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Why America will lead the 'Asian Century'

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The argument that the twenty-first century will be the Asian Century is commonly asserted and widely accepted. Sure enough, the centre of global economic and political power is shifting to Asia. Three out of the four largest economies—China, Japan and India—will likely be Asian economies. This means that US economic and military power will almost certainly decline in relative terms.

Many policymakers reflexively assume that these developments will lead to the rapid emergence of a more multi-polar Asia and a corresponding and significant loss of US strategic weight and influence in Asia. Given the lack of formal and robust multilateral security institutions in the region, many—including Australian Prime Minister Kevin Rudd—also argue that multi-polar Asia is heading towards an unpredictable and dangerous period of 'strategic drift'; hence, Rudd's proposal of an Asia-Pacific community to discuss the whole spectrum of security matters in the region. Others argue that Asia, and indeed the world, is rapidly becoming bipolar with America and China as the two major players in the region. Some in this camp argue for a new 'G-2' approach—encouraging Washington and Beijing to meet as equal stakeholders in the regional and global system in order to address current and future problems.

These proposals are attempts to grapple with an assumption about a rapidly changing security environment in Asia. Yet, there are several logical leaps implied in these arguments that should be examined, and possibly dismissed. Even as we prudently assume a decline in relative American military and economic power, it does not automatically follow that we are witnessing the rapid emergence of a multi-polar, much less a bipolar, security environment in Asia or that the United States will experience a decline in strategic influence.

This paper argues that the beginning of the end of American strategic primacy in Asia is commonly asserted by many strategists in both Washington and Canberra but usually poorly argued. Capabilities matter but relative decline in economic power does not always imply a proportionate decline in strategic, political or diplomatic influence. In America's case, it almost certainly will not when it comes to its role in Asia. Unless the relative power of the United States declines much more rapidly than is currently occurring, or if significant strategic or tactical mistakes are made, the decline of US *influence* in Asia will occur far slower—if at all—than it is commonly believed. Indeed, accurately reading the state of the future regional strategic environment—in particular, what is likely to change but also endure—is the first critical step in avoiding a 'strategic disaster.'

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I also argue that despite the lack of formal multilateral security institutions in a rapidly changing Asia, it does not necessarily follow that we are entering a period of 'strategic drift,' as Prime Minister Rudd believes, even as giants such as China and India continue to rise. That this is true is due to the nature of the informal but enduring *hierarchical* security system in Asia within which America, as a foreign power, is overwhelmingly the preferred choice as leader—and will remain so for several reasons. Moreover, in spite of Prime Minister Rudd's contention, there are actually compelling strategic virtues to relying on informal, rather than formal, multilateral institutions in the region.

While I argue that we should be cautious and even wary about proposals pushing for greater formal multilateral dialogue between all key states on a comprehensive range of security matters, G-2 approaches are ill-advised and even dangerous. The current hierarchical order in Asia means that even if China and India continue to rise, the United States could actually find itself in a stronger position that will help preserve its pre-eminence in Asia and underwrite the continuation of the current regional liberal order—even as America enters a period of gradual and relative decline. This is a structure that should be reinforced rather than weakened despite the search for a new and grander strategic vision for the future.

Introduction

In 2005, Coral Bell cautioned policymakers that the landscape of international politics would soon be dominated by a number of giant states. Of the 10 largest states in 2050, five would be in Asia. Bell also cites the *September 11 Commission Report* in which a 'failure of imagination' was blamed for America's unpreparedness against the World Trade Tower attacks.[1] Implied is the argument that if America and its partners such as Australia fail to respond to trends in Asia, then strategic disaster might not be far away.

The Asian Century is a common byline in any discussion of global trends. Australia has been grappling with the consequences of the rise of large powers in Asia—particularly China, their impact on the regional strategic environment, and how Canberra should respond. Two recent responses are noteworthy.

The first was Prime Minister Kevin Rudd's June 2008 proposal that the region should explore the idea of an Asia-Pacific Community encompassing all states in the region, including the United States, and engage in dialogue covering the full spectrum of economic, political and security matters.[2] This was followed by a less ambitious proposal delivered at the annual IISS Shangri-La Dialogue in May 2009 merely stating that the region had to avoid 'strategic drift' as security dynamics shifted and the region needed more robust institutional structures to deal with the rise of new powers and increased competition.[3]

The second was the release of Australia's long-awaited *Defence White Paper* in May 2009.[4] As Ross Babbage had explained prior to its release, the white paper had to analyse the 'strategic tides of change' in our region and 'determine how Australia can best prepare itself to walk safely amongst the rising giants of Asia-Pacific.'[5] Although the white paper was criticised by some as a confused and unclear document,[6] it was nevertheless upfront in arguing that the rise of China in particular during this Asia-Pacific century meant that US leadership and strategic influence in the region would likely decline. We are witnessing, according to the white paper, 'the beginning of the end of the so-called unipolar moment, the almost two-decade-long period in which pre-eminence of our principal ally, the United States, was without question.' Strongly implied in the document is the expectation that the security environment in Asia will become a more multi-polar one even if the United States continues to be the most powerful actor in the region for some time.

The beginning of the end of America's strategic primacy in Asia is commonly asserted but poorly argued.

A further response, put forward by some strategists in America, was the proposal of a G2 which focuses on the rising power of China as the main game-changer in regional and global politics. The various G2 proposals call for a group of two comprising the United States and China to formally work together as *equals* to address pressing global issues—ranging from the international financial crisis, to nuclear proliferation, to the problem of weak states, and solving conflicts around the world.[7]

The challenge for policymakers in Canberra and Washington is to pose sensible policies for the future in the midst of such change. To do so, not only does one need to recognise the shifts in the (foreseeable) security environment but also identify what is likely to endure. This paper makes several arguments relevant to understanding the current and future security environment.

First, the beginning of the end of America's strategic primacy in Asia is commonly asserted but poorly argued. True, capabilities matter. America's share of global GDP, although hovering at around one-quarter of global output for almost a century,[8] will likely decline with the rise of China and India.

But the logic of comparing the absolute size of a country's GDP to another's to predict the future strategic environment is by itself inadequate. To offer a historical lesson, Britain's share of global GDP during the 'imperial century' from 1815–1915 was significantly less than that of either China or India. In 1820, Britain's share was 5.2% compared to China and India, which was 32.9% and 16% respectively. In 1870, the British share was 9% while China and India's share was larger at 17.1% and 12.1% respectively.[9] Evidently, relative distribution of hard power resources is not the only determinant of strategic, political and diplomatic influence.

In particular, relative decline in economic power does not always imply a proportionate decline in strategic, political or diplomatic influence. In America's case, it almost certainly will not when it comes to its role in Asia. Unless American relative power declines much more rapidly than is currently occurring, or significant strategic mistakes are made, the decline of US *influence* in Asia will occur far slower than is commonly believed.

Second, the lack of strong formal institutions in Asia does not mean that the region is unprepared for the rise of new great powers and that we are entering a state of 'strategic drift.' That we are not is due to the nature of the informal but enduring *hierarchical* security system in Asia within which America, as a foreign power, is overwhelmingly the preferred choice as leader—and will become even more so as new powers rise. There is a regional strategy in place, informal and understated, but an effective one nevertheless.

Moreover, characterising the foreseeable security environment in Asia as becoming more *multi-polar* is misleading; while characterising the regional or global configuration as an emerging bi-polar one (comprising the United States and China) is simply inaccurate. America is well placed to remain the pre-eminent and decisive strategic actor in the region. In fact, even if China and India continue to rise, the United States could actually find itself in a stronger position to preserve its position in Asia—even if it enters a period of gradual and relative decline.

The return of American 'declinism' in Asia

As Michael Green reminded me at the time of writing this paper, predictions in the media by analysts and academics, and by officialdom, of the decline of US power and influence in Asia is nothing new. For example, after the US failure in Vietnam and subsequent withdrawal in 1973, it was widely argued that the Soviet Union would replace the United States as the pre-eminent power in Asia. In the 1980s, many saw Japan replacing the United States as the dominant leader in Asia. In fact, Paul Kennedy's *The Rise and Fall of Great Powers*,[10] which predicted imminent American decline (and the resulting curtailment of its influence in Asia) due to 'imperial overstretch,' was the most widely read and lauded geo-political book of the 1980s in America and Asia. It was virtually required reading for all aspiring geo-strategists in Beijing well into the mid-1990s. Even in the late 1990s, as Robert Sutter points out, many experts and media commentators focused on the rise of Chinese trade and Asian investment in China as well as successes in Chinese bilateral and multilateral diplomacy in the region in the aftermath of the 1997–98 Asian Financial Crisis. As Sutter observes, many commentators concluded that:

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> These Chinese strengths coincided with weaknesses in U.S. standing in the region in terms of image and diplomacy in particular. This basic equation of Chinese strengths and U.S. weaknesses became standard fare in mainstream Asian and Western media. It was the focus of findings of many books and reports of government departments, international study groups, and think tanks, authored often by respected officials and specialists. The common prediction was that Asia was adjusting to an emerging China-centered order and U.S. influence was in decline.[11]

Predictions of US decline of both power and influence, especially in Asia, are back in force. This is understandable—and this time, many declinists say it is different. After all, more great powers are rising in Asia and will continue to rise over the next few decades than in any other region in the world. The investment bank Goldman Sachs released its ubiquitous BRIC reports suggesting that by 2050, the largest economies in the world in order will be China, the United States, India—with Japan in the eighth position. Significantly, China's GDP was projected to be almost twice that of the United States. In a 2007 follow up report, Goldman Sachs predicted that China's economy would surpass that of the United States by 2025, which indicates an ongoing political and strategic readjustment process away from US influence as these changes unfold.[12]

Tellingly, it is now orthodoxy for big-picture thinkers to release big-picture books or give big-picture sermons describing the gradual eclipse of US hegemony in Asia. The only question now is how to manage US decline and determining whether it will play out peacefully or traumatically. Examples include Fareed Zakaria, whose *The Post-American World* lucidly describes the 'rise of the rest' (but also offers strong arguments why America is well placed to take advantage of these developments), and Kishore Mahbubani, who argues that the West, and America in particular, is unwilling to accept that its domination is at an end and that the Asian Century has arrived.[13] Paul Kennedy has again predicted that America is the big loser, repackaging his previous thesis to accommodate the current global financial crisis, arguing that 'the global tectonic shifts towards Asia … seem hard to reverse.'[14] Milton Osborne already calls China the 'paramount power' in Southeast Asia[15] while others such as Joshua Kurlantzick have written about the rise of Chinese 'soft power' superseding that of America in the region.[16] The US National Intelligence Council's *Global Trends 2025* report, after surveying the views of experts around the world, argued that 'the unipolar world is over' or 'it certainly will be by 2025.' Replacing it will be a multi-polar system whereby China and India will join the United States to compete for influence in the region and the world.[17]

Asia's unique security hierarchy

Although a number of commentators (including myself) have expressed doubts as to whether the Chinese economy can continue to grow as rapidly in the future as it has done since the reforms in 1978,[18] it is nevertheless prudent to assume that China (and eventually India) will become an increasingly important presence in the region. The rise of China and India, as well as the relative decline of the United States, has led many commentators to reflexively assume that we are moving from a period of American dominance towards multi-polarity or a configuration of several roughly equal powers keeping each other in check. But even if the United States is entering a period of relative decline, the pre-existing condition of *hierarchy*, rather than straightforward *multi-polarity*, is a better and more accurate model for understanding both the pre-existing informal security system in the region and the likely structure of the future Asian order well into the middle of the century.

The pre-existing condition of hierarchy, rather than straightforward multi-polarity, is a better and more accurate model for understanding both the pre-existing informal security system in the region and the likely structure of the future Asian order.

One misconception that has often provided the pretext for debates on the future of Asia is the common but mistaken assumption that America is a genuine hegemon—and one that depended almost exclusively on a preponderance of hard power resources to remain on top. This has led some commentators to overplay the consequences of relative decline of US hard power resources. Despite the fact that America spends more on defence than the next 10 powers combined,[19] it has never been a genuine regional hegemon. Instead, America relies on the approval and cooperation of other states in Asia to remain dominant.

For example, the US Pacific Command (USPACOM) has Pacific Area of Responsibilities (PAR) for 36 countries that stretch from the west coast of the United States to Antarctica to the western border of India. The US Pacific Fleet is manned by 125,000 military and civilian personnel. America has almost 70,000 military personnel deployed in Asia and the Pacific (excluding its territory of Guam), mainly in Japan and South Korea.[20] In Northeast Asia, the United States relies on military cooperation with Japan and South Korea. The Commander of the US Seventh Fleet, which oversees the West Pacific, is headquartered in Yokosuka, Japan. In Oceania, Australia serves as the primary partner. In South Asia, in addition to the US naval base in Guam, cooperation with the Philippines remains critical to US naval projection, while India is fast becoming a genuine strategic partner in terms of naval cooperation.

The fact that the US Navy depends heavily on bases in other sovereign states in Asia means that 'base rights' are always subject to the domestic governments of the host country—meaning that they are vulnerable to the whims of domestic politics of the host country. In particular, Asian partners and their population expect the US Navy to play a dual role.

Asia has more rising and prosperous littoral states than anywhere else in the world. On the one hand, in peacetime, the US Navy is expected to guarantee the safe and orderly passage of sea-based economic activity. This includes protection against asymmetric threats in Asia's littoral seas, which can disrupt economic activity such as piracy, people and goods smuggling, and other crimes. As Geoffrey Till writes, 'The US Navy is now the biggest coastal navy in the world—only it operates on other people's coasts.'[21] It is a foreign power with constabulary and low-intensity responsibilities.

On the other hand, during wartime, the United States is expected to cooperate with other partner states to deal with threats in terms of deployment and actual use of military force—both in the littoral zones and open seas.

The United States is kept on a relatively tight leash in Asia: its maritime and naval operations are structurally bound to enforce the region's public goods. The same might not be said for one of Asia's indigenous navies—or land-based forces for that matter—were it to take the lead.

With respect to operations, the United States conducts 'combat readiness' and advanced 'interoperability' exercises with the militaries of countries such as Japan, South Korea, the Philippines, Australia, India, and Thailand. It closely coordinates military-to-military relationships with countries such as Singapore, Malaysia and Indonesia to provide security in critical waterways such as the Straits of Malacca and coordinates efforts against terrorism and other transnational crimes. USPACOM even hosts senior military exchanges with counterparts from Vietnam and Cambodia. Its healthy relationship with Asian states means that the US Navy makes around 700 port visits throughout the Pacific each year.[22]

America is not a Hobbesian Leviathan with absolute authority and power to do whatever it wants. It is not even, and never has been, a true hegemon. Instead, the hierarchy is consensual.

In the provocatively titled article 'How we would fight China?' Robert Kaplan approvingly referred to USPACOM as the functional alternative to NATO: 'a large and nimble (multilateral) construct' well suited to American strategic concerns that are now centred in the Pacific.[23] Yet, without cooperation from allies and partners such as Japan, South Korea, Thailand, Singapore, and the Philippines, the United States simply cannot retain its forward military positions in the West Pacific. In Asia and Oceania alone, the US military has infrastructure and other facilities in Australia, Indonesia, Japan, Malaysia, Singapore, and South Korea[24] and is conducting ongoing discussions with Vietnam and Cambodia to host US sites. The importance of the United States to peace and stability in Asia, but critically also of Asia to the United States, is highlighted by the fact that the Asia-Pacific region encompasses seven of the world's 10 largest armed forces and five of the seven US mutual defence treaties (Japan, South Korea, Thailand, the Philippines, Australia/New Zealand).[25] The viability of the US strategic 'hub and spokes' model of alliances and partnerships in Asia, as well as the extent to which USPACOM can effectively coordinate and deploy its forces in the region, depends heavily on continued support offered by Asian states.

More importantly, to remain on top, America needs other key states and regional groupings such as Association of Southeast Asian Nations (ASEAN) to acquiesce to its security relationships. Thus, there is broad-based regional approval of the US-Japan alliance, the US-Korea alliance, and American security partnerships with the Philippines, Singapore and Thailand. Outside Beijing, Pyongyang and Yangon, these bilateral security relationships are perceived to be in the region's interests rather than as instruments to foster division, strategic competition, and tension. These security relationships enjoy widespread support and legitimacy as stabilising arrangements in the region. Hence, the US-Japan alliance, for example, has not caused other states to balance against it as many realists had assumed. Both the physical presence of the stand-alone dominant US power and US bilateral security relationships benefit from a high degree of regional legitimacy conferred onto these. The various security relationships between the United States and its regional partners are genuinely complementary rather than competitive.

Combined with the raw military capacity that the United States brings to the region (and will continue to do so), the United States remains powerful enough to enforce the peace and provide stability for commerce to thrive. The American presence and the

partnerships it leads have so far ensured that competition remains peaceful. This is highly complementary to Asian states' obsession with building soft institutions of counter-dominance and non-interference in the region: American dominance is welcome and legitimised because it exists largely to keep the peace. This dynamic 'liberal order'—fair, flexible and open enough to welcome new entrants as they rise—has served Asia well. As Robert Kaplan observes, 'The phenomenon (and economic benefits) of globalisation could not occur without American ships and sailors.'[26] Even authoritarian China has been a beneficiary of the public goods in the form of stability provided by the Americans. It has risen within a hierarchical system and its rise will not likely transform such a system into a multi-polar one for decades.

Critically, this interdependent relationship means that the United States is not so powerful that it can readily ignore the wishes of its current partners and more broadly of key states in the region. America is not a Hobbesian Leviathan with absolute authority and power to do whatever it wants. It is not even, and never has been, a true hegemon. Instead, the hierarchy is consensual. The United States will remain on top and its security partnerships remain on board, but this will depend on the continued consent of regional powers. In this structure, the US presence will stop any state from dominating another or from regional rivalries from getting out of hand. As long as the United States performs this role, there will be no reason for regional states to 'balance' against America now or in the foreseeable future or deny territorial access that the United States as a foreign power depends on to maintain a dominant capacity for force projection in Asia.

Balancing and bandwagoning within the hierarchy

Asia since World War II has been characterised by an under-balancing vis-à-vis the United States, which strategists especially in China find puzzling and curious. But it is only a curiosity if we characterise the security environment in Asia as multi-polar rather than hierarchical.

Anticipation of an imminent multi-polar Asia actually reached fever pitch after the implosion of the Soviet Union. Chinese strategists were initially confident that the end of the Cold War would result in a multi-polar power structure. Since the imminent emergence of a multi-polar region was widely assumed, some of the fiercest debates concerned the rate of American decline as well as the strategies that China should use to position itself in relation to other regional powers. Creative strategists by Beijing's thinkers were put forward to exploit the anticipated poles of power that would emerge to balance the American one.[27] Yet, from 1991 to 1999, US military spending as a proportion of global military spending actually grew from 28% to 33%, while China's spending hovered around 10% of global expenditure over the same period. By 2007, the United States was responsible for almost 49% of global military expenditure, with China responsible for only 5% (according to official Beijing figures).[28]

The increase in relative US military power was warily watched by Beijing. But of great concern to the Chinese was that Asian states did not seem at all perturbed by the increase in US military might; they appeared perfectly comfortable with this development. In fact, it appeared to be welcomed since it gave Asian states a licence to a 'free-ride' on the back of US power. In recent times, almost all Asian states *fear* that there will be less US military presence in the region, not more.[29] For example, most Asian states warily monitored US priorities during the War on Terror period of President George W Bush's first term—not because they feared the exercise of US power but because they feared an America losing interest in the region.

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This leads to a profound strategic frustration for an ambitious state such as China looking to challenge US pre-eminence in the near future. The balancing that has taken place in the past has not replaced this hierarchical structure in Asia; it occurs within it. In fact, recent history reaffirms that for the most part, any kind of balancing, bandwagoning or hedging is used to *preserve* the existing hierarchy, not to supersede or transform it.

For example, despite China's growing economic pull and rigorous diplomacy in the region, greater regional security cooperation that excludes the United States has always been subtly resisted. In particular, ASEAN insists that the ASEAN Regional Forum (ARF) be the preeminent multilateral security forum in the region despite the existence of other forums such as ASEAN+3 and the East Asian Summit (EAS) that could include greater security matters in the agenda and be transformed as an alternative to the ARF. But ASEAN upholds the primacy of the ARF precisely because it includes US participation, thereby helping institutionalise US involvement and regional leadership. In this sense, despite its institutional failings and apparent lack of purpose, ASEAN offers the United States a forum to entrench and enhance its strategic leadership whilst serving as an institution that can help constrain Chinese ambitions.

Recent history reaffirms that for the most part, any kind of balancing, bandwagoning or hedging is used to preserve the existing hierarchy, not to supersede or transform it.

Another example of subtle regional balancing in order to preserve the hierarchy was the polite but disapproving response by ASEAN members to China's proposal at the 2006 ASEAN-China forum in Singapore for cooperation (meaning a greater role for the Chinese Navy in the South China Sea) in maritime security. Moreover, while some were surprised that ASEAN rejected China's offer to join the Southeast Asia Nuclear Weapon Free Zone (which the United States rejects), the fact that the bid was rejected on the grounds that ASEAN preferred all nuclear powers to join at the same time shows a clear reluctance to allow China to diplomatically out-manoeuvre other powers on tough security matters.[30]

The strategic behaviour of Japan, Asia's most powerful actor for most of the post-War period, offers further evidence. Tokyo has generally strongly supported Washington's role as leader in the region despite growing Japanese power. Indeed, throughout the 1970s and 1980s, Japan has consistently used its growing power to support rather than confront the United States in security matters.[31] This even occurred during the 1980s when Japan's rising economic clout created economic tensions between the two countries. In fact, Japanese strategy has mirrored a common approach taken by several other Asian states such as Singapore: Japan frequently offered strong support for US dominance whilst minimising its own economic costs of being a security partner.[32]

China's future challenge to a stable hierarchy

Like any power or security structure, hierarchies are fluid. The main reason why many are now questioning the durability of American pre-eminence in Asia is due to China's rise. Although raw numbers suggest Chinese power will be no match for American power for a considerable period of time, the rise of China presents a potentially serious challenge to the existing informal hierarchical system for a number of reasons that are related to underlying Chinese dissatisfaction with the current order and its willingness and capacity to challenge the extant regional order.

First, China views itself as the natural and historical apex state atop any hierarchy in Asia. In Chinese eyes, the Middle Kingdom was the centre of Asia for all but 200 of the last 3,000 years, whereas America is a relatively recent imposter. The United States does not naturally belong in Asia—it enjoys its position in the region as a result of a historical accident (i.e. World War II). Therefore, even though China has few options and has done an excellent job at positioning itself as a 'legitimate' rising power within this system, it has never felt comfortable slipping into a hierarchy and order that it had no place defining, building or enforcing. Indeed, in a recent examination of more than 100 articles by China's leading strategists published in the last decade, I found that more than three-quarters were about binding, circumventing, subverting, or superseding American power and influence.[33] In addition to the military competition already well underway between the United States and China,[34] any doubts that Beijing already views Washington as a strategic competitor should be put aside.

Moreover, the modern Chinese narrative cherry picks by taking a selective view of history that feeds its own resentment about the fact that it is still not ascendant in Asia. According to the modern Chinese interpretation of nineteenth and twentieth century

history, while America was rising from the early 1800s onwards, China suffered a series of 'humiliations' at the hands of Western and Japanese powers. This began with the two Opium Wars (1839–1842 and 1856–1860), which ended in humiliating defeat for the Chinese and its government agreeing to the sale of British opium in the country. China was also forced to sign the treaties of Nanjing (1842) and Tianjin (1858), known from the 1920s onwards as among a series of Unequal Treaties. Other humiliations included the failure of the peasant-led Boxer Movement, considered by some to be reactionary if not xenophobic (which was put down by a coalition of forces from eight foreign countries in 1901), and the eventual downfall of the 270-year-old Qing Dynasty in 1912. The invasion by the Japanese in 1937 led to the Nanjing Massacre, in which up to 300,000 Chinese were slaughtered. In more recent times, the fact that Taiwan—the renegade province to which the defeated forces of the Kuomintang under Chiang Kai-shek fled in 1949 following its defeat in the Chinese Civil War—remains autonomous only because of US protection continues to grate on Beijing. Importantly, a large part of this narrative is the belief that outside powers have long stood ready to divide China in order to weaken it.

Second, and related to the first, China realises that beyond realist goals, the enemies of what its strategists commonly call the American hegemon are generally authoritarian states such as Russia, Iraq (when it was ruled by Saddam Hussein), Iran, Libya, North Korea, and presumably China. In an article written in 2005, influential Chinese scholar Yaqing Qin argued that the United States is obsessed with 'the problem of how to establish, consolidate, and consummate the international hegemonic system … with its purpose to safeguard America's leading role [and] the order and stability of its hegemonic system.'[35] Moreover, according to influential Chinese thinker Wang Jisi, there is a close link between American hegemony and American liberalism. Quoting American scholars such as Walter Russell Mead, Wang argues that Americans 'worship violence' and have a 'warlike disposition.'[36] Key to their preparedness to use force was the construction of 'a universal collective identity' that upheld liberal (democratic) values and systems. In other words, China believes that America seeks to dominate regional and global material and normative structures.[37] Of further concern to the Chinese is that despite occasional diplomatic spats, there appears to be a 'grand alliance' between North America, Europe and Japan that is underpinned by common political values.'[38] A US-led Asia presumably would be one segment of this grand alliance. Non-democratic states would always be 'outsiders' and identified as potential threats in this liberal order—accentuating China's discomfort in merely trying to fit into the current order in Asia.

The rise of China presents a potentially serious challenge to the existing informal hierarchical system for a number of reasons.

The third, and enormously important from the point of view of other Asian powers, is the fact that unlike America, China is situated in Asia. It does not need the same level of acquiescence from other Asian states, once dominant, to increase its military and political presence—and hence would be far less likely to compromise. The fact that America is a foreign power has made it more acceptable as the dominant power in many respects. As John Ikenberry notes, powerful liberal states such as America chose to create institutions and harness expectations of strategic restraint in exchange for weaker states agreeing to accept American leadership.[39] This was necessary for a *distant* power. Even ignoring China's view of its special place in Asia as the dominant Middle Kingdom, an Asian power rising to the top of Asia's hierarchy is infinitely more threatening than a foreign, liberal power such as America.

For example, the rise and growth of Japanese democracy in the 1980s resulted in genuine consternation in the region. As late as 1990, Southeast Asian states even viewed Japan as the primary threat to the region after the Soviet threat diminished. Importantly, Asian states feared that if the United States withdrew from the region, Japan as an Asian power would be free to dominate Asia to the detriment of other regional states. As Jusuf Wanandi, then Director of Indonesia's Centre for Strategic and International Studies, argued in 1990, 'The central problem in the region right now is keeping the Americans in.' Taking a position that was widely agreed to by states in the region, Wanandi further argued that 'Militarily, it's much better for everybody—including the Japanese—if the Americans

stay in.'[40] Subsequently, in a similar rerun of very recent history, Singapore and Brunei offered the use of their territory for the US Air Force and Navy while other Southeast Asian states publically voiced support for US bases in the Philippines—something they had resisted until the possibility of Japanese ascendency and US withdrawal became real.

Fourth, China is the only major power in Asia, and indeed in the world, that remains fundamentally dissatisfied with its current territorial and maritime borders. Rising, ambitious powers that are unhappy with existing land and maritime borders are dangerous. China's continued rise will create strategic and territorial problems of the first order.

For example, the question of Taiwan remains a flashpoint that could yet lead to war between China and the United States. Territorial disputes between China and countries such as India, Russia, Japan, and several Southeast Asian states persist even if they are stable for the moment. In particular, China still claims four-fifths of the South China Sea as its historical waters—illustrated by the (in)famous U-shaped line that Beijing claims defines its territorial waters. Although it is patently unreasonable that China should control such a large area of the South China Sea, the claim is nevertheless strongly held and long-standing. Indeed, China's 'historical waters' claim is periodically and categorically affirmed by its own laws, statements and policies. Beijing recently reaffirmed these claims to the UN Commission on the Limits of the Continental Shelf in March 2009.[41] This includes specific claims over the Spratly and Paracel Islands, which are disputed by countries such as Vietnam, Malaysia, Taiwan, and the Philippines, and over the Daiyoutai Islands which are disputed by Japan.

Moreover, Beijing is in the process of increasing its naval capacity to extend far beyond the stated aim of winning a war in the Taiwan Straits. It has also been increasing its naval patrols in these 'historical waters' despite signing the *2002 Declaration on the Conduct of Parties in the South China Sea by ASEAN and China*. The declaration called for all parties to resolve disputes through 'friendly consultations and negotiations' and 'exercise self-restraint in the conduct of activities that would complicate or escalate disputes.'[42] In particular, Beijing has ominously transferred naval vessels from its North Sea fleet to its South Sea Fleet, which is responsible for operations in the South China Sea. Planned aircraft carriers, once built, will also be assigned to the South Sea fleet.[43]

Although China's maritime disputes receive the greater attention, its land-based disputes are also serious and far from settled. The most serious are with India. Indo-Sino tensions run deep. China's invasion of Tibet in 1950 had previously erased the traditional buffer between China and British-ruled India. The China-India war in 1962 resulted in a defeat for India and China seizing the Aksai Chin region, which linked Tibet and Xinjiang provinces. China still claims part of the eastern-most Indian state of Arunachal Pradesh (which has Myanmar to its East). Tensions remain real, illustrated by China recently blocking an Asian Development Bank US$2.9 billion loan destined for India because US$60 million was earmarked for a water program in Arunachal Pradesh.

Finally, China presents a strategic conumdrum for the region despite disruptive ambitions because its economic rise is essential to regional prosperity. While allowing Chinese ambitions to go unchecked is not an option for other Asian states, neither is the option of 'keeping China down' a viable one. In 2008, Chinese growth was responsible for almost one-quarter of global growth. It is the largest export platform for Asia. From US$100 billion in 2004, trade between China and ASEAN surpassed US$200 billion in 2008, and there is constant talk—although little progress—of a Free Trade Agreement between China and ASEAN by 2010.[44]

Moreover, just as with the success of Japan's re-emergence, the rise of China is a source of genuine pride for Asian populations, especially for the 40 million Chinese diaspora scattered mainly across Asia. Talk about the twenty-first century being the Asian Century conjures up immense excitement for most populations in Asia. Despite remaining suspicious of China's ultimate ambitions for itself in the region—suspicions that are based on contemporary evidence of disruptive Chinese behaviour rather than the mostly historical fears that drove states to be suspicions of the Japanese in the 1980s—any

move to obstruct China's rise by a Western power without explicit provocation by Beijing would play out extremely badly for the United States in the region.

Meeting China's rise—keeping the hierarchical faith

Debating what to do about China is the primary preoccupation of strategists, and rightly so.

The so-called G-2 approach—the United States and China getting together as equal stakeholders in the regional and global system to discuss anything from the global financial crisis to nuclear proliferation to conflict in the Middle East—is one proposal being offered to reach out to a likely peer competitor. It has attracted heavyweight support from venerated figures such as Henry Kissinger and Zbigniew Brzezinski. For others, especially those within the US Treasury fretting about whether China will continue to purchase US dollar denominated assets, it is a timely and logical extension of the existing Strategic Economic Dialogues initiated under the George W Bush administration to reflect the increasing importance and complexity of the bilateral relationship between Washington and Beijing. Yet, when it comes to Asia in particular, a widened top-level strategic dialogue of equals from Washington and Beijing covering non-economic issues should be categorically resisted for several reasons.

First, such an approach overestimates China's intention and capacity to be a regional and global problem solver. As Elizabeth Economy and Adam Segal argue:

> It will raise expectations for a level of partnership that cannot be met and exacerbate the very real differences that still exist between Washington and Beijing. The current lack of U.S.-Chinese cooperation does not stem from a failure on Washington's part to recognize how much China matters, nor is it the result of leaders ignoring the bilateral relationship. It derives from mismatched interests, values, and capabilities.[45]

As noted earlier, Beijing has a long way to go to convince the region that if granted regional leadership, it is willing to uphold the regional liberal order that it had no role in defining or creating. In fact, a study of its top thinkers reveals that Beijing views the US-backed liberal order as an institution designed to preserve what it calls America's 'hegemonic maintenance' in Asia[46] even though Beijing has benefitted enormously from rising up within the existing regional order.

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Moreover, even if the values and interests of the United States and China were well matched, their respective capabilities are not. To cite one example of mismatched capabilities, US GDP (approximately US$14 trillion (by PPP method)) is still around 20% of global GDP while China's GDP (approximately US$7.9 trillion (by PPP method)) constitutes around 11% of global GDP.[47] Using the exchange rate method, China's GDP stands at around US$4.3 trillion,[48] which is approximately the same as Japan's (around 6% of global GDP). Significantly, Chinese GDP per capita is still one-eighth that of America's (by PPP method). This is significant because it indicates that China is still very much a developing country, and pressing domestic requirements will continue to dog Beijing for some time—restricting its capacity to play any leadership role even if it were trusted by the region.

Second, it would significantly diminish the primary strategy that the United States and key Asian states have successfully used so far to manage and constrain Chinese ambitions even as it rises. By offering China an *equal* seat at the table with the Americans—something Beijing deeply desires—leverage to reward or reprimand, or to include or exclude, Beijing in select institutions or dialogues before it has firmly committed to the norms and practices of the region will be greatly diluted. Indeed, by downgrading the strategic worth, value and utility of its allies, the United States would risk seriously undermining its alliance and leadership position within the regional Asian order as well as the future of the hierarchical order itself within which it remains the preferred leader. It is noteworthy that as China rises, and even as other Asian states jostle to conclude

beneficial economic agreements with Beijing, almost all Asian states have moved to reinforce and intensify security cooperation with Washington.

Moreover, institutions such as ASEAN, which have proven useful in both keeping Southeast Asian states (most of which are US allies or security partners) relevant and in helping 'socialise' China, would be gradually sidelined: a net strategic gain for China and a net strategic loss for the United States. (Incidentally, in this context, there is a poor appreciation of ASEAN's strategic utility in Canberra.) This in turn would delight the strategists in China who tirelessly speculate about how to bind, circumvent, subvert, or supersede American power and influence within the existing regional Asian order.

Dealing bilaterally with China on high-level strategic matters would be playing straight into Beijing's hands.

Dealing bilaterally with China on high-level strategic matters would be playing straight into Beijing's hands—allowing China a privileged strategic voice and leverage in the region without spending resources in providing public goods for the region or displaying an adequate track record of restraint or responsibility. Instead, there is sufficient flexibility in Asia's current US-led hierarchy to fit in a rising China (and also India). A stable hierarchy can even be achieved vis-à-vis a relative decline in American power if democratic partners such as Japan and possibly India take up the slack. In fact, as American relative power declines and the danger of global over-extension grows, the rise of Japan and India is a happy coincidence. In particular, US-India security partnership will become much more important. For example, the Malabar exercises in the Indian Ocean led by the navies of America and India, and regularly involving Japan, Australia and Singapore, are a promising example of maritime burden sharing and cooperation as US fleet numbers decline (in both absolute and relative terms).

China can also legitimately rise within this hierarchy but its ambitions—including any designs for its own Monroe Doctrine—will be structurally constrained. For China to rise within the hierarchy, it needs to work within the existing regime of restrained competition, regional norms, and other processes. China will also find it difficult to dominate regional institutions if US partners such as Japan, South Korea, and increasingly India (an emerging strategic competitor of China in all but name) are part of these same institutions. Yet, Beijing knows that it needs to rise as a major player within these soft institutions. If it does not, regional states will have reason to compile a compelling case to sideline and isolate China—the nightmare scenario for Beijing's strategists.

This has always been part of the plan to 'manage' China's rise: limit Beijing's choices and 'socialise' Chinese actions (if not Chinese ambitions, which are harder to change). It is a creative alternative to the traditional options of crude balancing or bandwagoning. Indeed, should China try to buck the system in the future, the framework for powers such as Japan and India (and ASEAN) to join with the Americans to impose constraints upon China is already in existence. This grand strategy of 'bringing China in' by using a hierarchical framework has the advantage of imposing structural constraints on the ambitions of any rising power without the ill effects of explicitly keeping China down (which would create further resentment in Beijing and cause it to have no option but to be a revisionist power). It is also a clever scheme that allows Asian states to economically benefit from China's rise but offers the security of a structure to keep Chinese ambitions in check.

This form of 'hedging' within the informal hierarchical system in Asia is far preferable to carving out spheres of influence for Asian powers (which is impossible because they would clash) or formalising a decisive move toward recognising an explicit multi-polar configuration that would be premature and disband the socialising structure used to tame disruptive powers. A hierarchical structure with America at the top—within which the United States remains the decisive strategic actor—remains the firm preference of all major states in Asia (including, for the moment, China). This structure reflects that America will remain dominant for several decades (even if it is in relative decline) and also that it has a better chance of shaping and managing future Chinese geopolitical options in line with US and regional preferences. As Singaporean Minister Mentor Lee Kuan Yew argues, 'no combination of other East Asian economies—Japan, South Korea,

Taiwan and ASEAN—will be able to balance China … Therefore, the role of America as balancer is crucial if we are to have elbow room.'[49]

Furthermore, enmeshing China in Asia (which is implied in a hierarchy) means that the cost of outright rebellion becomes ever higher. In this sense, the bilateral relationship between the United States and India, and the growing strategic cooperation between the two powers, is crucial as India rises. Importantly, it does not need the formality of an anti-Chinese alliance, which would create problems for the Indians and other Asian powers. China might remain disruptive, but it will most likely be isolated if it attempts to reject or undermine the existing order in Asia. As former Secretary of State Condoleezza Rice argued, 'the US-Japan relationship, US-South Korea relationship, the US-India relationship are all important in creating an environment in which China is more likely to play a positive role than a negative role.'[50] Institutions such as ASEAN and the US bilateral security arrangements work in an ad hoc way to 'socialise' and 'compel' rising states (such as China) respectively.

For these reasons, Prime Minister Kevin Rudd needs to be careful that his proposals for security architecture in Asia do not have the unintended consequence of diluting or even dismantling this informal hierarchical structure. Although not as reckless as the various G-2 strategic proposals, offering Beijing an equal seat at the table for top-level strategic discussion with the United States and other key Asian states is premature. It would, just like the G-2 approaches, dilute existing strategic and diplomatic leverage for America and its partners without China having to demonstrate that it is willing to uphold existing norms of behaviour.

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To be sure, the United States must be mindful of the limitations imposed on independent US strategic manoeuvrings that are not seen by the vast majority of states as being in their interests. As argued above, ASEAN states will simply not tolerate either the establishment of an explicitly anti-Chinese alliance (for example, between the United States, India and Japan) which attempts to explicitly 'contain' China or keep it down. Attempting to do so would cause these states to become disapproving and even disruptive since China is too important to the regional economy.

A case in point is the 2007 Quadrilateral Initiative between the United States, India, Japan, and Australia, which was seen by many ASEAN states as too explicit a containment initiative against China and one that was likely to cause Southeast Asian states to openly declare their hand in 'choosing' between China and the Quadrilateral members. The Quadrilateral Initiative also existed uncomfortably alongside the informal hierarchical order because it had the potential to evolve into an alternative security agreement that might sideline and undermine the existing (informal) hierarchical setup. Subsequently, there was little support for the initiative, and considerable behind-the-door criticism was directed towards it by ASEAN states.

Prolonging US leadership—the need to be seen

Although the US-led semi-formal security hierarchy in Asia has lasted so far, such structures can become weakened or superseded either through significant changes in relative capabilities or through strategic or diplomatic mismanagement.

Critically, 'hard power' capabilities matter, and strong armed forces are built on the back of economic strength—on this point, Paul Kennedy has always been correct. Looking past one or two decades into the future and forecasting the economic environment is fraught with uncertainty, despite the great fame Goldman Sachs has earned in trying to do so. But in the foreseeable future, the US economy will remain superior to China's even if China's absolute GDP continues to grow. For example, the United States leads the world in innovation, technology, education; its economy remains the most adaptable in the world.[51] America is far from an outmoded giant. In contrast, growth in China is largely engineered for employment preservation rather than driven by productivity gains or innovation.

However, even if America's economy remains strong, military presence, especially naval, matters in a region littered with key littoral states. In looking at the dominance of the Anglo-powers over two centuries, military historian Jeremy Black puts it down largely to 'command of the ocean.'[52] In 1901, the Royal Navy had 330 ships.[53] By the time President Ronald Reagan left the Presidential office in 1988, the US Navy had a fleet of 594 ships.[54] The US Navy currently has around 280 ships, and there is some discussion that it might have to accept further fleet reductions to around 200 ships despite its target of 313 ships by the end of the decade.[55] Proponents of reducing the number of ships argue that merely 'counting ships' is misleading, that 'force structure' is more important, and that increasing capabilities for these ships matters more than absolute numbers.

However, conversations with defence and foreign affairs bureaucratic heads in Singapore and Malaysia all say the same thing: numbers matter because presence matters.[56] Especially in peacetime—which is most of the time—the United States plays the role as primary 'coastguard' and enforcer of maritime order in Asia necessary for economic activity. American standing will suffer if its presence is significantly reduced. To maintain its leadership role, it cannot become merely a 'clever power' fighting the next hypothetical hi-tech war behind the scenes. Canberra would do well to advise Washington accordingly.

Even if America's economy remains strong, military presence, especially naval, matters in a region littered with key littoral states.

These littoral states, including Singapore, Kuala Lumpur and Jakarta, are observing the decrease in the US naval fleet and the increase in China's with concern. For example, numbers of Chinese submarines exceed that of the United States in the Pacific by more than 4:1 (75 to18). As Dan Blumenthal notes:

> The rise of the Chinese submarine fleet and symmetrical decline in American subs is reflective of a broader trend. China is well on its way to having the greatest number of fighter planes, surface ships, missiles and submarines in the region.[57]

Although many still take comfort in the fact that the United States outspends China four to nine times in absolute terms depending on which set of figures we accept as closer to the truth,[58] we should remember that the United States is an established global power with military capacities spread all over the world. China's are almost all focused on Asia alone.

The argument is frequently made that the United States should be careful not to force Asian partners to choose between Washington and Beijing.[59] But the more persuasive counter argument is that the United States should be careful not to indicate to Asian partners that it is losing interest in playing its leadership role in the region. If the United States does so, this is much more likely to convince Asian partners to reluctantly allow freer rein to Beijing, therefore, quickening the erosion of the hierarchical order and reducing the prospects that the region can remain peaceful. If this were to occur, it would be much more costly in the long run for the United States and its regional partners.

Conclusion

We need to better understand the workings of the here-and-now in Asia in order to meet the challenges for the future. Just as Coral Bell's warnings about a 'failure of imagination' leading to strategic disaster can result when underestimating the rise of emerging powers and ignoring our own weaknesses, it can just as tragically result from underestimating the strengths and built-in advantages of our current allies.

The United States remains well placed in Asia. America and its partners such as Australia would do well to correctly read the security dynamics in the region that defines how Washington's strategic influence is acquired, preserved and wielded—to the enormous benefit of the region—before giving up the advantage prematurely.

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