

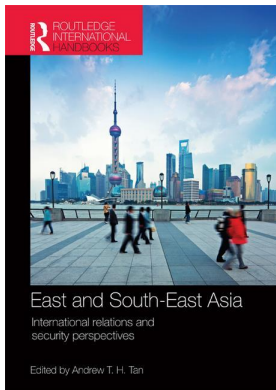
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The 'China threat' conundrum in East and South-East Asia

Andrew T. H. Tan

Introduction

In East and South-East Asia, the People's Republic of China's evident rise has posed a threat to the prevailing regional order which is dominated by the USA. The USA therefore faces the conundrum of how to respond to it: should it oppose China's rise and attempt to counter it with a containment-type strategy, or should it accommodate it, which will result in the diminution of the USA's influence in a pivotal region? Like the USA, the states in the region also face the same conundrum of how to respond to China's rise. For them, however, the question is whether they should side with the USA to contain China, a risky strategy that could lead to armed conflict, or should they bow to the inevitable and embrace a new regional hegemon?

China's rise is certainly not a foregone conclusion given its own political, structural and environmental problems. However, all things remaining equal, China's rise is set to challenge the USA's position in the region. With this caveat in mind, the following sections examine China's challenge to the dominant position of the USA in East and South-East Asia, the US response to China, the prospects for continued US dominance in the region and the regional states' responses to China's increasing power and assertiveness. The chapter concludes with an assessment of the way forward for the USA.

China's challenge to US dominance

Power transition theory posits that historically, the rise of a new great power has always led to conflict with the prevailing hegemon, which will not yield its dominant position without a fight (Organski 1968). Indeed, as summed up by Steve Chan, 'the danger of a war among the great powers is greatest when a newcomer dissatisfied with the status quo overtakes a once-dominant state' (Chan 2005: 688).

In 2010 China surpassed Japan as the world's second biggest economy, and is likely to surpass the USA by as early as 2025 should the current trajectory prevail (Reuters 2010). China's rise has prompted a discourse by the USA and its Western allies centred around the 'China threat'. Apart from its growing economic and political clout as a result of sustained and rapid

economic development, concern has also been expressed over China's ongoing military modernization and build-up. In 2011 China announced an official defence budget of 601.1 billion RMB (US \$91.5 billion), compared to the US defence budget of over \$700 billion in 2011 (Xinhuanet 2011). The USA, however, has consistently maintained that China under-reports its real defence spending, and that the lack of transparency raises concern over its real intentions (Quadrennial Defense Review 2010). The USA has expressed concern, in particular, over the development of asymmetric warfare and anti-access capabilities that could restrict the USA's ability to respond to any conflict involving regional flashpoints in East and South-East Asia. These flashpoints include Taiwan, the Democratic People's Republic of Korea (North Korea), and the Spratly and Senkaku islands (Office of the Secretary of Defense 2010).

According to Aaron Friedberg, writing in 2011, 'if current trends continue, we (i.e. the United States) are on track to lose our geopolitical contest with China'. The consequences would be severe. As he apocalyptically warned, 'if through inadvertence, error or deliberate decision we permit China as presently constituted to dominate Asia, our prosperity, security and hopes of promoting the further spread of freedom will be seriously impaired'. Friedberg further argued that if China dominated Asia, it would not only be able to bring Taiwan to terms, but would also be freed from the necessity of defending against threats from its maritime periphery. In turn, this would enable China to advance its interests in the rest of the world, thus challenging US global dominance (Friedberg 2011: 7–8).

Two interesting questions flow from this diagnosis: first, how is the USA responding to the challenge from China; and second, will the USA succeed in maintaining its dominant position in the region?

The US response to China

The vicissitudes of US–China relations since the rapprochement in the early 1970s, epitomized by President Richard Nixon's landmark visit to China in 1972, is retold elsewhere, most notably and authoritatively in Henry Kissinger's book *On China*, published in 2011. In recent years, the possibility of open conflict with a rising China was sharply brought into focus owing to regional developments since the mid-1990s. The efforts of then President Lee Teng-Hui of Taiwan to assert Taiwan's independent identity internationally in the 1990s led to the crisis in the Taiwan Straits in 1994–95, during which China test-fired missiles in the Taiwan Straits to signal its displeasure at what appeared to be a drift towards open independence. In a significant show of force, the USA sent two aircraft carrier battle groups to deter China.

Incidences between the two countries lend weight to the perception of rising tensions in Asia between the USA and China. In April 2001, a US maritime reconnaissance aircraft operating near China's coast was involved in a collision with a fighter aircraft from China, resulting in the death of the pilot, and the forced landing of the US aircraft on Hainan Island. In March 2009 Chinese ships and a US Navy surveillance vessel, the *Impeccable*, were involved in a confrontation in the South China Sea, leading to the USA despatching a destroyer to accompany the vessel. The USA asserted that the ship had the right of innocent passage in what it regarded as international waters. However, China argued that the ship was in China's maritime territory (*Washington Post* 2009).

In the USA these growing tensions have led to the call for the revival of a Cold War-style containment strategy, this time directed against China (Krauthammer 1995). From this has emerged the idea of a concert of democracies, comprising the USA, Japan, Australia and India, directed at containing China (*Japan Times* 2008). This took a more concrete form in the Trilateral Security Dialogue between the USA and its key allies in Asia—namely, Japan and

Australia—a process that began in 2001 (Radio Australia 2005). In 2007, both Japan and Australia signed a security co-operation agreement, thus completing the triad of bilateral security ties between the three countries (BBC News 2007). Separately, the USA and India also established a strategic relationship under the New Framework for the United States–India Defence Relationship in June 2006, thus opening the way for the Trilateral Security Dialogue to evolve towards a Quadrilateral Security Dialogue involving India (Embassy of India 2005).

In tandem with containment, however, there have also been voices arguing for a policy of engagement (or 'enmeshment'). According to this perspective, external powers can influence and mould China into a shape the outside world desires. Advocates of engagement are keen to point out that engagement is not the same as appeasement, as it involves hard bargaining and low-level coercion (Roy 1996: 766–67). The Barack Obama Administration, which took office in 2008, has pursued a policy described as a mixture of engagement and containment, or 'conengagement' (Friedberg 2011: 112–15). Whilst it wanted to avoid a direct confrontation with China, it none the less is reluctant to cede its dominant position in Asia to it. Thus, US Secretary of State Hillary Clinton asserted in 2009 that the USA 'is not ceding the Pacific to anyone'. In fact, it would enhance co-operation with its allies on regional security (*The Australian* 2009).

The US response has been to accelerate the shift of military resources to the West Pacific. The Quadrennial Defense Review in 2010 also directed the US Air Force and Navy to develop a joint war-fighting doctrine known as AirSea Battle, in an echo of the USA's Cold War strategy of fighting an AirLand Battle in Europe. This new military doctrine is clearly aimed at China.

In November 2011 President Obama announced a new Asia policy in his landmark speech to the Australian Parliament. In his speech he acknowledged that it is in the Asia-Pacific that the USA sees its future, as it is the world's fastest-growing region and is home to more than half the global economy. As such, Obama declared that the US presence in the Asia-Pacific is its top priority and that the reductions in US defence spending would not be at the expense of the region (*Sydney Morning Herald* 2011). Indeed, this has been backed up by plans to station troops in Australia's Northern Territory as well as its new Littoral Combat Ships in Singapore (*Daily Telegraph* 2012).

Prospects for continued US dominance

However, will the USA succeed in maintaining its dominant position in the region? Following the terrorist attacks on the USA on 11 September 2001 (9–11), the USA invaded Afghanistan in late 2001 and Iraq in 2003. These controversial actions, particularly its invasion of Iraq, eroded the USA's global standing and legitimacy, especially after the claims of the George W. Bush Administration of weapons of mass destruction and links between Saddam Hussein and al-Qa'ida were not proven (Galbraith 2006). The outbreak and worsening of the insurgencies in both Iraq and Afghanistan exposed the vulnerability of the USA to asymmetric challenges to its conventional military power. Despite being labelled part of the 'Axis of Evil' by the Bush Administration, North Korea was able to carry out its first nuclear test in 2006 without any serious response from a USA that was preoccupied with fighting two wars in the Middle East (BBC News 2006). These developments appeared to expose the limits of US power in the post-Cold War era.

More seriously, the USA is facing long-term economic and financial problems. Before the Global Financial Crisis in 2008 broke, Linda Bilmes and Nobel Prize-winning economist Joseph Stiglitz had estimated that the economic cost of the invasion and insurgency in Iraq would eventually

top US \$3 trillion, and concluded that 'reckless war financing' would lead to deep economic problems, as well as curtail the country's ability to tackle other urgent problems (Bilmes and Stiglitz 2008). These warnings coincided with the sub-prime housing loan crisis in late 2008, which in turn led to a crisis in the US banking industry and resulted in the Global Financial Crisis. By 2011 not only did the USA face a recession, but the focus of attention had also shifted to the massive debt crisis. Indeed, in 2011 its national debt exceeded \$14.8 trillion, while the federal budget deficit exceeded \$1.3 trillion (US Debt Clock 2011). The magnitude of the economic problems casts a shadow on its ability to maintain its global power, presence and commitments.

More pertinently, the dominant position of the USA in Asia has been sustained through its visible military presence and ability to deploy substantial forces in-theatre should the need arise, since it is not a power in geographical propinquity to the region but located half a world away, separated by the vast Pacific Ocean. However, a US \$700 billion defence budget in 2011 in the context of its long-term financial and debt problems is probably not sustainable in the long run. US global power is ultimately based on its 11 battle carrier groups, with its substantial air power embarked, enabling the USA to exercise unparalleled global power. The question, in the context of inevitable cuts in the defence budget, is whether the USA can continue to maintain so many large and expensive battle carrier groups.

Indeed, the Nimitz-class aircraft carriers are due for replacement in the coming years, but it is uncertain if they can all be replaced given the enormous costs involved. The first of the three next-generation 100,000-ton Ford-class aircraft carriers authorized for construction will be delivered in 2015, but it will cost around US \$13.5 billion and require some 5,000 personnel to man and operate. Moreover, concerns have been raised over the future survivability of super-aircraft carriers. Given the limited range of future carrier-borne combat aircraft, such as the Joint Strike Fighter, US aircraft carriers would in future be forced to operate closer to the target, exposing it to anti-access systems such as ballistic and cruise missiles, mines and submarines (Hendrix 2011: 2–3).

One way that the USA could supplement its power in Asia is to build alliances with like-minded regional powers and to deepen established alliance relationships. However, there is in reality no other countervailing power in Asia. Australia is not a major power and, moreover, opted to downgrade the Trilateral process after the Rudd Government took power in 2008, in order not to unduly offend China (*The Australian* 2008). As a US Congressional report ruefully noted, 'many in Australia value Australia's lucrative trade relationship with China, even as they look to the United States as Australia's overwhelmingly most important strategic ally' (Vaughn 2008).

India is building impressive military capabilities including a very modern navy with conventional aircraft carriers, and is a rising economic power like China. However, its primary security focus is the Indian sub-continent and in the Indian Ocean. Moreover, as Harsh Pant argued, 'a lack of strategic orientation in Indian defence planning will make it difficult for the country to effectively use its military resources and this will circumscribe India's rise as a global military power' (Pant 2010: 65). In addition, India faces enormous internal problems arising from deep economic inequalities, problems of governance and the spreading Maoist insurgency in several parts of the country. India is not likely to be willing or able to play the role of a regional counterweight to China. Moreover, despite its closer relationship with the USA, India has maintained its own independent foreign policy stance as part of the loose network of emerging non-Western powers. India cannot therefore be counted upon to do the bidding of the USA.

As for Japan, the same lack of a strategic orientation can also be discerned, in this case stemming from the various political and constitutional barriers to the use of military force, which has prevented the strategic and assertive use of Japan's power to extend its national interests. As Brad Williams noted, 'anti-militaristic principles played an especially important

role ... restricting Japan's military capacity to the minimum necessary for self-defense and effectively prohibiting the possession of "war potential" (Williams 2010: 89). With an economy in decline relative to China's since the early 1990s following the bursting of its property bubble, the failure to address fundamental economic problems, and the political gridlock in the Japanese parliament which has seen six prime ministers since September 2006, Japan does not have the political will to play the role of a regional counterweight to China. This fact was demonstrated by Japan's response to the Senkaku incident in 2010 involving a Chinese fishing vessel ramming its coast guard, first arresting the Chinese skipper then releasing him after China put pressure on Japan. Thus, suggestions that India and Japan could effectively constitute part of a regional Concert of Powers that could balance China appear to be overly optimistic (White 2010).

Strategic analysts have already concluded that the USA is in relative decline. For instance, according to Coral Bell, the post-Cold War world order is evolving towards a multipolarity dominated by several regions or states, such as the USA, China, India, Russia, the European Union (EU) and Japan (Bell 2007). Similarly, according to the US National Intelligence Council's publication *Global Trends 2025*, the Atlantic world order dominated by the USA will give way to one that will include rising powers and peer competitors to the USA, such as China, India and Brazil, as well as a revitalized Russia, Japan and the EU (National Intelligence Council 2008: 29–37). However, and remarkably, the same National Intelligence Council publication also warned that the transition from US dominance to a more multi-polar world order might not be a smooth one, noting that 'historically, the rise of new powers ... presented stiff challenges to the existing international system, all of which ended in worldwide conflict' (National Intelligence Council 2008: 37).

Regional responses to China's rise

The region's response to China's rise has been to practise a mixture of strategies—namely, hedging, engagement, balancing and bandwagoning (Roy 2005: 306–8). States engaged in hedging 'cultivate a middle position that forestalls or avoids having to choose one side (or one straight-forward policy stance) at the obvious expense of another' (Goh 2006). It is generally accepted that states in South-East Asia, for instance, are engaged in hedging behaviour, primarily motivated by the need to maximize economic benefits and to minimize security risks in an uncertain environment (Chung 2004: 35).

Engagement occurs when a state uses inclusion and rewards to socialize a dissatisfied state into accepting the rules of institutions of the existing regional or international order (Roy 2005: 306). Balancing is derived from balance of power theory, and has two aspects to it: internal balancing and external balancing. In internal balancing, states develop military capabilities and other forms of power to balance or constrain another more powerful state (Waltz 2008: 137). In external balancing, they strengthen or enlarge alliances in order to counter a rising hegemon (Waltz 1979: 118). Bandwagoning, on the other hand, is the opposite of balancing. Whilst balancing involves an alliance with the weaker side against a rising hegemon, bandwagoning refers to joining the stronger state or coalition for reasons of survival (Walt 1987: 17–32). Another understanding of bandwagoning is the alignment with another state in order to realize gains (Schweller 1994: 106–7).

The response of the states in the region to a rising China, and evidence of emerging US–China strategic rivalry suggests that they do not want to get caught up in any conflict between the two great powers. The perception of a weakening USA has led several states in the region to perceive that balancing and hedging may not be viable options for the future. Instead, the future trajectory suggests enhanced efforts at engagement and, increasingly, bandwagoning with a rising China.

For its part, China has pursued a ‘peaceful rise’ strategy designed to expand relations with regional states and prevent the emergence of any anti-China alliance. This was epitomized by its signing of the Association of Southeast Asian Nations (ASEAN) Declaration on the Conduct of Parties in the South China Sea in 2002, under which China affirmed that it would use only peaceful means to resolve the dispute (ASEAN 1992). China has since made much headway in building close relations with both Malaysia and Indonesia, both strategically important to China in view of its growing dependence on vital waterways in South-East Asia, such as the Straits of Malacca, as a result of its need for energy imports.

In July 2004 Malaysia barred all ministers from visiting Taiwan, a move which suggested that Malaysia is increasingly moving towards bandwagoning with China. In 2005 both countries also signed a memorandum of understanding (MoU) on defence co-operation, which covered activities such as military training, exchange of personnel and regular dialogue (Storey 2007). In 2001 China’s Premier Zhu Rongji paid a symbolic landmark visit to Indonesia upon the normalization of relations (Embassy of the People’s Republic of China in the Republic of Indonesia 2001). Following this, a number of economic and technical agreements were signed, including massive energy deals. In 2005 both countries agreed to establish a strategic relationship, as well as signed a military co-operation agreement under which China would assist Indonesia with producing small arms, ammunition and missiles (Storey 2005). Indeed, both Malaysia and Indonesia view relations with China as a means of balancing against the USA, which had put much pressure on both countries after 9–11 to join in its global war on terrorism, which has been unpopular in both Muslim countries where the USA is not viewed favourably. Thus, Juwono Sudarsono, Indonesia’s defence minister in 2004–09, took a benign view of China’s rise, asserting in July 2010 that its rise would be peaceful and that it would not be militarily assertive abroad (*Jakarta Post* 2010).

China’s rise has also evinced pragmatic responses from Singapore, Thailand and the Republic of Korea (South Korea), all US allies. Singapore has been economically bandwagoning with China, using its ethnic and cultural links to tap the potential of the vast China market. Indeed, in the decade from 1994 to 2004, trade between the two countries rose seven-fold. In 2011 Singapore was one of only three countries (the others being Brunei and Japan) the citizens of which enjoyed visa-free entry into China. Thailand has one of the region’s closest relationships with China, enjoying a strategic relationship as early as the 1980s, which has seen Thailand’s armed forces equipped with Chinese weapons systems at ‘friendship’ prices. In line with its strategic concept of ‘bending with the prevailing winds’, Thailand has sought to engage China and set itself on a course that would accommodate its rise, a trajectory that became even more evident under the prime ministership of Thaksin Shinawatra from 2001 to 2006, and which is likely to be continued by his sister Yingluck Shinawatra, who became prime minister in 2011 (Smith 2005).

South Korea, too, has been mindful of its need of China to restrain North Korea’s unpredictable regime, and indeed, both countries have often taken identical positions aimed at reducing tensions in Six-Party Talks over North Korea, in contrast to those taken by the USA and Japan, which have been more uncompromising. Despite being a key US ally, South Korea’s main long-term concern is being caught up in tensions and rivalries between the USA and Japan on the one hand, and China on the other. South Korea has thus engaged in a steady military build-up, in order to enhance its conventional deterrent capabilities. As Jonathan Holslag observed, this is meant not just to deter a North Korean attack, but also to provide South Korea with more policy options independent of the USA (Holslag 2010: 102–4).

The exceptions are two countries that in recent times increasingly have been on a collision course with China—namely, Viet Nam and the Philippines. Viet Nam’s ire was raised by China’s territorial claims in the South China Sea. In 2009 China established a regional

administrative body over the Paracels, which China occupied in 1974. Various clashes in the disputed maritime area in the South China Sea between Viet Nam and China in recent years culminated in Viet Nam's use of its chairmanship of ASEAN, which it took over in 2010, to rally collective pressure on China. However, at the annual ASEAN Summit in April 2010, the other ASEAN states proved unwilling to side with Viet Nam against China (*Earth Times* 2010). In April 2012 the Philippines was involved in a tense standoff with China over the disputed Scarborough Shoal in the South China Sea, with tensions easing when vessels on both sides left the area in June (*The New York Times* 2012). Given the lack of support from the rest of the region, particularly from its fellow ASEAN member states, the Philippines declared in June that the USA is now welcome to use its military facilities (Philstar.com 2012).

Does the future belong to China?

The participation of regional states in a balancing strategy to counter China is predicated upon the continued military and economic strength, as well as the political willingness of the USA, to maintain its position in Asia. Thus, Denny Roy observed that states in the region 'would not bandwagon with a threatening China if balancing was a viable option' (Roy 2005: 320). The prevailing literature assumes continuing US strength and will. John Mearsheimer, who argued that the USA and China are likely to engage in an intense security competition in Asia, predicted that most of China's neighbours, such as India, Japan, Singapore, South Korea and Viet Nam, would join with the USA to contain China's power (Mearsheimer 2006: 160). Similarly, Jonathan Holslag predicted that states in the region would either engage in external balancing with the USA, or adopt hedging strategies (Holslag 2010: 135).

Hedging and balancing, however, may be increasingly non-viable options. China's economic rise in the context of the long-term economic problems in the eurozone and the USA is leading to tectonic shifts in the regional strategic landscape. However, this has still been little understood by strategists, who have not yet digested the momentous developments in eurozone countries and the USA following the global financial crisis in 2008. The effects of the serious long-term economic and financial challenges facing the USA are likely to have increasingly adverse implications in the future on its ability to meet world-wide security challenges, such as those in Asia.

Moreover, regional states do not want to get caught up in any US–China conflict, for instance, over Taiwan. In recent years, China's growing military capability has been leading to changes in the military balance in the Taiwan Straits (Office of the Secretary of Defence 2009: 52). While this raises the possibility that US allies, such as Japan, South Korea, Australia, Singapore and Thailand, could be drawn into a US-led defence of Taiwan should conflict break out, it is highly unlikely, even inconceivable, that these countries would participate in coalition operations directed at an emerging nuclear-armed great power, particularly over what is clearly a core national interest as well as a principal nationalist issue for China. Moreover, states in the region have already recognized the one-China principle—that is, that Taiwan is part of China—and are therefore unlikely to join in any military coalition to challenge this.

Some analysts, such as Hugh White, Coral Bell and Jonathan Holslag, have argued for a Concert of Powers but the most obvious candidates in Asia that could balance China—namely, India and Japan—are, to borrow from Harsh Pant, 'devoid of a strategic orientation'. As Holslag also conceded, 'concerts are open to all major powers as long as they coordinate their security policies, contribute to stability and show restraint ... However, for the long run, a concert is no guarantee of peace if dramatic changes in the Asian balance of power occur' (Holslag 2010: 138).

The response of some states in the region suggests that they have already come to the conclusion that China's rise is inevitable and cannot be thwarted. China is also a power in geographical

propinquity, unlike the USA which will have to depend on its deployable military forces to maintain a significant presence in the region. In an era of serious long-term financial and economic problems, it will be increasingly difficult for the USA to find the resources to do so. Moreover, China's rapid development also opens up economic benefits for the region, such as its enormous market and its voracious appetite for resources. For reasons of self-preservation and economic gain, a number of states in the region (except Viet Nam and the Philippines) are on a trajectory that suggests that they may be increasingly moving away from hedging (i.e. keeping their options open) and balancing, and instead are opting for deeper engagement and even bandwagoning with China.

Ultimately, states in the region are pragmatic and make foreign policy based on their calculation of the national interest. With the exception of Australia, which has deep cultural and historical ties with the USA, most other states in East and South-East Asia are not in fact natural or automatic allies of the USA. If the USA showed signs of economic or military weakness, or signs that it was losing its resolve to defend its position in Asia, or conversely, if the USA showed too much resolve and appeared to be headed towards open conflict with China, most states in East and South-East Asia would in fact not be inclined to side with the USA as it would not be in their interest to make China, an emerging power in propinquity, their adversary.

Where does this leave the states in the region and the USA? For states in East and South-East Asia, engagement and bandwagoning with China provides benefits, such as the economic benefits arising from China's rapid economic development, its vast market, voracious appetite for resources and source of investment. Moreover, from the perspective of a number of states in the region, there is a high probability that China would become a relatively benign hegemon if it enjoyed the benefits of co-operation, notwithstanding the current assertiveness of China in various territorial disputes such as over the South China Sea. Engagement also helps to integrate China into emerging regional norms and institutions, and could thus lead to China behaving less aggressively towards its neighbours. Engagement works both ways, as China also needs regional stability for its primary objective of economic development.

Moreover, the states in the region are not without bargaining power. Indonesia and Malaysia are crucial for China in securing its strategic sea-lines of communication to energy resources in the Middle East as well as markets overseas, since they are the littoral states controlling the busiest waterway in the world: the Straits of Malacca. In the cases of Japan and South Korea, both are aware, despite current difficulties in their relationship with China, that they are next to an emerging superpower with the huge long-term economic benefits that its rapidly developing economy provides. Both countries therefore have substantial stakes in preserving regional stability and have few incentives to get involved in any undue conflict with China.

This leaves Viet Nam and the Philippines, which are in direct conflict with China over the South China Sea. However, would the USA go to war with China on behalf of the Philippines over disputed maritime territory such as Mischief Reef and Scarborough Shoal? In the case of Viet Nam, the strength of nationalism, which has enabled it to face down France, the USA and China in post-1945 wars, could well sustain its position. However, Viet Nam could find itself increasingly isolated in the long term.

On the part of China, there are signs that it is beginning to be aware that its recent assertiveness does not translate easily into strategic and political gains. In late 2010 Dai Bingguo, China's influential elder statesman on foreign policy, reiterated China's peaceful rise strategy, as opposed to assertive military-oriented nationalism (*The Australian* 2010). China has historically been sophisticated and calculated in its foreign policy and is likely to learn to manage its regional relations better in the future, leading to greater constraint on the use of its overt power and greater emphasis on soft power, albeit buttressed by status symbol military assets such as aircraft carriers. In the long run, its standing and influence over the region is therefore likely to increase.

Hugh White has pragmatically suggested that it would be in everyone's best interests for the USA to relinquish primacy in Asia, and instead share power with China and other major powers in a Concert of Asia. The USA should remain engaged in the region as any withdrawal would destabilize it; its role, however, would be to balance, not dominate (*The Australian* 2010). However, this chapter has argued that a concert would not be feasible given the absence of great powers in the region willing and able to take on the role of countervailing power to China. There is also the added complication of the serious long-term economic and debt problems in the USA, which must impact on its resources and military capabilities at some stage.

The conclusion is that regional stability in East and South-East Asia can only be guaranteed through a form of *entente cordiale*, or 'cordial understanding', between the two great powers. What is obvious is that this presumes China's increasing role and influence over the region, with the USA having to concede China's dominant position at least to share the Western Pacific with it. The alternative could well be an expensive and fruitless competition for power that would bankrupt the USA and ultimately lead to open conflict and instability. As states ultimately look after their own national interests, this is a situation that states in the region would want to avoid and, should open conflict occur, would not want to get involved.

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