations.

The sixth constant relates to South Korea's progressive government. By "progressive" in South Korean politics, we do not mean pro-choice or pro-gay marriage, but pro-engagement with North Korea. The first one elected in a decade, President Moon Jae-in's progressive administration, like past ones of this ilk, has an aggressive inter-Korean cooperation agenda. Seoul has already promised to raise its inter-Korean economic cooperation budget by 15 percent year-on-year to over 900 billion U.S. dollars in 2019 and will open a liaison office at the previously-shuttered Kaesong Industrial Complex, which must sound like music to North Korean ears.[29] While the government has said it will coordinate the pace of inter-Korean cooperation with U.S.-North Korea talks, in practice (as in the past), South Korea tends to push forward despite U.S. consternation, creating splits in the alliance.

What is both amazing and depressing about these constants is that they have re-emerged following a period of arguably the most dramatic change we have witnessed on the peninsula in decades. 2017 saw Trump's penchant for a military strike on North Korea and Kim's talk of turning Washington, D.C. into a sea of fire as he tested ICBMs that could range the U.S. homeland.[30] I had

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[28] "North Korea: UN Commission documents wide-ranging and ongoing crimes against humanity, urges referral to ICC," *United Nations Human Rights Council*, February 17, 2014, https://www.ohchr.org/EN/HRBodies/HRC/Pages/NewsDetail.aspx?NewsID=14255&LangID=E; for full UN COI report, see "Report of the Commission of Inquiry on Human Rights in the Democratic People's Republic of Korea," United Nations Human Rights Council, February 7, 2014, https://www.ohchr.org/EN/HRBodies/HRC/CoIDPRK/Pages/ReportoftheCommissionofInquiryDPRK.aspx

[29] On budget, see "(LEAD) S. Korea to hike budgets for joint projects with N. Korea in 2019," *Yonhap News,* August 28, 2018, http://english.yonhapnews.co.kr/news/2018/08/28/0200000000AEN20180828003251315.html; on liaison office, see "Inter-Korean liaison office may open next week: Seoul official," *Yonhap News,* September 7, 2018, http://english.yonhapnews.co.kr/news/2018/09/07/0200000000AEN20180907004900315.html

[30] Victor Cha, "Victor Cha: Giving North Korea a 'bloody nose' carries a huge risk to Americans," *The Washington Post,* January 30, 2018, https://www.washingtonpost.com/opinions/victor-cha-giving-north-korea-a-bloody-nose-

never heard more talk about military options inside the Beltway in over 20 years than I did in 2017. This path to war was abruptly altered in early 2018 with the PyeongChang Winter Olympics and deft diplomacy by the South Koreans to facilitate two inter-Korean summits and the meeting between Trump and Kim. And yet three months after Trump and Kim's unprecedented summit, the same dynamics repeat. The more things change, the more they stay the same.

The Road Ahead

There are no clear answers regarding the path forward. But there are two variables for change that are worth noting. The first relates to the negotiation, and the second relates to North Korean society.

The United States would do well to unhinge itself from the "sequencing" problem in the negotiations today. The current algorithm is not beneficial to U.S. interests. The North and South Koreans are moving in the direction of some form of peace declaration. It is likely that China would support this as well. The United States, because of our position on denuclearization, is not only left isolated but also could be perceived as the only opponent to peaceful reconciliation between the two Koreas on the peninsula. Though I do not believe the U.S. is an obstacle to peace on the peninsula, the current negotiations could lead in this direction.

For this reason, it makes more sense to break the current impasse by delinking denuclearization demands (1. Declaration; 2. Verification; 3. Timeline) from the peace declaration. Instead, the U.S. and South Korea should require tangible conventional military tension reduction measures by North Korea in return for a peace declaration. At the top of this list should be the pull back of North Korean artillery from the border that ranges Seoul. Drawback of the North Korean threat to 25 million people within range of artillery would be tangible evidence that "peace" is afoot, it is reversible for North Korea, and it is of strategic value to the U.S. and ROK (i.e., there would be time to react if the North started to move the artillery pieces within range in a conflict).

The United States would not be giving up on denuclearization, but would deal with this on a separate track where the quid pro quo for denuclearization steps by North Korea would not be peace treaties or political normalization, but would be sanctions lifting. Peace declaration in return for conventional threat reduction and denuclearization in return for sanctions relief is a "cleaner" algorithm that is consistent with this negotiation's first principles.

A Variable for Change

Finally, the most important variable for change is occurring within North Korean society. A recent CSIS project reveals that there are at least 436 official markets sprouting up around the country, and that the vast majority of North Korean citizens gain more of their daily livelihood from the markets than they do from the government ration system. According to our geolocating of these markets, the average North Korean has access to more than one market within one day's transport from every major city in the country.[31] The government, moreover, reaps substantial

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carries-a-huge-risk-to-americans/2018/01/30/43981c94-05f7-11e8-8777-2a059f168dd2_story.html?utm_term=.57787cd68469

[31] Victor Cha and Lisa, Collins, "The Markets: Private Economy and Capitalism in North Korea?" *CSIS Beyond Parallel,* August 26, 2018, https://beyondparallel.csis.org/markets-private-economy-capitalism-north-korea/

tax revenues from the operation of these markets so it is unlikely that they will shut them down. Whenever you have market growth, even in a closed polity, you have the opportunity for the emergence of a civil society.

The market is the most important variable for change inside of the country. In contrast to the now-famous evening satellite image of a blackened North Korea juxtaposed with a luminous Asia, our markets map shows a plethora of market activity spreading like a heat rash across the country. For diplomats, therefore, the task is to find the sweet spot between denuclearization, peace, and the promotion of market activity and human rights in the country.

China as a Strategic Challenge

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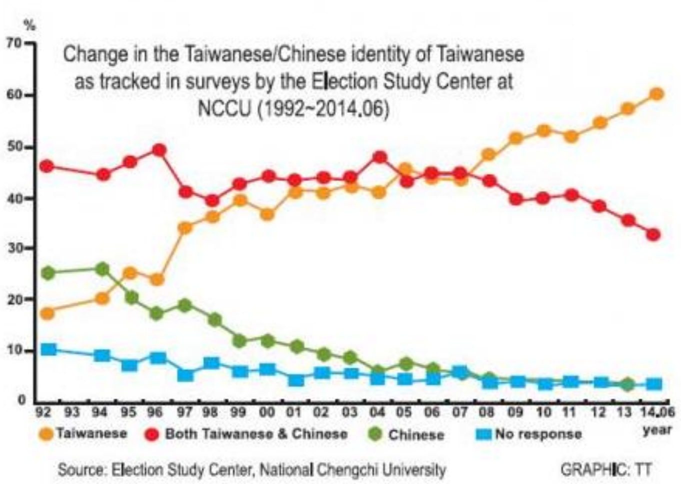
Taiwan occupies a paradoxical position in the international community. It is a thriving liberal democracy, it has a vibrant globalized economy—one that is the 21st largest in the world. It has a population roughly equivalent to Australia. By most measures it is a state, yet China regards it as a renegade province, and has taken steps to isolate it diplomatically, politically, and economically. In addition, China has been rapidly ramping up its military capabilities.

Even just a couple of years ago most foreign policy experts in the US would have scoffed at the notion that conflict would break out in the Taiwan Strait. Relations appeared to be improving after 2008, especially after the Democratic Progressive Party (DPP) was swept from power. They were replaced by the KMT administration led by President Ma who adopted a policy of rapprochement, and cultural and economic integration across the Taiwan Strait.

However, this engagement was largely superficial. China continued its military buildup, and there were popular protest movements against KMT rapprochement policies. The core drivers and sources of conflict remained firmly entrenched. In some respects, the most important driver of this conflict is identity—and the sense of Taiwanese identity has been increasing over time. As Bernard Cole explained, “Much of the world has a problem seeing the Taiwan issue for what it really is: A *bona fide* clash of two nationalisms in the Taiwan Strait.”



Regardless of how we define or contextualize cross-strait relations in the Ma administration the fact of the matter remains that since the DPP came back to power and President Tsai Ing-Wen's election in 2016 they have deteriorated. This does not imply that war is inevitable. There is no doubt that China prefers a peaceful resolution, even if peaceful includes economic and diplomatic coercion. Yet, a military solution remains on the table, and while whether or not China will one day decide to invade Taiwan is a matter of debate, whether or not Taiwan should take steps to deter an invasion is not up for debate. The stronger Taiwan's defensive posture becomes the more likely it is that both sides will seek for a peaceful resolution.

The Project

The Center for Security Policy Studies launched a unique project in order to better understand Taiwan's deterrence options and posture. The project included a team of two faculty members and five PhD students, all of whom are defense specialists and or former military officers. It included months of preparation and background research, and culminated in a week long trip to Taipei to conduct expert interviews. Members of the team met with high level dignitaries, executive government officials, and academics from both sides of the issue.

The core question was: how can Taiwan enhance its deterrence posture? This question was grounded by two assumptions. First, that US cross-strait policy is unlikely to change, and second, that Taiwan's defense budget is unlikely to grow. Additionally, the team limited the scope of their research to focus on military options, this was in part due to their areas of expertise.

Assessing Intentions

Intentions are one of the hardest things to assess, actions are ambiguous and states have powerful incentives to mask their intentions. However, there is very little debate about China's intentions toward Taiwan. China wants to assert political control over the island, and considers this goal nonnegotiable and is growing impatient with the long standing status quo. Additionally, China has a ranked ordered set of preferences over the tools to achieve this objective. It would prefer to settle things peacefully using soft power, it has demonstrated a willingness to use economic, political, and diplomatic coercion, and has not, as of yet, renounced the option of using military force.

Taiwan's Deterrence Trilemma

While China's intentions are clear, Taiwan's options for deterring potential aggression are not. Taiwan faces a deterrence trilemma—in order to effectively deter China from some of the worst case scenarios any conventional posture Taiwan adopts has to be able to accomplish three goals. First, it has to be able to counter provocations in the "gray zone." Second, it has to be able to make an invasion unacceptably costly to Chinese leaders. Finally, it has to do both of these things within the constraint of a realistically limited defense budget. These three goals are in tension with each other.

In order to counter Chinese provocations in the gray zone Taiwan needs to have access to high profile, highly capable military weapons and platforms that can project Taiwanese sovereignty in the face of provocations and challenges. In order to raise the costs of an invasion Taiwan needs something different. It needs large numbers of air, ground, and naval forces so as to complicate Chinese targeting and raising costs as long as possible. This includes surviving long enough to impose unacceptable losses while keeping its own personnel and equipment alive for as long as possible. With this goal in mind Taiwan should increase the quantity of equipment, rather than the quality.

However, these two imperatives come into conflict when the defense budget is added to the picture. To avoid crowding out non-defense spending, Taiwan cannot afford large numbers of high capability weapons and platforms. It must choose to accept risk in the gray zone by purchasing lots of low grade weapons to increase survivability, or accept risk in the invasion scenario by acquiring high end weapons that are easy for China to target in a war.

Recommendation

The trilemma is not solvable. Instead of looking for a silver bullet, the CSPS team recommends that Taiwan adopt an elastic denial-in-depth strategy. This strategy is organized around three core principles. First, that China should accept risk in the gray zone. Second it should prioritize and shift resources to prioritize the invasion threat. Finally, it should simultaneously invest in robust planning for territorial defense and popular resistance.

There are two reasons Taiwan should accept risk in the gray zone. First, the threat is exaggerated—gray zone challenges are not an existential threat—China can invade without winning the grey zone, and winning in the grey zone cannot compel unification. This is not to say that the grey zone challenges are not a problem—they can establish new facts on the ground, erode confidence at home or abroad, and generate new intelligence. However, an invasion is an existential threat. Second, China uses the gray zone to avoid escalation. Losing the grey zone leaves it with two options: do nothing or escalate. Because Taiwan is a core interest it is unlikely that they will do nothing. Accepting risk in the grey zone may even diffuse tensions.

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This will allow the Taiwan government to prioritize denial. Attacking and invading is certainly sufficient and probably necessary for China to achieve the outcome it desires. The logic of deterrence requires raising the costs of this “worst case” threat, even if it is unlikely—and it may not be as unlikely as previously thought.

The ideal way to deter the invasion scenario involves three elements. First, Taiwan should “flip” the anti-access threat against China using the same weapons systems China has been using for decades against a potential invasion fleet. Second, there needs to be a shift from a mindset of defense to a mindset of denial. Denial sets a lower bar than defense. Defense implies retaining control of a specific space—either on land, the air, or sea. Denial, on the other hand, means keeping the other side from gaining control, even if you cannot retain it. Finally, there should be a focus on elasticity and cost imposition instead of holding terrain and winning decisive battles. Elasticity means you attempt to deny a particular zone to the adversary only to the point that you yourself begin to absorb unacceptable casualties. At that point you withdraw, retreat, and regroup where you begin this process again, continually repeating it.

There are four potential denial zones in the Taiwan-China conflict. Taiwan's active duty force handles the first three: air, sea, and ground. In a denial strategy Taiwan should use large numbers of anti-air missiles against Chinese aircraft; a large number of missile boats, ASCM, drones, semi-submersibles, and mines against Chinese naval forces; and large numbers of small combat teams trained in coastal defense and fighting retrograde operations. These recommendations are standard in the US literature on the Taiwan-China challenge, but the CSPS team believes these zones should be delegated to the Taiwanese active duty military.

The most important denial zone is not a space, but Taiwanese society. China cannot occupy Taiwan without exerting political control over the population. Taiwan can use territorial defense, social revolution, and potentially a prolonged insurgency as a deterrent. The benefits of this is that imposes high costs on an invader optimized for high-end operations—China is not prepared to fight an insurgency. Additionally, it buys time for external intervention, and finally, it denies the opportunity for quick political consolidation. This denial zone should not be the responsibility of the active duty military—instead it belongs to Taiwan's reserve forces. Taiwan has a massive reserve force of 2.5 million reservists. Taiwan is currently trying to reorganize its reserve force into something more like the US force, a supplement to the active duty forces. Instead it should create a Territorial Defense Force that is retrained and reequipped to conduct guerilla missions, and should be based around their homes where they are most likely to know the terrain, the population, and will be most willing to fight in order to defend.

These are controversial recommendations. They require a major shift away from decisive battle concepts away from defense and control toward denial and elasticity; reducing investment in high end platforms to more indigenous production of smaller platforms; major changes to the roles and missions for all services; and introducing the controversial Territorial Defense Force. The goal of the project is not necessarily to solve the problem, but instead to stimulate an overdue discussion. Time does not appear to be on Taiwan's side. President Xi has said that he will not pass this problem on to the next generation. Additionally, trend lines are moving in the wrong direction. The military balance is shifting against Taiwan, and the anti-access threat is growing against the US making it difficult for the US to credibly claim its willingness and ability to intervene. The strategic situation in the Taiwan Strait is changing—Taiwan's security, and the region's stability, are at an increased risk if Taiwan's deterrence posture does not change alongside it.

US-China Competition in Southeast Asia

Yun Sun
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In the Foreign Affairs Working Conference hosted in the November of 2014, Chinese President Xi Jinping announced that China's periphery would be the priority of China's foreign policy under his administration. The announcement settled a long-term debate in Chinese foreign policy as for whether the great powers or China's neighbors should be the higher priority for China. And this decision categorically differentiates Xi's foreign policy from that of his predecessors, who had put the relations with great powers, especially the United States, as the more important aspect of China's foreign policy.

Within the definition of China's periphery, Southeast Asia occupies a key and central position in the context of US-China competition. The region is regarded as the one where China engages in the most intense competition with the United States, as manifested in the issue of South China Sea, the expansion of democratization. Given the preference of Southeast Asian countries to balance the two great powers against each other, the contest between US and China is intensified due to the policies of the Southeast Asian countries as well. Compare to other sub-regions in Asia, Southeast Asia is perceived as a primary area where China needs to consolidate its dominance and influence. India, US and Russia each plays a primary role in the sub-regions of South Asia, Northeast Asia and Central Asia, respectively. Only in Southeast Asia, there does not exist a pre-existing great power dominance that would hinder China's central role.

From the perspective of Xi Jinping's foreign strategy, the periphery is the first step in China's campaign to restore its dominance and its status as the middle kingdom. The harmony and the "community of common destiny" emphasized by Xi's foreign policy represents the conviction to a special type of moralistic hegemonic stability. In the traditional Chinese culture, the order and stability of the system does not originate from the equality among all players, but from a strictly enforced hierarchical order. The Chinese traditional vision of an ideal world order resembles the hegemonic stability theory but with a different moralistic connotation to the hierarchy. The concept of “Tianxia” system (all under heaven) key to the Chinese political culture since the ancient Zhou dynasty envisions a world centered on and dominated by a superior and morally benevolent country/civilization- the Middle Kingdom. The hegemon’s superiority in military and economic power forms the foundation for peace and stability through deterrence and coercion. And the moral superiority, as primarily demonstrated by the hegemon’s provision of public goods, anchors the desirability of the hegemonic hierarchy among other states.

From the perspective of China’s Belt and Road strategy, Southeast Asia is the convergence area of the Silk Road Economic Belt and the 21st Century Maritime Silk Road. The Silk Road Economic Belt includes at least two main economic corridors that cover mainland Southeast Asia: China- Indochina Peninsula International Economic Cooperation Corridor and the Sino-Myanmar Economic Corridor. The 21st Century Maritime Silk Road will first penetrate through the South China Sea before it reaches the Indian Ocean. That is also the reason that maritime Southeast Asia is seen as the first priority of the maritime Silk Road.

From the perspective of US-China competition, there are at least four areas where the two great powers are engaged in contest for dominance, or at the minimum, influence in four areas: military, economic, ideology and the future outlook for the region.

Military Contest in the South China Sea

The most focal issue of the military competition between US and China in Southeast Asia is still reflected in the issue of the South China Sea. As China consolidates its reclamation and control of the artificial islands, the confrontation with the US has also been escalating. US continues to uphold the principle of freedom of navigation to conduct its operations and access the South China Sea. Meanwhile, China continues to strengthen its control in the South China Sea and its ability to disrupt US military surveillance and reconnaissance, which has been deemed a threat to China’s national security since the EP3 Incident of 2001.

The issue of South China Sea seems to have de-escalated since 2016. Due to the domestic political changes in Vietnam and the Philippines, China has been able to improve relations with the two primary claimant countries through political means and economic enticement. One method that US has been using to enhance the Southeast Asian countries’ ability is through the capacity building programs related to maritime activities. For example, since 2015, the US has been helping its regional allies and partners to strengthen their maritime capabilities, especially in terms of the assistance to the Philippines, Vietnam, Indonesia and Malaysia to enhance their maritime security.

Economic Contest

Traditionally, Southeast Asian countries seek a balance of power between US and China. They pursue a close economic tie with China while depend on the US for security guarantee. Under the Belt and Road Initiative, China has significantly increased its input toward Southeast Asia in terms of investment, loans and infrastructure development. Because the Chinese financing has been largely determined and dominated by the government, it is exceedingly difficult for the US to compete with it because the US overseas investment behaviors have been spearheaded by companies following the market principle. In the midst of the enhanced competition with China, US and Japan raised the proposal of “quality infrastructure”, seeking competition with Chinese infrastructure development with higher standards and better quality of a Western alternative. Another example is the US-ASEAN connectivity initiative that was proposed during the Obama Administration. The initiative sought to strengthen investment cooperation with ASEAN countries, especially in the software connectivity such as human resources.

The economic competition between US and China has a direct relevance to the rules of the regional economic systems and the competition over the rule-making authorities. The Trans-Pacific Partnership is the issue under the spotlight. Since its conception, TPP had had a direct effect of excluding China from the regional economic framework through higher standards. President Obama also had publicly emphasized that the purpose of TPP is to make sure that it is US rather than China who makes the rules of the global trade. Currently, the Trump Administration has withdrawn from the TPP. But from the regional countries' perspective, the new CPTPP represents a renewed hope for the future rejoining by the United States. In this sense, although the RCEP supported by China has lost its competition with the TPP as the key regional trade arrangement, the possibility of signing the RCEP in the near future remains small.

Yun Sun

While many have lamented that US cannot compete with the Chinese state-dominated financing scheme in the region, the US seems to be challenging that assumption. Most recently, under the framework of the Indo-Pacific strategy, Secretary of State Pompeo has committed 113 million USD to the new technology, energy and infrastructure projects in the Indo-Pacific region. In addition, US will providing $25 million in terms of financing to increase the US technology export to the region. On top of these financing commitments, US also will contribute $50 million to help countries in the Indo-Pacific to produce and store energy. Such new assistance is believed to promote the infrastructure development in the region. These financing are regarded as a "down payment" of US economic reengagement with the region.

Perhaps as an enhanced effort to compete with China over the infrastructure development in the region, the Trump administration announced in August that it intends to integrate and consolidate multiple institutions to establish a new overseas infrastructure investment institution- the U.S. International Development Finance Corp. based on the current Overseas Private Investment Corporation. The new institution will have broader mandate and funding pool- as high as $60 billion.

Whether the new institution will be able to effectively compete with China over financing in Southeast Asia remains to be a question. After all, the Chinese government's ability to mobilize state financing is significant and the escalation of competition over financing of infrastructure projects in Southeast Asia may not result in the most effective allocation of financial resources over the most needed projects. However, in the perceptions of the policy communities in both countries, the Trump Administration's new interest in state-financed development projects reveals the US intention in regaining its waning economic influence in the region.

Ideological Contest

It should not be surprising to anyone that US and China follow different ideological persuasions and pursue different value systems in their foreign policy. US supports the democratization and human rights, which is particularly important in its policy toward mainland Southeast Asia. The US has supported the political reform and democratization of Myanmar, promoted the political liberalization and social pluralism in Cambodia, as well as pushed for the political reform in Vietnam. However, in the Chinese perception, the ideology-driven foreign policy has an insidious agenda to induce a "Domino's effect" in the region and to use the political development in Southeast Asia to influence the domestic politics of China.

China attaches high importance to the soft-power, influence and value system in its diplomacy in Southeast Asia. Although short of the term "China mode", the Chinese capacity-building programs treat Southeast Asia as its primary target. ASEAN countries also occupy the largest percentage as the recipients of scholarship and fellowships sponsored by the Chinese government. All Southeast Asian countries have different levels of training programs and capacity building programs conducted by China, covering economic, political, economic and management aspects. China's training programs usually focus on the universality and applicability of China's model of economic growth. They also demonstrate China's willingness to provide public good, including financing, in order to create the conditions and conveniences for Southeast Asian countries to join the Belt and Road Initiative.

The more intriguing aspect of China's capacity building is on the governance capabilities. Such projects have demonstrated a keen interest on China's part to export and promote China's domestic political governance models and standards. For example, China has been training Vietnamese government officials on the information and media management by the government. The content of such training includes the promulgation and guidance of the media by the ruling party, the management of the content of internet and new media, the monitoring and supervision of internet audio and video content. While this content is nothing new for Beijing, in the perception of the West, they border the export of China's domestic political ideology.

Contest of the Visions

Looking ahead, US and China have completely opposite strategic visions regarding the future of the regional architecture and the outlook for the future of the power equilibrium. China sees Southeast Asia as a part of China's natural sphere of influence. In the Chinese perception, the very existence of US military presence in the East Asia forms a threat and is damaging to China's security. China's vision for the future of the region is rooted in the conviction of hegemonic stability. This was most clearly illustrated in Xi Jinping's statement at the 2014 Conference on the Interaction and Confidence Building Measures in Asia: "it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia." In this regional outlook, US is recognized as an Asia Pacific country rather than an Asian country. The implication of this definition is that as a non-Asian country, US presence in Asia is acceptable but must follow the framework and guidelines defined by the Asian hegemon. However, the US perception of the future of the region lies in the balance of power, and in the prevention of the emergence of any one Asia hegemon that could deny the US access and presence in the region. Therefore, the contest between US and China over access and anti-access, over the rule-making in the region, is most acutely reflected in the Southeast Asian context.

ASEAN Centrality?

In the past, when China's rise had not reached its current level, US and China were both willing to let ASEAN to be the key player. The principle of ASEAN centrality was more than a slogan upheld by the Southeast Asian countries, but also hailed and respected by US and China. However, when the competition between US and China reached a certain level, the ability of ASEAN to mediate the conflicts between the two, and to dominate the regional discourse, has been significantly mitigated. One could argue that the capacity of ASEAN was flawed and vulnerable to begin with, since it was the great powers that conferred such a normative authority on ASEAN to begin with. However, when the great powers are deeply immersed in a competition, the ability of smaller countries such as those in Southeast Asia to pursue a balancing of power strategy appear seriously flawed at its core.

Closing Keynote Address
by Admiral Dennis Blair

Summary by Jordan Cohen
CSPS Fellow
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Admiral Dennis Blair closed the CSPS “Asian Century” conference and sought to broaden the discussion beyond China and North Korea. Mr. Blair noted that the behavior of these frequently-discussed Asian powers cannot be separated from its surrounding region and historic internal domestic debates.

Overall, as Admiral Blair argued, the export-dependence of the Asia-Pacific countries means these states are unlikely to fight war. In fact, the only country in the Asia-Pacific region willing to act militantly revisionist is North Korea, and they only do so in order to achieve economic concessions.

Throughout the conference, regional experts explained potential sources of future conflicts in Asia, but Blair pointedly discussed how it is possible that the Asia-Pacific order – and global world order – may be able to change without conflict. Thus, while China plays a deciding factor in determining the regional security situation because of its economic clout, that does not mean it will attempt military engagement.

Throughout recent history, China’s aggression has been met with by its neighbors with balancing against Beijing, and generally alongside the United States. Furthermore, China also has trouble finding long-term allies in Southeast Asia, and this becomes more difficult when countries in this region view Beijing as a security threat. As a result, while the recent ASEAN summit saw China lecture other Asian countries that Beijing is the regional superpower, it was met without enthusiasm. For these countries, an aggressive China is a greater security threat and source of economic instability than any issues they face in the status quo.

Broadly speaking, international relations theory examines why the United States saw little counter-balancing as it grew in power. Scholars like G. John Ikenberry, Robert Pape, Robert Gilpin, and Martha Finnemore have all discussed that, throughout U.S. history, it rarely acted in an aggressive, revisionist manner. This created a norm amongst nations that policymakers in Washington were peaceful, and thus, many states willingly succumbed to the American-led post-World War II order.

Consequently, for Admiral Blair, China cannot afford to act aggressively too frequently, lest the country will be unable to maintain alliances. Thus, it is in China's long-term interests to avoid military conflict and maintain economic stability. If this stability holds true, while Thucydides' trap refers to the inevitable conflict between a rising power and established great powers, it is possible for China and the U.S. to avoid war.

Professor Ellen Laipson, Admiral Dennis Blair, Dr. Ming Wan

Nevertheless, Admiral Blair noted that the "interplay of increasing economic prosperity and increasing nationalism" will play a large part in determining the region's future. Nationalistic sentiments in Asia are used by both democratic and authoritarian governments, but when they are combined with economic downturns, this can lead to potential sources of conflict. Therefore, the greatest source of future Asia-Pacific instability may come from domestic – not power politic – dynamics.

Overall, Admiral Blair's remarks served as a thread for the discussions throughout the conference. China's potential (non)threat to the United States, inter-Asian competition, and domestic political dynamics all pose unique threats to security in the Asia-Pacific. Accordingly, the "Asian Century" conference attempted to convey that it is crucial to understand military dynamics like anti-access/area-denial, domestic challenges like unsustainable population-to-economy ratios, climate change, and potential sources of regional conflict, such as in the South China Sea or the Taiwan Strait.