

**GREAT-POWER COMPETITION AND
THE RISING US-CHINA RIVALRY**

TOWARDS A NEW NORMAL?

Bart Gaens & Ville Sinkkonen (*eds.*)

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LIST OF ABBREVIATIONS

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATALANTA	European Union Naval Force Operation
AUSMIN	Australia-United States Ministerial Consultation
AI	Artificial intelligence
AIIB	Asian Infrastructure Investment Bank
BDN	Blue Dot Network
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BIT	Bilateral Investment Treaty
BLM	Black Lives Matter
BRI	Belt and Road Initiative
CFIUS	Committee on Foreign Investment in the United States
CIC	China Investment Corporation
CCP	Chinese Communist Party
CPEC	China Pakistan Economic Corridor
CVID	Complete, Verifiable and Irreversible Denuclearization
DPT	Democratic Peace Theory
EU NAVFOR	European Union Naval Force Operations
FBI	Federal Bureau of Investigation
FDI	Foreign Direct Investment
FIRRMA	Foreign Investment Risk Review Modernization Act
FOIP	Free and Open Indo-Pacific
FONOPS	Freedom of Navigation Operations
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalized scheme of preferences
HA/DR	Humanitarian Assistance and Disaster Response
ICT	Information and Communication Technology
IDA	International Development Association
IMF	International Monetary Fund
INDOPACOM	Indo-Pacific Command
INSTEX	Instrument in Support of Trade Exchanges
INF	Intermediate-Range Nuclear Forces
IOR	Indian Ocean Region

IORA	Indian Ocean Rim Association
ISIS	the Islamic State of Iraq and Syria
IT	Information Technology
IUU	Illegal, Unreported and Unregulated fishing
JCPOA	Joint Comprehensive Plan of Action
MDA	Maritime Domain Awareness
MDB	Multilateral Development Banks
MFN	Most Favored Nation
MNC	Multinational Corporations
MSR	Maritime Silk Road
NDS	National Defence Strategy
NFL	National Football League
NSC	National Security Council
NSS	National Security Strategy
NATO	Northern Atlantic Treaty Organization
NPT	Non-Proliferation Treaty
NTS	Non-traditional security
OECD	Organization for Economic Co-operation and Development
OFAC	Office of Foreign Assets Control
PNTR	Permanent Normal Trade Relations
PPP	Purchasing Power Parity
RCEP	Regional Comprehensive Economic Partnership
SDR	Special Drawing Right
SEC	Security and Exchange Commission
SLOC	Sea Lines of Communication
SOE	State-Owned Enterprises
S&ED	Strategic and Economic Dialogue
THAAD	Terminal High Altitude Area Defence
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
UNGA	United Nations General Assembly
USAID	United States Agency for International Development
USDFC	US Development Finance Corporation
VFA	Visiting Forces Agreement
WHO	World Health Organization
WTO	World Trade Organization

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This report is the outcome of the Sixth Annual Helsinki Summer Session, which was entitled “Rising Rivalry? US-China Relations in an Age of Competition”. Organized by the Center on US Politics and Power (CUSPP) at the Finnish Institute of International Affairs, the interdisciplinary conference took place from 26 to 28 August 2019. The event included public seminars as well as closed sessions on the multifaceted nature of the US-China relationship. Beyond the geostrategic and geoeconomic dynamics driving the emerging great-power rivalry, the Summer Session explored future prospects for contestation and engagement in key issue areas, including deterrence, arms control and non-proliferation; trade, technology and infrastructure; and alliances and security partnerships in the Indo-Pacific.

First and foremost, the editors of this report wish to express their gratitude to all of the speakers in the Helsinki Summer Session for their enthusiastic and intellectually stimulating contributions and participation in the lively discussions. Special thanks go to all CUSPP researchers, FIIA colleagues and administrative staff who helped to make the Summer Session a success.

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INTRODUCTION: THE MANY FACES OF GREAT-POWER COMPETITION

Ville Sinkkonen and Bart Gaens

It has become commonplace of late to argue that the world has entered an era of great-power competition after a brief unipolar post-Cold War interregnum.¹ The United States and China, the two most powerful states in the system, are posited to be at the epicenter of this contest. Indeed, the relationship between these two giants has become noticeably strained in the past few years, and currently spans the spectrum from the traditional realm of the geostrategic through the geo-economic all the way to the ideational and ideological.

Although the concept entered the policy lexicon towards the end of Barack Obama's second term in office, the narrative of great-power competition has really engulfed Washington D.C. during President Donald J. Trump's first years in the White House.² The 2017 US National Security Strategy (NSS) famously refers to China – alongside Russia – as a “revisionist power”, bent on challenging the US not only economically and militarily, but also by exploiting cyberspace and emerging technological frontiers like 5G and AI.³ The National Defense Strategy (NDS), unveiled in early 2018, offers a similar prognosis, arguing that “[t]he central challenge to U.S. prosperity and security is the reemergence of long-term, strategic competition”, wherein America's antagonists “want to shape a world

1 On the unipolar interregnum, see e.g. C. Krauthammer (1990), “The Unipolar Moment,” *Foreign Affairs* 70, no. 1, pp. 23–33; C. Krauthammer (2002), “The Unipolar Moment Revisited,” *The National Interest* 70, pp. 5–18; C. Layne (2012), “This Time It's Real: The End of Unipolarity and the Pax Americana,” *International Studies Quarterly* 56, no. 1, pp. 203–13.

2 U. Friedman (2019), “The New Concept Everyone in Washington Is Talking About,” *The Atlantic*, <https://www.theatlantic.com/politics/archive/2019/08/what-genesis-great-power-competition/595405>.

3 D. J. Trump (2017), “National Security Strategy of the United States of America,” White House, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

consistent with their authoritarian model – gaining veto authority over other nations’ economic, diplomatic, and security decisions”.⁴ It appears we are living through an age of contestation over the very parameters of the future international order.

Naturally, this talk of emerging rivalry has not been confined to policy documents and political speeches. It has also swamped the media and research community, to the extent that one wonders whether great-power competition has already become the new hegemonic narrative in discussions on foreign policy and national security in the United States,⁵ and even globally. According to an assessment published in a leading policy journal, these are the opening stages of “a protracted struggle over who will decide how the world works in the twenty-first century”, a contest that “will be less forgiving of hubris and unpreparedness than were the circumstances of the recent past”.⁶ Another much-cited debater sees “a dramatic change in world politics that necessitates a change in strategy” on the part of the US, an alteration that entails forgoing visions of “convergence” or “accommodation” in favor of “a competitive foreign policy that pushes back against [Chinese and Russian] neo-authoritarianism”.⁷ Both takes reflect the brunt of the manifold calls to action: the United States must awake from its twenty-year-long post-Cold War slumber to confront its great power rivals, who, in hindsight, have actually been playing this new game for much longer than the United States.

This FIIA report places the emerging and – by most accounts – intensifying rivalry between the United States and China front and center. The constituent chapters not only delve into the theoretical underpinnings as well as geostrategic and geo-economic dynamics driving great-power competition, but also move beyond such macro-level aspects by exploring future prospects for contestation and engagement in key issue areas, such as arms control, trade and sanctions. By looking at key regional powers and the state of America’s alliances, the report’s contributions also place due emphasis on the Indo-Pacific as the immediate regional frontline of the unfolding great-power contest. However, authors also venture beyond the region, and consider the role that Europe in general, and the European Union as an entity, might play as the tectonic plates

4 US Department of Defense (2018), “Summary of the 2018 National Defense Strategy of the United States of America,” Defense.gov, <https://www.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.

5 On hegemonic, i.e. dominant, discursive formations, see R. R. Krebs & J. K. Lobasz (2007), “Fixing the Meaning of 9/11: Hegemony, Coercion, and the Road to War in Iraq,” *Security Studies* 16, no. 3, pp. 409–51.

6 E. A. Colby & A. Wess Mitchell (2020), “The Age of Great-Power Competition: How the Trump Administration Refashioned American Strategy,” *Foreign Affairs* 99, no. 1, pp. 118–30.

7 T. Wright (2018), “The Return to Great-Power Rivalry Was Inevitable,” *The Atlantic*, September 12, <https://www.theatlantic.com/international/archive/2018/09/liberal-international-order-free-world-trump-authoritarianism/569881/>.

of great-power politics shift. As such, the report is guided by four broad questions, which each author has utilized as guideposts when formulating the arguments of their respective chapters. Namely: What does the shift in narrative and, increasingly, policy implementation towards great-power competition on the part of both the United States and China augur for the present state and the future of their relationship? What are the theoretical foundations and practical implications of this emerging rivalry? How is great-power competition currently reflected in different domains and regions of world politics? What is the role of other key players, whether the EU, Japan or India, amidst this emerging rivalry?

The authors, each in their own way, thus grapple with what looks to be a, if not *the*, central predicament of 21st-century international politics: the evolution of a world order in the face of a rising and more assertive China, and a United States that is re-envisioning the trappings of its hitherto (liberal) hegemonic global role. The introductory remarks that follow are thus intended as a conceptual and theoretical backgrounder on great-power competition as the key crosscutting theme of the report. These reflections will be complemented with short descriptions of the chapters, laying out how each one fits into the broader rubric of the compendium.

GREAT-POWER COMPETITION IN THE 21ST CENTURY: A CONCEPTUAL ODYSSEY

The sheer quantity of ink spilled on great-power competition in the past five years or so is testament to its inherent appeal as a descriptor of the current times.⁸ The term obviously presents both a simple catchword to describe a central predicament of the current age, and a lens through which the future prospects of world order(ing) can be refracted. However, by virtue of its ubiquity, great-power competition and its manifold terminological siblings like “(geo)strategic competition”,⁹ “comprehensive competition”¹⁰ or “great-power rivalry”,¹¹ risk becoming mere empty signifiers that obscure from view more than they illuminate. In the colloquial but apt words of one analyst, “[y]ou can drive a truck through

8 See Friedman (2019)

9 A. A. Michta (2018), “The Revenge of Hard Power Politics,” *The National Interest*, <https://www.the-american-interest.com/2018/10/16/the-revenge-of-hard-power-politics/>; B. D. Blankenship & B. Denison (2019) “Is America Prepared for Great-Power Competition?”, *Survival* 61, no. 5, pp. 43–64.

10 D. Shambaugh (2017), “Dealing with China: Tough Engagement and Managed Competition,” *Asia Policy* 23, no. 1, pp. 4–12.

11 H. Brands (2018), “Democracy vs Authoritarianism: How Ideology Shapes Great-Power Conflict,” *Survival* 60, no. 5, pp. 61–114.

the idea of *competition*”,¹² and – as will become clear below – the same could be said about the notion of *power*. More insidiously, great-power competition may be evoked by political leaders to defend any number of disparate policies regardless of their strategic merit, justify states of exception,¹³ or stifle public debate on (grand) strategy altogether.

As already pointed out, in US foreign and security policy circles, great-power competition has been seized upon as a particularly appropriate descriptor of the *relationship(s)* that the US has with two other great powers, China and Russia. While the latter dyad has been front and center in the scandals that have marked President Trump’s presidency, the former has become a rare example of political and grand-strategic convergence in the hyper-partisan political environment of Washington D.C. Both Republicans and Democrats seem intent on taking a firmer stand against China’s perceived infractions.¹⁴ By way of illustration, in the heat of another round of trade deal negotiations between the US and China in May 2019, even Senate minority leader Chuck Schumer – hardly a member of Donald Trump’s fan club – urged the President to “[h]ang tough”, because “[s]trength is the only way to win with China”.¹⁵ Numerous qualms exist in Washington regarding China’s conduct, whether it concerns attempts by Beijing to strengthen its geostrategic position in its near abroad through the Belt and Road Initiative (BRI) and maritime forays in the South and East China Seas, perceived unfair trading practices, industrial subsidies and forced technology transfer, a worsening human rights situation in Xinjiang, or the curtailing of freedoms in Hong Kong.¹⁶ Similarly, in the debates over American grand strategy, proponents of a tough line on Beijing now inhabit both the “deep engagement” and “off-shore balancing” camps, which otherwise diverge on the need for the US

12 M. Karlin quoted in K. Bo Williams (2019), “What’s Great Power Competition? No One Really Knows,” *Defense One*, <https://www.defenseone.com/news/2019/05/whats-great-power-competition-no-one-really-knows/156969/>; emphasis added.

13 This idea is central to the Copenhagen School of security studies; see B. Buzan, O. Wæver & J. de Wilde (1999), *Security: A New Framework for Analysis*, London: Lynne Rienner.

14 D. W. Drezner (2020), “Meet the New Bipartisan Consensus on China, Just as Wrong as the Old Bipartisan Consensus on China,” *The Washington Post*, April 28, <https://www.washingtonpost.com/outlook/2020/04/28/meet-new-bipartisan-consensus-china-just-wrong-old-bipartisan-consensus-china/>.

15 C. Schumer (2019), Twitter post, May 6, <https://twitter.com/senschumer/status/1125143336837206016>.

16 Cf. H.R. McMaster (2020), “What China Wants: And How We Should See China,” *The Atlantic*, <https://www.theatlantic.com/magazine/archive/2020/05/mcmaster-china-strategy/609088/>; E. Ratner (2019), “Blunting China’s Illiberal Order: The Vital Role of Congress in U.S. Strategic Competition with China,” Testimony Before the Senate Armed Services Committee, <https://www.cnas.org/publications/congressional-testimony/blunting-chinas-illiberal-order-the-vital-role-of-congress-in-u-s-strategic-competition-with-china>.

to retain its current military presence in other key areas of the globe, like the Gulf region or Europe.¹⁷

While consensus around great-power competition has emerged rather slowly in Washington D.C., on the part of America's adversaries it is arguably possible to date the origins of a shift to the mid-to-late 2000s. In the case of Russia, its military action against Georgia in August 2008 can be seen as a landmark event. As for China, analysts point to the financial crisis of 2007/8, which exposed cracks in the shield of the United States as the incumbent leader of the international order.¹⁸ The hindsight-laden argument is that the US and the West at large failed to grasp the gravity of the shift, distracted by the global battle against terrorism and suffused in liberal dreams of "the end of history".¹⁹ Against this background, Russia's annexation of Crimea and aggression in Ukraine in 2014, China's increasingly assertive approach in its neighborhood, and the Chinese Communist Party's (CCP) tightening grip on power seem almost preordained developments.

As a term, therefore, great-power competition is hardly normatively neutral. It implies rivalry tinted with antagonism and animosity. This is the case even though some US officials have tried to put a positive spin on the concept.²⁰ It has become abundantly clear that in this 21st-century power game, competition crowds out cooperation and induces the antagonists to pursue relative as opposed to absolute gains.²¹ This much is clear whether one looks at the present state of great-power divergence in matters as diverse as trade, arms control, climate action or the battle

17 Cf. T. J. Wright (2020), "The Folly of Retrenchment: Why America Can't Withdraw From the World," *Foreign Affairs* 99, no. 2, pp. 10–18; J. J. Mearsheimer & S. M. Walt (2016) "The Case for Offshore Balancing," *Foreign Affairs* 95, no. 4, pp. 70–84.

18 T. J. Wright (2017), *All Measures Short of War: The Contest for the Twenty-First Century and the Future of American Power*, London: Yale University Press, p. 20–27; R. Kagan (2018), "Believe It or Not, Trump's Following a Familiar Script on Russia," *The Washington Post*, August 8, https://www.washingtonpost.com/opinions/the-west-has-spent-a-decade-playing-right-into-putins-hands/2018/08/07/c1aec698-9a60-11e8-b60b-1c897f17e185_story.html; H. W. French (2014), "China's Dangerous Game," *The Atlantic*, November issue, <https://www.theatlantic.com/magazine/archive/2014/11/chinas-dangerous-game/380789/>.

19 See e.g. Wright (2017), chap. 1; Michta (2014); R. Kagan (2018), *The Jungle Grows Back: America and Our Imperiled World*, New York: Alfred A. Knopf; A. Cooley & D. Nexon (2020), *Exit from Hegemony: The Unraveling of the American Global Order*, Oxford: Oxford University Press, esp. chap. 4.

20 In their famous op-ed in *The Wall Street Journal* in the summer of 2017, for instance, Trump's then National Security Adviser H. R. McMaster and Director of the National Economic Council Gary Cohn posited that the US "embraces" competition as a pre-given descriptor of the "elemental nature of international affairs". H. R. McMaster and G. D. Cohn (2017), "America First Doesn't Mean America Alone," *The Wall Street Journal*, <https://www.wsj.com/articles/america-first-doesnt-mean-america-alone-1496187426>.

21 For a theoretical take on absolute and relative gains, see D. Snidal (1991), "International Cooperation among Relative Gains Maximizers," *International Studies Quarterly* 35, no. 4, pp. 387–402.

against the Covid-19 pandemic.²² Nadia Schadlow, a key proponent of the great-power competition concept and one of the authors of the 2017 NSS puts it rather bluntly: “it is hard to conceive of a genuine community of common purposes with such states as China, [and] Russia”.²³ In this manner, the idea of great-power competition also functions as a mode of othering. When evoked in policy discourse, it implies negative identity categories like *revisionist*, *rival* and *rogue*.²⁴

Great-power competition, therefore, is not only a descriptor of a competitive mindset *between* great powers in their bilateral relationships; it also refers to *wrangling over advantage on a grand, global scale* – although the contest will certainly play out differently in disparate regions. Great-power competition has not been coined, nor is it commonly used, to refer to piecemeal differences or spats over mundane matters between the leading states of the day. Instead, the expectation is that “antagonistic powers will seek to maximize their security at others’ expense; competition will feature constant measures to seize advantage”.²⁵ To accentuate the obvious, all this implies *great*, that is all-encompassing, competition over the trappings of power. The dimensions of the competition are thus system-wide, and the potential implications pervasive. This is so for the rivals themselves and, as the chapters of this report amply illustrate, for others in the Indo-Pacific region and further afield as well.

A key insight of the realist canon in International Relations (IR) is that great powers endeavor to amass *material capabilities* in order to enhance their security. The often-positing material indicators of strength in international politics are of the military and economic variety, such as military spending, troop levels, stocks of relevant military hardware, Gross Domestic Product (GDP) or levels of productivity.²⁶ It is also possible to focus on the relevant, particularly military, capabilities that allow states to

22 See e.g. K. M. Campbell and R. Doshi (2020), “The Coronavirus Could Reshape Global Order,” *Foreign Affairs*, <https://www.foreignaffairs.com/articles/china/2020-03-18/coronavirus-could-reshape-global-order>; H. Farrell & A. Newman (2020), “Will the Coronavirus End Globalization as We Know It?,” *Foreign Affairs*, <https://www.foreignaffairs.com/articles/2020-03-16/will-coronavirus-end-globalization-we-know-it>; K. M. Campbell & E. Ratner (2018), “The China Reckoning: How Beijing Defied American Expectations,” *Foreign Affairs* 97, no. 2, pp. 60–70.

23 N. Schadlow (2018), “The Conservative Realism of the Trump Administration’s Foreign Policy,” Hudson Institute, <https://www.hudson.org/research/14738-the-conservative-realism-of-the-trump-administration-s-foreign-policy>.

24 On different modes of othering, see T. Diez (2005) “Constructing the Self and Changing Others: Reconsidering ‘Normative Power Europe’,” *Millennium: Journal of International Studies* 33, no. 3, p. 628.

25 P. Porter (2019), “Advice for a Dark Age: Managing Great Power Competition,” *Washington Quarterly* 42, no. 1, p. 11.

26 For prominent formulations of relevant power capabilities in international relations, see e.g. E. Hallett Carr (2001), *The Twenty Years’ Crisis, 1919–1939: An Introduction to the Study of International Relations*, London: Palgrave MacMillan; K. N. Waltz (1979), *Theory of International Politics*, Long Grove: Waveland Press; R. Gilpin (1981) *War and Change in World Politics*, Cambridge: Cambridge University Press; J. J. Mearsheimer (2001), *The Tragedy of Great Power Politics*, New York: W. W. Norton & Company; S. G. Brooks & W. C. Wohlforth (2016), *America Abroad: The United States’ Global Role in the 21st Century*, Oxford: Oxford University Press.

maintain “command of the global commons [...] the sea and space [...] areas that belong to no one state and that provide access to much of the globe” – a core foundation for America’s hegemonic position, especially in the post-Cold War era.²⁷ In the current age, it is likewise feasible to think hard about variables that indicate technological prowess, which can be gauged through measures like R&D expenditure or the issuance of patents.²⁸ It has even been argued that the *sine qua non* of the US-China confrontation, when analyzed from the standpoint of capabilities, is “a race for economic and technological dominance in the long-term”.²⁹ On top of building up their own capacities in the military, economic and technological domains – called “internal balancing” in the literature – great powers may also enhance their power position vis-à-vis rivals through “external balancing”, by fostering relationships with other states. This could entail, for example, the building of actual military alliances or agreements on basing rights.³⁰

Realists view both forms of balancing as rational approaches to ensuring survival and enhancing security in an “anarchical” international system inhabited by states that potentially want to do each other harm. The ultimate purpose of building up capabilities and alliances, then, is to deter, or – should push come to shove – defeat the rival(s).³¹ Strictly speaking, there is thus nothing particularly new about the current competitive framing of international relations. In fact, for certain realists, great-power competition is both a description of how their theories *expect* great powers to behave in any case and, by implication, a prescription of how these states *should* conduct themselves.³² To pretend that the interplay between great powers could ever move beyond such a world of competition would be a dangerous escapade in and of itself – a point of criticism raised by realist scholars when it comes to America’s allegedly “liberal-hegemonic” post-Cold War foreign policy consensus.³³

27 B. R. Posen (2003), “Command of the Commons: The Military Foundation of U.S. Hegemony,” *International Security* 28, no. 1, pp. 5–46.

28 Brooks & Wohlforth (2016)

29 M. Schneider-Petsinger (2019), “Behind the US-China Trade War: The Race for Global Technological Leadership,” in *US-China Strategic Competition: The Quest for Global Technological Leadership*, ed. M. Schneider-Petsinger et al., London: Chatham House, p. 4. <https://www.chathamhouse.org/sites/default/files/publications/research/CHH17480-US-China-Competition-RP-WEB.pdf>.

30 Waltz (1979); Blankenship & Denison (2019)

31 Waltz (1979); J.J. Mearsheimer (2001), “The Future of the American Pacifier,” *Foreign Affairs*, pp. 46–61; W. C. Wohlforth (2008), “Realism,” in *The Oxford Handbook of International Relations*, ed. C. Reus-Smit and D. Snidal, Oxford: Oxford University Press, pp. 131–49.

32 On these two faces of realism, the descriptive and the prescriptive, see S. Barkin (2009), “Realism, Prediction, and Foreign Policy,” *Foreign Policy Analysis* 5, no. 3, pp. 233–46.

33 J.J. Mearsheimer (2019), “Bound to Fail: The Rise and Fall of the Liberal International Order,” *International Security* 43, no. 4, pp. 7–50; S. M. Walt (2018), “US Grand Strategy after the Cold War: Can Realism Explain It? Should Realism Guide It?,” *International Relations* 32, no. 1, pp. 3–22.

Relatedly, great-power competition can also be fathomed as a *symptom* of an impending or ongoing shift in the distribution of capabilities in the international system. For structural realists, it is this relative distribution of material endowments that defines the system as either unipolar, bipolar or multipolar.³⁴ However, in the case of the unfolding US-China competition, there is considerable disagreement over what kind of an international system the world is moving towards. For some, the system is in the throes of a power transition, a potentially violent handover from one declining unipolar or hegemonic power (the incumbent United States) to another rising power (the challenger, China).³⁵ As Gregory Moore points out in chapter three of this report, according to power transition theorists, such changes of the guard have historically had a tendency to turn violent.³⁶

Another argument is that the system is approaching a new era of bipolarity, although this will be qualitatively different from the one experienced during the Cold War between the US and the Soviet Union, given the profound interdependencies that exist between the US and China.³⁷ The core conundrum, then, to paraphrase the question Xing Li poses in his chapter, is whether “two tigers can share the same mountain” in a situation of rough parity. Yet others see a transition to a multipolar order wherein various power centers compete and coexist in a world marked by increased regionalization as well as multiple co-existing and possibly competing modernities³⁸ – an eventuality that Sanjay Chaturvedi refers to as the “post-post-Columbian epoch” in his chapter. In such a world, should the leading powers fail to agree on a mutually acceptable set of shared principles to maintain international order, less stability could ensue.³⁹ What ties all of these future scenarios together is that the period of time it takes to shift to a new equilibrium is likely to entail both intensified great-power wrangling and increased uncertainty.

34 Waltz (1979); S. G. Brooks & W. C. Wohlforth (2008), *World out of Balance*, Princeton: Princeton University Press; G. J. Ikenberry, M. Mastanduno & W. C. Wohlforth (2008), “Introduction: Unipolarity, State Behavior, and Systemic Consequences,” in *International Relations and the Consequences of Unipolarity*, ed. G. Ikenberry, M. Mastanduno & W. C. Wohlforth, Cambridge: Cambridge University Press, pp. 1–32.

35 From an “offensive realist” standpoint, a great power will only feel secure as a hegemon, as the top dog in the international system – its ambition is essentially insatiable until it reaches the summit. See Mearsheimer (2001)

36 See e.g. Gilpin (1981); G. T. Allison (2017), *Destined for War: Can America and China Escape Thucydides’s Trap?*, New York: Houghton Mifflin Harcourt.

37 R. Maher (2018), “Bipolarity and the Future of U.S.-China Relations,” *Political Science Quarterly* 133, no. 3, pp. 497–525.

38 A. Acharya (2017), “After Liberal Hegemony: The Advent of a Multiplex World Order,” *Ethics and International Affairs* 31, no. 3, pp. 271–85; T. Flockhart (2016) “The Coming Multi-Order World,” *Contemporary Security Policy* 37, no. 1, pp. 3–30.

39 C. A. Kupchan (2012), *No One’s World: The West, the Rising Rest, and the Coming Global Turn*, Oxford: Oxford University Press.

Another way to conceptualize the drive for material aggrandizement at the center of great-power competition is to appreciate that economic and military power may foster *prestige* – a “reputation for power” – and also function as a marker of *status* within a social hierarchy.⁴⁰ Such clamoring for prestige and status may have both instrumental and intrinsic value: enhanced status may function as a power (and influence) amplifier in and of itself, or it may merely soothe the egos of status-hungry states-people or populaces.⁴¹ This is certainly the lens through which President Trump views international relations. A consistent trope in his speeches has been the idea that the United States is not “respected” by others in international politics, a view apparently shared by those who have bought into his campaign trope to “Make America Great Again”. The proposed remedy for regaining that respect is to build up military and economic capabilities, talk and act tough, and excel in zero-sum games to gain a reputation for winning. For Trump, victories are important as an end in themselves, especially when they come at the expense and to the chagrin of others.⁴² As Gregory Moore argues in his chapter, status awareness certainly also pervades Chinese thinking on international affairs.⁴³ In times of power transition, this kind of acute concern over prestige and status on the part of both the incumbent leader and the rising challenger may render great-power competition more conflict-prone, especially if the former is not willing to accord the latter the status it feels it deserves by dint of its growing capabilities (of course, this could also feasibly work the other way around).⁴⁴

It is a short mental segue from appreciating the role of prestige and status to acknowledging that the competition between the US and China is not only about material stocks of power, it is also about *ideas* – or, more precisely, competing systems of ideas, about *ideology*. In one recent assessment: “the competition between democracy and authoritarianism suffuses virtually every aspect of modern great-power rivalry [...] by undermining trust, complicating compromise and fostering irreconcilable

40 Y. F. Khong (2019), “Power as Prestige in World Politics,” *International Affairs* 95, no. 1, pp. 119–42; Gilpin (1981); D. Welch Larson & A. Shevchenko (2010), “Status Seekers: Chinese and Russian Responses to U.S. Primacy,” *International Security* 31, no. 2, pp. 7–41.

41 T. Forsberg, R. Heller & R. Wolf (2014), “Status and Emotions in Russian Foreign Policy,” *Communist and Post-Communist Studies* 47, no. 3–4, pp. 261–68.

42 V. Sinkkonen (2018), “Contextualizing the ‘Trump Doctrine’: Realism, Transactionalism and the Civilizational Agenda,” *FIIA Analysis*, no. 10, <https://www.fiaa.fi/julkaisu/contextualizing-the-trump-doctrine>; R. Wolf (2017), “Donald Trump’s Status-Driven Foreign Policy,” *Survival* 59, no. 5, pp. 99–116.

43 See chapter 3 in this volume; also X. Pu (2019), “One Mountain, Two Tigers: China, The United States, and the Status Dilemma in the Indo-Pacific,” *Asia Policy* 14, no. 3, pp. 25–40.

44 Cf. Khong (2019); Pu (2019); J. Renshon (2016), “Status Deficits and War,” *International Organization* 70, no. 3, pp. 513–50.

views of international order”.⁴⁵ If one accepts that there is such a link between a great power’s domestic ideas and its vision of how international relations should be ordered,⁴⁶ then the “normative fit” between a declining great power’s ideas and those of the rising challenger can have implications for how great-power competition plays out in an era of power transition.⁴⁷ Other things equal, the greater the incongruity between the value systems of the incumbent and the challenger, the less likely it is that the latter will remain content with the normative parameters of the order that were originally midwived by the former. It is thus hardly surprising that much of the debate over China’s rise centers on *how* revisionist Beijing will eventually become *vis-à-vis* the liberal international order that has been central to America’s ascendancy in the post-World War II and especially post-Cold War era.⁴⁸

A case can also be made that power in international relations only exists by virtue of social relationships and,⁴⁹ by implication, even the above-described material capabilities can only attain meaning in and through such relationships.⁵⁰ If it is accepted that great-power competition has an ideational component and that relationships with other states matter, this implies that great-power competition is not only about building up material capabilities that can be used to coerce or buy the fealty of others, or that function as markers of prestige and status. Instead, it is

45 Brands (2018), p. 63.

46 C. A. Kupchan (2014), “The Normative Foundations of Hegemony and The Coming Challenge to Pax Americana,” *Security Studies* 23, no. 2, pp. 219–57.

47 Hegemonic stability theorists, for instance, argue that the world needs a hegemon, a leader to provide certain “public goods” like security guarantees or functioning markets within an international order. Therefore, the hegemon’s position is not only a function of power capabilities. Although capabilities by definition undergird a hegemon’s position, in order to exercise leadership, significant others should accept the hegemon’s claim to and exercise of power. This is achieved through a hegemonic bargain, where the hegemon ties its power into an institutionalized and rules-based framework. When one hegemon’s power wanes and a challenger’s rises, the period of transition thus also entails contestation over the institutional frameworks and norms that govern the order. For discussion, see e.g. Gilpin (1981); R. O. Keohane (1984), *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton: Princeton University Press; G. J. Ikenberry (2012), *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order*, Princeton: Princeton University Press; C. Norrlof (2017), “Hegemony, Hierarchy, and Unipolarity: Theoretical and Empirical Foundations of Hegemonic Order Studies,” *Oxford Research Encyclopedia of Politics*, <https://oxfordre.com/politics/view/10.1093/acrefore/9780190228637.001.0001/acrefore-9780190228637-e-552>.

48 On different takes, see e.g. S. Tang (2018), “China and the Future International Order(s),” *Ethics & International Affairs* 32, no. 01, pp. 31–43; G. J. Ikenberry (2018), “Why the Liberal World Order Will Survive,” *Ethics & International Affairs* 32, no. 1, pp. 17–29; Kupchan (2012); A. Cooley, D. Nexon & S. Ward (2019), “Revising Order or Challenging the Balance of Military Power? An Alternative Typology of Revisionist and Status-Quo States,” *Review of International Studies* 45, no. 4, pp. 689–708; A. Acharya (2018), *The End of American World Order*, 2nd ed., Cambridge: Polity; T. Cha (2018), “Competing Visions of a Postmodern World Order: The Philadelphia System versus the Tianxia System,” *Cambridge Review of International Affairs* 31, no. 5, pp. 392–414.

49 For a concise discussion on the distinction between capabilities-based and relational definitions of power, see D. A. Baldwin (2013), “Power and International Relations,” in *Handbook of International Relations*, ed. W. Carlsnaes, T. Risse, and B. A. Simmons, London: SAGE, pp. 273–97.

50 C. Reus-Smit (2004), “The Politics of International Law,” in *The Politics of International Law*, ed. C. Reus-Smit, Cambridge: Cambridge University Press, pp. 14–44; D. A. Lake (2013), “Great Power Hierarchies and Strategies in Twenty-First Century World Politics,” in *Handbook of International Relations*, ed. B. A. Simmons, T. Risse-Kappen & W. Carlsnaes, London: Sage, pp. 492–511.

crucial to consider whether other states adopt, or at the very least regard as acceptable, the values and visions propounded by the great-power contestants.⁵¹ In fact, getting other states to buy into an institutionalized, rules-based “hegemonic bargain” has arguably been the greatest success of the US-led post-World War II liberal international order.⁵² Currently, the US and China are therefore locked in a battle over *legitimacy*, over the desirability and appropriateness of their actions, policies and values.⁵³ This kind of contestation unfolds within international institutions, over core norms, and takes place through different justificatory narratives.⁵⁴ Such wrangling should be viewed as an important component of great-power competition because the fostering of legitimacy is vital for the creation of authority, which, in turn, breeds followership.⁵⁵ A clash over institutions and the proliferation of competing narratives have most recently been visible over the Covid-19 pandemic. The US, for instance, has pulled funding from the World Health Organization (WHO), criticizing the body for being slow to respond to the outbreak in China. Meanwhile, both the US and China have engaged in verbal tirades over who is to blame for the pandemic.⁵⁶

An interlinked and potentially useful concept for capturing the ideational, social and relational dimensions of great-power competition is *soft power*. Defined by the term’s progenitor Joseph S. Nye as “the ability to get what you want by the co-optive [as opposed to coercive] means of framing the agenda, persuading and eliciting positive attraction”,⁵⁷ the resources of soft power are therefore “intangible factors such as institutions, ideas, values, culture, and the perceived legitimacy of policies”.⁵⁸ The upside of soft power is that unlike the building of material capabilities

- 51 Ikenberry (2012); G. J. Ikenberry & C. A. Kupchan (1990), “Socialization and Hegemonic Power,” *International Organization* 44, no. 3, pp. 283–315; I. Clark (2011), “China and the United States: A Succession of Hegemonies?,” *International Affairs* 87, no. 1, pp. 15–28.
- 52 Ikenberry (2012); G. J. Ikenberry (2001.) *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars*, Princeton NJ: Princeton University Press.
- 53 M. C. Suchman (1995), “Managing Legitimacy: Strategic and Institutional Approaches,” *The Academy of Management Review* 20, no. 3, pp. 571–610; C. Reus-Smit (2007), “International Crises of Legitimacy,” *International Politics* 44, no. 2/3, pp. 157–74.
- 54 E. Goh (2019), “Contesting Hegemonic Order: China in East Asia,” *Security Studies* 28, no. 3, pp. 614–44; Reus-Smit (2007); I. Hurd (2007), “Breaking and Making Norms: American Revisionism and Crises of Legitimacy,” *International Politics* 44, no. 2/3, pp. 194–213; V. C. Keating (2014), “Contesting the International Illegitimacy of Torture: The Bush Administration’s Failure to Legitimize Its Preferences within International Society,” *British Journal of Politics and International Relations* 16, no. 1, pp. 1–27.
- 55 D. A. Lake (2009), *Hierarchy in International Relations*, Ithaca, NY: Cornell University Press.
- 56 D. G. McNeil Jr. & A. Jacobs (2020), “Blaming China for Pandemic, Trump Says U.S. Will Leave the W.H.O.,” *The New York Times*, May 29, <https://www.nytimes.com/2020/05/29/health/virus-who.html>; Y. Huang (2020), “U.S.-Chinese Distrust Is Inviting Dangerous Coronavirus Conspiracy Theories,” *Foreign Affairs*, March 5, <https://www.foreignaffairs.com/articles/ united-states/2020-03-05/us-chinese-distrust-inviting-dangerous-coronavirus-conspiracy>.
- 57 J. S. Nye (2011), *The Future of Power*, New York: Public Affairs, p. 13.
- 58 *ibid.*, p. 21.

or using said capabilities to compel others, it is relatively cheap.⁵⁹ At the same time, however, from the standpoint of the great power rivals, the inherent difficulty with soft power is that the states themselves are not in control of many of the resources necessary for creating this kind of power. Moreover, as soft power works through co-optation, it again depends on the willingness of others to be attracted or persuaded in the first place.⁶⁰

These different viewpoints on power also open the door to an appreciation of the different tools available to the rivals when they craft strategies for great-power competition. On the one hand, recent scholarship has placed much emphasis on its geo-economic aspects, where great powers harness various economic tools to achieve political ends.⁶¹ Here, the toolbox of different instruments is vast, ranging from investments through preferential trade agreements all the way to different types of sanctions and restrictive measures,⁶² expertly addressed by Clara Portela in her chapter. When it comes to strategies that reside predominantly in the “ideational” domain, the traditional tools of bilateral and multi-lateral diplomacy can be augmented with public diplomacy campaigns designed to enhance soft power and legitimacy. At the less benign end of the spectrum reside tools associated with “hybrid” strategies, like targeting the domestic political arena of a rival through the spreading of false information on social media platforms.⁶³ In addition, the ubiquity of the cyber domain has created novel avenues for exploiting the vulnerabilities of adversaries through industrial espionage, the planting of malware, or even hacking election systems.⁶⁴ In fact, the oft-evoked notion of hybridity underlines how different military, economic, “ideational” and cyber-based tools can be used in unison to weaken the adversary.

Finally, it should be abundantly clear that great-power competition poses conundrums for other states. Given that allies are central to balancing strategies, they function as ample force multipliers in a world of great-power competition. Here, the US is well ahead of China with its

59 J. S. Nye (2016), “Limits of American Power,” *Political Science Quarterly* 131, no. 2, p. 276–77.

60 Nye (2011), p. 83.

61 M. Wigell (2016), “Conceptualizing Regional Powers’ Geoeconomic Strategies: Neo-Imperialism, Neo-Mercantilism, Hegemony, and Liberal Institutionalism,” *Asia Europe Journal* 14, no. 2, pp. 135–51.

62 D. A. Baldwin (1985), *Economic Statecraft*, Princeton NJ: Princeton University Press.

63 M. Wigell (2019) “Hybrid Interference as a Wedge Strategy: A Theory of External Interference in Liberal Democracy,” *International Affairs* 95, no. 2, pp. 255–75.

64 J. Linnéll (2016), “The Cyber Arms Race Is Accelerating – What Are the Consequences?,” *Journal of Cyber Policy* 1, no. 1, pp. 50–60; Nye (2011); N. Choucri (2012), *Cyberpolitics in International Relations*, Cambridge MA: The MIT Press; M. Aaltola (2016), “Cyber Attacks Go Beyond Espionage: The Strategic Logic of State-Sponsored Cyber Operations in the Nordic-Baltic Region,” *FIIA Briefing Paper*, no. 200, <https://www.fiia.fi/en/publication/cyber-attacks-go-beyond-espionage>.

elaborate global network of alliance and partnership arrangements.⁶⁵ However, in an environment of heightened uncertainty, the traditional alliance dilemma also applies to Washington's friends. Allies can never be absolutely certain about the intentions of alliance partners. They may fear being abandoned or, alternatively, becoming entrapped in battles embarked upon by an overeager ally.⁶⁶ Currently, it seems many of America's allies and partners are indeed stuck between a rock and a hard place, especially if the competition between the great-power antagonists assumes an increasingly zero-sum bent. Good relations with China may thus come at the expense of angering the US (risk of abandonment), while a conflict that turns hot between Washington and Beijing, even one that the giants sleepwalk into, risks pulling the allies in as well (risk of entrapment). In a different vein, the emerging great-power rivalry might also provide smaller states with options. In some cases, they may have the possibility of substituting "goods" provided by one great power with those provided by the other or, for those willing to gamble, playing the antagonists against each other in hopes of a better "deal".⁶⁷

This section has thus far sought to capture complexity. Its purpose has been to illustrate that while many scholars, politicians and pundits are willing to assert that great-power competition is the new order of the day, it is much less clear how the concept should be defined and what this new state of affairs will actually entail for the future of the US-China relationship. It seems clear that both countries will continue to amass capabilities and harness a plethora of tools (military, economic, and "soft") to allow them to excel in this great game. Hence, while great-power competition transcends the material trappings of power, it is crucially also a contest over hegemonic ideas. Likewise, the contest between the two powers will undoubtedly unfold differently across disparate domains – land, sea, air or cyber, and have different implications in the various regions of the globe and disparate issue areas of global governance. It is obvious that if the two most materially powerful states in the international system find it increasingly difficult to establish common ground on vital strategic, institutional and normative questions, this will have profound implications for the future shape of the global order.

65 C. Norrlof & W. C. Wohlforth (2019), "Raison de l'Hégémonie (The Hegemon's Interest): Theory of the Costs and Benefits of Hegemony," *Security Studies* 28, no. 3, pp. 422–50.

66 G. Press-Barnathan (2006), "Managing the Hegemon: NATO under Unipolarity," *Security Studies* 15, no. 2, pp. 271–309.

67 A. Cooley & D. Nexon (2020), *Exit from Hegemony: The Unraveling of the American Global Order*, Oxford: Oxford University Press.

STRUCTURE OF THIS REPORT

The chapters in this FIIA report are divided into three thematic parts. *Part I* provides three connected and complementary takes on the evolution of the US–China relationship in the era of great–power competition, and considers the potential implications for the future of world order(ing) in the process.

The *first chapter* by Carla Norrlof identifies four “traps” that apply historical analogies in order to dissect the current state of US–China rivalry. The “Thucydides Trap” refers to an impending military conflict as a hegemon and challenger approach parity in material power, the “Kindleberger Trap” to the undersupply of public goods by a hegemonic challenger, and the “Kennedy Trap” to military overextension by the incumbent hegemon. However, for Norrlof, the fourth “Ibn Khaldun Trap”, building on cycles of dynastic rule in the Islamic Golden Age by socially cohesive groups with leaders that demand deference and loyalty, is best suited to illuminate the current state of the US–China relationship. By drawing an analogy between Khaldun’s thesis and cycles of rule in the US republic, the chapter analyzes how polarization, particularly racial antagonism, became explicit during Donald Trump’s ascent to office. Overt and unapologetic racist statements were part and parcel of the “social glue” that became the backbone of Trump’s rise to power. Norrlof also illustrates how Trump’s initially cohesive identity–based group of loyal appointees ultimately became embroiled in bitter power struggles, just like Khaldun’s theory would suggest. At the international level, these two dynamics have led to an “us versus them” stance towards other countries in general, and zero–sum thinking vis–à–vis China in particular.

Xing Li, in the *second chapter*, offers a conceptual framework for understanding the complex dynamics of China’s rise and the concurrent waning of US hegemony. In his reading, the current stage of great–power competition appears particular to a transitional period in the historical ebb and flow of different hegemonic cycles. Li terms this novel interregnum “interdependent hegemony”, and posits that it has been brought about not only by China’s meteoric rise, but also the various crises – of “functionality”, “scope”, “legitimacy” and “authority” – that plague the liberal international order. The possession of requisite material capabilities or dominance of the relevant structures of global power are thus no longer the sole purview of the US and its predominantly Western allies and partners. Instead, maintaining world order necessitates accommodation with other rising powers, most immediately China. Within this novel state of flux, the US and China remain intertwined in complex ways,

especially economically, and these ties are so pervasive that severing them may prove impossible, or at least extremely detrimental for both Washington and Beijing. Yet both sides also remain intent on thwarting the other's gains, whether in the military, economic or ideational domains. This dilemma of "riding a tiger while being unable to get off", as Li terms it, will inevitably define the US-China relationship for decades to come, bringing with it instances of cooperation, contestation and even outright conflict. The only resolution, it appears, would be an overarching and mutually satisfactory accommodation that defines the global and regional roles of each great power within a renegotiated world-ordering bargain.

Chapter three, by Gregory Moore, assesses to what extent the hegemon and its challenger can escape "Thucydides's Trap" – a military conflict that has historically tended to occur when a hegemonic challenger approaches parity in material power capabilities with an incumbent hegemon. Moore argues that the US lead in terms of traditional economic and military power indicators renders such a scenario not yet imminent. However, he posits that there are other non-material indicators that may be more relevant when considering the prospects of a violent confrontation. There are lingering historical factors, such as the US tendency to frown upon dictatorial regimes and the narrative of national humiliation being currently propounded in China. Sociological factors also play a role. While careful to avoid cultural essentialism, Moore refers here to the Chinese disposition towards a hierarchical organization of society and the concomitant drive for the validation of social status, which is arguably also manifest in Beijing's foreign policy. He also points to political factors, particularly the differences in the American and Chinese political systems captured, for instance, by the opposition between liberal democracy and communist-informed authoritarianism. Moreover, China's authoritarian model also implies different (political-) economic approaches. Beijing has continued to pursue a state-led approach to economic development, and issues like export-led growth and protection of domestic industries have been key grievances raised by Washington in the ensuing US-China trade chasm. Finally, the Covid-19 pandemic has opened a new frontline in the US-China confrontation. The clash between Washington and Beijing has already had corrosive effects on the global health regime, especially with respect to the WHO, while contending narratives of blaming and shaming are being propounded on both sides. Moore's chapter illustrates that a US-China military conflict does not necessarily require the rough material parity that certain power transition theorists view as an important predictor of the occurrence of a hegemonic war. It is entirely possible

that non-material factors might drive these two great powers, almost inadvertently, into a hot confrontation.

Part II examines the status of US alliances and partnerships in the Indo-Pacific, a new strategic denomination for the wider Asian region, adopted by the US, Japan, ASEAN and other regional actors. This conceptual reframing grants a key role to India as a regional power and denotes a wider conception of the region, potentially to the detriment of China.

In *chapter four*, James Przystup takes an in-depth look at the shifting structure of US alliances and strategic partnerships in the Indo-Pacific region in the face of an increasingly assertive China. He argues that in the post-Cold War era the US has gradually moved towards a more robust and networked approach from what has traditionally been termed a bilateral hub-and-spoke system. The region's growing strategic importance in Washington D.C. is reflected not only in US strategic documents, including the 2017 NSS and the Indo-Pacific strategy of 2019, but also in concrete practices. These include freedom of navigation operations (FONOPS), military exercises and joint declarations with core allies like Japan, South Korea and Australia, and the development of strategic partnerships with states like Indonesia, Malaysia, Singapore and Vietnam. The US has also been pushing its allies to engage in building up strategic partnerships with each other. In fact, despite the surface-level flux raised by Donald Trump's unorthodox approach to diplomacy and economic statecraft in the region, including his assertions that allies should be paying more in return for US protection and the decision to abandon the Trans-Pacific Partnership, the US has continued to signal its willingness to develop and enhance its alliance structure during the past three and a half years. This reflects the strategic importance of the Indo-Pacific as the regional front-line in great-power competition, a reality that remains regardless of who happens to inhabit the White House. Any long-term US strategy to check China's rise in the region and thus achieve America's stated ambition of a "Free and Open Indo-Pacific" (FOIP) necessitates a well-functioning and better integrated alliance structure.

Chapter five, by Sanjay Chaturvedi, provides a perspective from and on India. For him, the discourse of the Indo-Pacific denotes a transformation in India's role as a regional power as the world enters a "post-post-Columbian" epoch. In this new era, Asia, and especially the maritime domain in Asia, is becoming a focal point in the redefinition of 21st-century geopolitics and geo-economics. The emergence of the term "Indo-Pacific" is part and parcel of the redefinition process that the region is currently undergoing. In Chaturvedi's view, the term implies considerable "cartographic anxiety" on the part of regional powers, and this is especially

true for India. For some, this new narrative appears to imply containment of China and a stronger partnership with the US as a “strategic imperative”, while others would rather view India’s role as a “strategically autonomous” actor with a cautious approach to the emerging reality of great-power competition. How India comes to define the notion of “Indo-Pacific”, and how this fits (or indeed does not fit) with the approach assumed in Washington will thus inevitably have a bearing upon the level of “estrangement” and engagement that will exist between these two democracies in the future. In this way, Chaturvedi’s contribution illustrates how great-power competition is not merely about material capabilities. The conceptual frameworks that are used for making sense of the world “out there”, even apparently fixed and material entities like geographical space, are also central points of contention with real-world implications. In fact, the rise of the Indo-Pacific as a label for a “meta-regional” constellation consisting of various subregions shows that the ability to introduce, and ultimately entrench, meanings is a form of power in and of itself. Powerful actors may therefore set the boundaries of the imaginable, precluding some strategic options, whilst simultaneously enabling others.

In *chapter six*, Liselotte Odgaard explores how Europe could play a potentially meaningful role in the Indo-Pacific. Although the European Union must contend with the rise of nationalist populist forces in various member states and deal with the fallout of Brexit, Odgaard argues that these internal challenges have actually made the Union more determined to pursue an active approach to the region. Moreover, the EU’s approach, focused on multilateralism and broad-based trade agreements deviates from the Trump administration’s current bilateral transactionalist bent. For the Union the *sine qua non* thus remains fostering a liberal (i.e. market-based and democratic) order underpinned by the rule of law in the Indo-Pacific region. This is also the case in the maritime domain, where the Union, despite some internal sticking points, emphasizes freedom of navigation and adherence to the Law of the Sea. However, as Odgaard points out with respect to the South China Sea and the Indian Ocean, the EU’s rather general positions on maritime questions are turned into practice by member states, with France currently taking the lead in Europe’s “maritime diplomacy”. Such efforts, including patrolling in the South China Sea as well as a recent tour by a French carrier group with involvement from other member states in the Indian Ocean, illustrate a European resolve to put meat on the bones of its strategic partnerships with regional states. Moreover, and particularly relevant for the overall theme of the report, Odgaard points out that while the EU’s designs

vis-à-vis the Indo-Pacific maritime order are by and large complementary to those of the US, the European approach to maritime operations in the region is more attuned to strict compliance with international law, thus avoiding unnecessary confrontation with China. In this sense, Europe is trying to craft an independent path in the midst of the rising US-China rivalry in the Indo-Pacific.

Finally, *Part III* of the report zooms in on the role of deterrence and the dynamics of economic contestation and coercion that are becoming ever more prominent in the era of great-power competition.

Morghane Farghen, in *chapter seven*, argues that China is engaged in making a grand play for global primacy, and this overarching policy aim is reflected in regional flashpoints, including the nuclear tensions on the Korean Peninsula and in the Middle East, as well as in China's approach to national economic statecraft. In the case of North Korea, she perceives China's commitment to denuclearization and support for the Non-Proliferation Treaty (NPT) as being far from sincere. Instead, it is paramount for Beijing's regional designs to keep the defiant hermit regime in place. China looks to be succeeding in this ploy, as Western capitals seem unable to collectively put sufficient pressure on either Beijing or Pyongyang to push North Korea towards "complete, verifiable, and irreversible denuclearization". A similar dynamic, with the US and Europeans working at cross purposes, is unfolding in the case of Iran. These nuclear flashpoints may be harbingers of a grander shift from the countering of nuclear proliferation towards establishing nuclear deterrence. This sea change may occur almost unintentionally, as a by-product of the policies pursued by the "challenging states" of North Korea and Iran along with China, on the one hand, and the divided approaches of the US and the Europeans, on the other. However, as Farghen shows with respect to China's national economic statecraft, including Chinese investments in Western democracies and the Belt and Road Initiative (BRI), the imperative of establishing deterrence against Beijing's designs has seeped into non-nuclear and non-military domains as well. Farghen's analysis thus comes to underline the holistic nature of great-power competition, how different regional and domain-specific manifestations of great-power wrangling converge into a complex global-level phenomenon.

Chapter eight, by Deborah McCarthy, analyzes the evolution of US-China economic and trade relations. She argues that the era of engagement, beginning in the Nixon years, was founded on the dual expectations of increased market access for US companies and the entrenching of an open economy and free market norms in China. Even the US-China Strategic and Economic Dialogue – launched in the early days of the Obama

administration and designed to address qualms like competitive currency devaluation, the opening up of the Chinese economy, and IP protection – was ultimately premised on establishing a well-working relationship with Beijing, and coaxing it into the role of a responsible stakeholder in the global economy. While Obama’s approach did include attempts to pressure China through “enforcement and encirclement”, most prominently through the WTO and the TPP that the US has since rejected, the Trump administration has increasingly resorted to full-blown competition. The shift has meant attempts to drive down Chinese imports via the imposition of tariffs, more intensive screening of Chinese investments and even branding China a currency manipulator. This shift, however, is not merely a Trumpian whim, but enjoys bipartisan support in Washington D.C. The problem with the approach assumed by Trump and his team, McCarthy argues, is that the shift to competition is not making the US more competitive. Instead, it is, among other things, costing the US export markets, placing increased burdens on American consumers and driving down foreign direct investment in the United States. Likewise troubling, with its bilateral transactionalist bent the Trump administration has managed to alienate allies and downgrade the WTO. In McCarthy’s assessment, getting Beijing to play by the rules necessitates the support of allies and the ability to work through multilateral channels, whilst also maintaining channels of communication with China on various levels. In other words, there is space for engagement even in the era of great-power competition, and a mixed approach might even constitute the strategically prudent option.

In *chapter nine*, Clara Portela complements McCarthy’s analysis by exploring the proliferating use of coercive geo-economic tools, most notably sanctions and tariffs, in the new age of great-power competition, and by assessing the implications for Europe of this on-going strategic shift in the conduct of great powers. The US in particular has begun to utilize its structural advantages in the global economic and financial systems to excel in the new power game. Sanctions, particularly those with extraterritorial consequences, have become a key tool in this respect. Through the use of these secondary sanctions, the US can effectively weaponize its control over global financial flows and access to the US markets to force other states – or more specifically their businesses – to toe the American line, even in cases where these states are expressly in disagreement with the American policy of imposing said sanctions. Recently, this has been most evident in US sanctions against Iran after President Trump pulled the US out of the Joint Comprehensive Plan of Action (JCPOA; Iran Nuclear Deal) and Senate-approved legislation that allows the US to target the Nordstream 2 pipeline project. At the same time, Washington has also begun to utilize

tariffs in a sanction-like manner, namely to achieve political goals rather than for purposes of mere commercial defense. Portela argues that in such a situation, the EU is faced with three different options. The Union could remain a fairly passive bystander and go along with US policies. It could also try to utilize international fora to denounce US sanctions and perhaps even use international legal channels like WTO arbitration to challenge American unilateralism. Finally, the EU might resort to open contestation by trying to circumvent US sanctions or enhancing its ability to pursue enforcement action. The establishment of the Instrument in Support of Trade Exchanges (INSTEX) to facilitate some trade with Iran and the activation of a blocking statute to prohibit European companies from complying with US sanctions represent possible opening salvos for such an approach. All of these strategic choices come with their attached dilemmas: Should the Union sacrifice policy autonomy and opt for passivity to remain in Washington's good books? Were the Union to pursue the multilateral route, would this lead the current White House – or any future one – to shun such fora altogether? Would further transatlantic cracks emerge if the EU undertook more enforcement action against American companies? Portela's chapter thus amply illustrates how difficult the choices are for US allies caught in the crosshairs of a more assertive (but also declining) hegemon, which is in the process of recalibrating its policies in the face of hardening great-power competition.

In sum, all of the chapters in this report by and large concur with the emerging consensus narrative in the policy world and academia: none of the authors refutes the claim that the world is crossing (or in some cases has already crossed) the threshold to a new age of great-power competition. However, it is through their different takes on this novel state of affairs that the contributors come to underline both the complexity and contested nature of the notion, as reflected against the backdrop of the US-China relationship. For instance, there are clearly differences when it comes to emphasizing the material versus the ideational underpinnings of great-power competition. Norrlof's framework of four traps subjects the material drivers of a great-power struggle to due scrutiny, and she ultimately sees the foreign-policy consequences of the Ibn Khaldun Trap – with its emphasis on domestic struggles for power by cohesive social groups within the United States – as the most relevant of these for illuminating the current state of US-China rivalry. Li sees the waning of US “*structural power*” and its pre-eminent position within the global political economy as paving the way for interdependent hegemony. Moore emphasizes

historical, cultural and ideological factors that may add fuel to the fire of great-power competition and render the functioning of any such US-China arrangement tenuous. Chaturvedi, in turn, takes the ideational route to its conclusion and emphasizes the productive power inherent in the crafting of new conceptual categories like “the Indo-Pacific”.⁶⁸

There is also division regarding the strategic merits of competition as a framework for informing the policies of the US and its allies and partners, and, relatedly, over how well the US and said states are dealing with the challenges posed by China. Farghen, for her part, perceives a divided collection of liberal states that are lacking in competitive assertiveness, incapable of putting sufficient pressure on China to uphold the non-proliferation regime or to hold the “challenging powers” of North Korea and Iran accountable for their actions. Przystup sees things differently. For him, the US alliance network in the Indo-Pacific is actually strengthening in the face of Chinese assertiveness, and this is so despite president Trump’s disruptive agency. McCarthy, in her take, views engagement not as an antonym for, but as a vital complement to, competition – the two approaches may, even must, coexist if the US and the West at large are to craft a prudent strategy for dealing with China on trade and economic matters. When it comes to Europe, Odgaard’s chapter speaks to the tension between US-EU complementarity and (strategic) autonomy when it comes to the Union’s role in the Indo-Pacific amidst the emerging US-China rivalry. Portela’s contribution provides another take on this dilemma, by pointing out the pros and cons of challenging and accommodating the US as it has embarked on a more assertive sanctions policy.

The different emphases of the chapters thus reflect not only the different theoretical, methodological and thematic choices of the authors of this volume, but also the inherent complexity of unfolding great-power competition in the 21st century. In fact, the best, albeit imperfect, antidote for dealing with the uncertainty and anxiety of this novel era is engagement in lively and rigorous conceptual, theoretical and policy-relevant discussions. It is through such debates over the meanings, causes, policy implications and future prospects of great-power competition that scholars, practitioners and policymakers can come to devise the requisite tools and strategies for the ensuing decades. Only by engaging in such escapades can the scholarly and policymaking communities become more aware of the rosier and gloomier prospects associated with this “new normal” in global politics, and thus navigate a safe course through the choppy waters and treacherous currents of great-power competition and concomitant US-China rivalry.

68 On productive power, see M. N. Barnett & R. Duvall (2005), “Power in International Politics,” *International Organization* 59, no. 1, pp. 39–75.

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1. FOUR US-CHINA TRAPS: THUCYDIDES, KINDLEBERGER, KENNEDY AND IBN KHALDUN

Carla Norrlof

1.1. INTRODUCTION

The return of great power rivalry has been the defining feature of the 21st century. Since the beginning of the new millennium, Russia and China have openly defied the United States and upset the stability of the liberal international order. For most scholars and pundits China is the bigger threat to US interests and the US-led order. Russia and China share physical and material attributes possessed by the United States and required for great power status: land mass, a sea portal, a large population and technology to field and develop a competitive military capability. For the foreseeable future, all eyes will remain on China. Growth in the middle kingdom, both economically and militarily has been astounding, and has largely surpassed Russian growth. Perhaps more importantly, Chinese growth, unlike Russia's advances, is more multidimensional and not predominantly resource-based.

Despite general agreement regarding China's emergence as the United States' principal rival, disagreement exists as to the nature of US-China relations as well as the causes and consequences of any rivalry between them. This chapter evaluates two well-known "traps" –the Thucydides Trap and the Kindleberger Trap. The former was popularized by Graham Allison and the latter by his long-time colleague and friend Joseph S. Nye.⁶⁹

69 G. Allison (2015), "The Thucydides Trap: Are the U.S. And China Headed for War?", *The Atlantic*, September 24, <https://www.theatlantic.com/international/archive/2015/09/united-states-china-war-thucydides-trap/406756/>; G. Allison (2017), *Destined for War: Can America and China Escape Thucydides's Trap?*, Boston, Mass.: Houghton Mifflin Harcourt; J. S. Nye (2017), "The Kindleberger Trap", *Project Syndicate*, Prague.

To this great-power debate, I introduce two new traps – the Kennedy Trap and the Ibn Khaldun Trap. My objective is to analyze the relevance of these four traps for understanding US-China rivalry.

1.2. THE FOUR TRAPS

All four traps are based on empirically-driven historical analogies. Important differences exist in the ease with which their historiography can be transposed onto the present time. Two of the traps – the Thucydides Trap and the Ibn Khaldun Trap – originate from the 5th century BC and the 14th century. By contrast, the Kindleberger Trap and the Kennedy trap are born out of 20th century experiences, which more easily apply to the 21st century despite technological and structural changes. Mindful of the difficulty in interpreting classical texts outside of their own socio-ecological system, and of the care required of international-relations scholars to interpret political philosophy from classical and medieval times, I rely on authoritative understandings of these works instead of my own understanding of the original texts.⁷⁰

1.2.1. The Thucydides Trap

The most famous of the traps is the deadly Greek trap in which the fear of a hegemonic power sparks catastrophic war with a rising power. In the *History of the Peloponnesian War*, Thucydides writes “What made war inevitable was the growth of Athenian power and the fear which this caused in Sparta.”⁷¹ A great deal of controversy exists as to whether this really reflects what Thucydides meant. Quite regardless of Thucydides’ meaning, Donald Kagan disputes that Athens was rising, punching a rather big hole in the principal causal factor driving the ‘Thucydides Trap’.⁷² Scholars have generally been unhappy with how international relations theorists have interpreted Thucydides’ work to fit their own purposes, without the requisite knowledge to understand classical texts (or China’s rise).⁷³ Whether true to its original meaning, Thucydides’ statement has been widely adopted as a metaphor for great-power transition, particularly its dangers. Both Organski’s power transition theory and Gilpinian realism see great-power wars as most likely to occur when a

70 See D. A. Welch (2003), ‘Why International Relations Theorists Should Stop Reading Thucydides’, *Review of International Studies* 29: 3, pp. 301–319.

71 M. I. Finley & R. Warner (1972), *Thucydides: History of the Peloponnesian War*, New York: Penguin.

72 D. Kagan (1969), *The Outbreak of the Peloponnesian War*, Ithaca, NY: Cornell University Press, pp. 345–6.

73 Welch (2003); J. Lee (2019), “Did Thucydides Believe in Thucydides’ Trap? The History of the Peloponnesian War and Its Relevance to U.S.-China Relations”, *Journal of Chinese Political Science* 24: 1, pp. 67–86.

rising challenger is about to surpass a declining hegemonic power.⁷⁴ Some debate exists as to whether the rising power attacks first in an attempt to turn the tables on the dominant power or whether the dominant power launches a preventive war against the rising power. The former perspective is associated with Organski and Kugler's power transition theory, the latter with Gilpin.⁷⁵ Both perspectives stress the rising power's incentives to establish, and then take advantage of, its own rules of the game, more explicitly conceptualized as status quo dissatisfaction in Organski and Kugler's theory.

1.2.2. The Kindleberger Trap

The Kindleberger Trap refers to the failure of the rising power to provide international public goods once the dominant power has lost the ability to singlehandedly provide them. Public goods have two properties, non-rival benefits and non-exclusion.⁷⁶ They are goods everyone can enjoy without diminishing anyone else's enjoyment. Since no one can be excluded from the benefits, this creates a dilemma. When everyone is able to benefit from public goods without limitation, no one will contribute to their realization. If no one contributes, public goods will fail. Examples of international public goods are free trade, international security and international financial stability. While everyone has an interest in their realization, the extent to which any single country can afford to contribute will depend on its size. Despite having an interest in seeing public goods succeed, small countries cannot afford to make the sizeable contributions required to fully provide the good. Even if they contribute to their utmost ability, the good will not become available. They simply cannot enjoy the public good unless large actors also contribute. Since small countries' contributions do not significantly affect the availability of the good, they face weak incentives to chip in with their small contributions and strong incentives to freeride on large contributions. By contrast, an exceptionally large actor has the wherewithal to make the big contributions required to fully provide the good. Since systemically large countries' independent contributions are sufficient for everyone to enjoy the public good, they have strong incentives to contribute even as smaller countries freeride on their big contributions.

The lessons drawn by Charles Poor Kindleberger of the failed hegemonic transition during the interwar years inspired Joseph S. Nye's

74 A. F. K. Organski (1968), *World Politics*, New York: Alfred A. Knopf; R. Gilpin (1981), *War and Change in World Politics*, Cambridge: Cambridge University Press.

75 Organski (1968); A. F. K. Organski & J. Kugler (1980), *The War Ledger*, Chicago: Chicago University Press; Gilpin (1981).

76 M. Olson (1965), *The Logic of Collective Action*, Cambridge, Mass: Harvard University Press.

Kindleberger Trap.⁷⁷ Kindleberger blamed the severity of the Great Depression on the United States' failure to lead when the flailing Great Britain no longer had the capacity to fully provide the public good of financial stability.⁷⁸ Had the United States stepped in to cover the public good burden of ensuring financial stability, the Great Depression may have been averted. By analogy, as the United States declines and is unable to provide the public goods undergirding the contemporary international order, China should pitch in to ensure their adequate supply.

1.2.3. The Kennedy Trap

Perhaps better known as the “imperial overstretch myth”, I introduce a second quagmire, the Kennedy Trap, which sees the dominant actor's international security role as triggering economic decline, sparking relative decline and ultimately absolute decline.⁷⁹ According to the British historian Paul Kennedy, all great powers in the West from the 16th century onwards have succumbed to a similar quandary: military expansion has driven a downward security-economic spiral towards absolute decline. In his magisterial work, *The Rise and Fall of the Great Powers*, he charts the well-trodden path whereby military over-extension results in a higher defense-to-GDP burden, higher budget deficits and public debt with a squeeze on productive investment.⁸⁰ The detrimental consequences roll over into ensuing economic decline, which continues to reverberate negatively on the country's military capability. Emphasizing the favorable effect of a strong economy on military might while de-emphasizing the favorable impact of a strong military capability on economic might, the Kennedy Trap dooms the dominant military power to failure and decline. Kennedy famously predicted that the United States would meet the same fate.

1.2.4. The Ibn Khaldun Trap

In the Ibn Khaldun Trap, networks support each other and rise to power under a dominant leader, only to see group loyalty recede as they fight over the spoils of conquest and the leader of the pack seeks to consolidate power, resulting in the group's ousting by another network with stronger social ties. Ibn Khaldun proposed a cyclical theory of the rise and fall of

77 Nye (2017).

78 C. P. Kindleberger (1973), *The World in Depression 1929-1939*, Berkeley: University of California Press.

79 I note only one prior use of the term “Kennedy Trap”, although it is entirely different, applied to China's rise while focusing only on the limits. Y. Qin (2015), “Major-Country Diplomacy Must Steer Clear of Three Traps That Could Hinder China's Rise”, *Chinese Social Sciences Today*, Beijing: Social Sciences in China Press, June 11, <http://www.csstoday.com/Item/2179.aspx>.

80 P. Kennedy (1987), *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, New York: Random House.

dynasties. The concept of *Asabiyyah*, a strong group feeling, esprit de corps and shared identity, is central to his theory. A tribe held together by *Asabiyyah* conquers a polity and succumbs to weakness, profligacy and declining solidarity, making it easy prey for a more socially cohesive tribe.⁸¹ Scholars of Arab literature and Islam, as well as geographers and anthropologists, have seen leadership as integral to Ibn Khaldun's *Asabiyyah*.⁸² For them, leadership is required for social cohesion. A leader is critical to the success of the ascendant group, which will fail to "form a harmonious whole except when arranged hierarchically with an undisputed leader at the top".⁸³ However, once the summit of power has been attained, the leader propels dynastic decline by undermining "the solidarity of his own supporters as he seeks to assert his royal dominance".⁸⁴ In the West, Ibn Khaldun's cyclical theory has been interpreted as pertaining to tribal societies based on "blood ties", namely "family ties", although it is unclear whether such ties were essential to Khaldun's theory. According to Alrefai and Burn, Ibn Khaldun repeatedly says social cohesion, "... derives more from a long history of companionship and joint efforts than from genealogies based on blood ties".⁸⁵ While it is clear that Ibn Khaldun's social cohesion does not exclude affinity based on "blood ties", his theory likely includes affinity based on ties other than blood, particularly broader "ethnic ties", including ties not based on kinship as well as ties beyond ethnicity based on other forms of social cohesion.

1.3. RELEVANCE AND IMPLICATIONS OF THE FOUR TRAPS

This section discusses the relevance of the four traps for contemporary international relations, particularly for US-China rivalry, and what is at stake from (mis-)attributing either trap to current events.

81 I. Khaldun (2005), *The Muqaddimah. An Introduction to History – Translated from the Arabic by Franz Rosenthal*. Abridged Edition, Princeton, New Jersey: Princeton University Press.

82 M. Mahdi (1964), *Ibn Khaldun's Philosophy of History: A Study in the Philosophic Foundation of the Science of Culture*, Chicago: University of Chicago Press; Y. Lacoste (1966), *Ibn Khaldoun. Naissance De L'histoire, Passé Du Tiers Monde*, Paris: Maspéro; F. Rosenthal (1987), "Ibn Khaldun", in M. Eliade (ed.), *The Encyclopedia of Religion*, New York: Macmillan, p. 566; L. Rosen (2005), "Theorizing from Within: Ibn Khaldun and His Political Culture", *Contemporary Sociology* 34: 6.

83 Mahdi (1964), p. 197.

84 Rosen (2005), p. 598.

85 A. Alrefai & M. Brun (1994), "Ibn Khaldun: Dynastic Change and Its Economic Consequences", *Arab Studies Quarterly* 16: 2, pp. 73–86.

1.3.1. Assessing the Thucydides Trap

US-China rivalry has undoubtedly heated up over the last decade, and has reached boiling point under the Trump presidency. Competition between the two great powers is real but is it inevitably deadly? Many reasons suggest not. The Thucydides Trap is highly relevant insofar as we have a clear incumbent power, the United States, and according to several metrics of great powerhood – military capability, manufacturing as well as commercial and corporate power – we also have a clear rising power, China. But even disregarding the fact that the incumbent power was the authoritarian land power, Sparta, which feared the rise of the democratic maritime power, Athens, the uneasy fit in regime type is not the biggest problem with the analogy. In order for the Thucydides Trap to apply, China has to significantly narrow the power gap with the US. That is clearly not the case. While China has caught up with the US in important respects, it has not caught up in the most important respects required for power transition.

Nonetheless, for the sake of probing the Thucydides Trap more fully, let's simply assume that China is catching up with the US materially. Even so, a power grab should only occur if the US fears China because China aspires to supplant the US as the reigning power in the world. China may have such ambitions to reach the number one spot on the global power ladder. For if China aspires to become the primary superpower, it must indeed rein in the current primary power, the US. Since the US shows no signs of wanting to renounce its top dog position, China is clearly bound to clash with the US under this scenario. But it is also possible that China has more limited ambitions, and will be satisfied as long as it is able to realize key interests. Under this second scenario, we must not only pay attention to what China wants. To assess what China wants, we need to look at what China does. Indicators of revisionism and status-quo seeking behavior have been developed. If China is revisionist, it should seek to challenge the rules enshrined in international institutions and close unfavorable power gaps.⁸⁶ These indicators may, however, be less helpful for establishing whether China is revisionist with respect to the regional space China inhabits or with respect to global order. Assuming China is revisionist, attempts to establish regional hegemony would certainly qualify as a more restrained form of revisionism without triggers for great-power war necessarily being pulled. China's policies towards Taiwan and Hong Kong certainly reflect this. For quite some time, foreign policy experts have concluded that the more limited ambition of regional hegemony

86 A. I. Johnston (2003), "Is China a Status Quo Power?", *International Security* 27: 4, pp. 5–56.

is precisely what China has sought to achieve.⁸⁷ It would, however, be foolish to turn a blind eye to China's more assertive posturing beyond its region – the Belt and Road Initiative (BRI), the Asian Infrastructure Investment Bank (AIIB), and its cyber-security attacks.

The Thucydides Trap is a powerful analogy for the way in which a hegemonic power reacts to a rising power, to devastating effect. However, on balance, a war between the US and China seems rather unlikely. Apart from the obvious inhibiting factor of nuclear weapons, several other reasons point to a rather poor fit. Clearly, the US and China are not close to the power parity alleged to make a major power war likely between them. We cannot know China's intentions for sure, but we can infer them based on the country's behavior, and the more belligerent aims appear to be directed towards forging a regional rather than a global hegemony.

1.3.2. Assessing the Kindleberger Trap

While the Kindleberger Trap is seductive, and has some relevance in the trade area, as an overall assessment of US-China relations, it has two major drawbacks. First, China has not really failed to provide public goods when required to do so. The 2007 financial crisis serves as a notable example of China assisting the US with global public goods provision.⁸⁸ Second, although the United States has clearly lost the willingness to lead under the Trump presidency, it has not lost the ability to do so. The US remains the single most powerful country in the world, with a continued capacity to provide global public goods. China may have grown strong enough to contribute in certain areas, but the US remains fully able to provide global public goods in times of duress. Even during the current low point for US hegemony, American monetary leadership limited the global economic fallout of the pandemic.⁸⁹

The best fit for the Kindleberger Trap is in the free trade area, where the US has wavered on providing public goods, imposing tariffs on China and a host of other countries including the countries of the European Union, its North American neighbors, Canada and Mexico, as well as some Asian countries. Since China has surpassed the US on some conventional measures of commercial power, such as export performance, there is a case to be made that China should bear more of the burden in support of open trade and that its failure to contribute more poses a risk for the free

87 A. L. Freidberg (2005), "The Future of U.S.-China Relations: Is Conflict Inevitable?", *International Security* 30: 2, pp. 7-45.

88 C. Norrlof & S. Reich (2015), "American and Chinese Leadership During the Global Financial Crisis: Testing Kindleberger's Stabilization Functions", *International Area Studies Review* 18: 1, pp. 227-250.

89 C. Norrlof (2020), "Is Covid-19 the End of US Hegemony? Public Bads, Domestic Failures and Global Monetary Leadership", *International Affairs* (forthcoming).

trade system. Beijing's "Made in China 2025", launched in 2015, seeks to promote Chinese manufacturing and innovation in information technology (IT), telecommunications, advanced robotics and artificial intelligence (AI) towards the fourth industrial revolution.⁹⁰ Heavy state involvement to advance this goal is seen as undercutting WTO-style free trade, although as authors at the *Council of Foreign Relations* point out "favoritism for local production and 'indigenous' innovation" began several decades ago.⁹¹ In particular, the US has targeted Chinese firms and government entities in order to deal with China's policy of forcing foreign multinational corporations (MNCs) to transfer technology to local firms in exchange for access to the Chinese market and for dealing with China's failure to protect the intellectual property of foreign firms operating in China. Both practices contravene WTO provisions. If not entirely reversing these policies, muting them would certainly increase the sense of reinforcing the global free trade system rather than undermining it.

1.3.3. Assessing the Kennedy Trap

As far back as the 1960s and certainly by the 1970s and 1980s, scholars began to fear that the US was entering a cycle of hegemonic decline.⁹² Many of them shared the Kennedy Trap's assumption that security outlays were parasitic on economic performance. With the US bearing rising costs to sustain its global role, even as its economic capability relative to challengers was declining, US military power would eventually undermine its economic power. Strong mutually reinforcing security-economic tradeoffs can certainly chip away at a strategic advantage under certain circumstances. But as I have argued with William C. Wohlforth, they diminish power under all circumstances.⁹³ Whether the net benefits of hegemony reflect tradeoffs or complementarities depends on two conditions based on the relationship between economics and security.⁹⁴ First, the degree to which military power is necessary for economic strength and

90 PRC (2015), "'Made in China 2025' Plan Issued", Beijing: The State Council, The People's Republic of China.

91 PRC (2006), "The National Medium- and Long-Term Program for Science and Technology Development (2006-2020)", Beijing: The State Council, The People's Republic of China; J. McBride & A. Chatzky (2019), "Is 'Made in China 2025' a Threat to Global Trade?", New York: Council on Foreign Relations, <https://www.cfr.org/backgrounders/made-china-2025-threat-global-trade>.

92 See Gilpin (1981); D. P. Calleo (1982), *The Imperious Economy*, Cambridge, MA: Harvard University Press; I. Wallerstein (1984), *The Capitalist World-Economy*, Cambridge: Cambridge University Press; P. Kennedy (1987), *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, New York: Random House. On the commonalities and divergences among these schools, see W. R. Thompson (1988), *On Global War: Historical-Structural Approaches to World Politics*, Columbia: University of South Carolina Press, 1988, chapters 2-3.

93 C. Norrlof & W.C. Wohlforth (2019), "Is US Grand Strategy Self-Defeating? Deep Engagement, Military Spending and Sovereign Debt", *Conflict Management and Peace Science* 36: 3, pp. 227-247; C. Norrlof (2019), "Raison De L'hégémonie (the Hegemon's Interest): Theory of the Costs and Benefits of Hegemony", *Security Studies* 28: 3, pp. 422-450.

94 Norrlof (2019).

the degree to which economic strength is necessary for military power. Second, the global economy's sensitivity to insecurity.

In the pre-modern era, military power was necessary to keep the rewards from a productive economy. A productive economy was not necessary for military power. Militarily powerful actors could simply take the spoils from a productive economy and thus plunder their way to sustaining military prowess. Eventually, however, states relying on booty to fund military power were outcompeted by states that both raided and relied on a productive civilian economy to fund military power. Even though looting continued up until the mid-20th century, the empires of Athens and Rome as well as the European colonial empires had to maintain a productive economy in order to become great powers.⁹⁵ In the postwar international order, looting was no longer tolerated. A productive civilian economy was in principle required for maintaining military power.

Despite being unproductive, the Soviet Union managed to hold onto great-power status by drawing down oil and natural gas. With time, this became untenable. As the Soviet Union collapsed, it became clear that a productive economy was crucial for sustaining a world class military power. That meant any resources spent on maintaining military power were being diverted from productive activity. In the system that had emerged, many scholars assumed all powers would eventually succumb to this security-economic tradeoff with its attendant demise. Moreover, they believed the great powers were particularly vulnerable to the Kennedy Trap because the costs of sustaining a military power would naturally increase with the scale of activity and protection, heightening economic risks for major powers. The academic conclusion, and policy recommendation, was for the US to dodge the Kennedy Trap by reducing its military apparatus and security commitments.⁹⁶

These scholars failed to understand that the Kennedy Trap hinged on the set of conditions described above. Whether scaling down militarily makes economic sense depends on whether it will ultimately generate higher economic costs. In a world of economic interdependence, where the international economy is highly sensitive to insecurity, scaling down militarily fails to protect the international economy from insecurity, lowering the economic gains from international exchange. Of

95 R. Findlay & K. H. O'Rourke (2009), *Power and Plenty: Trade, War, and the World Economy in the Second Millennium*, Princeton, NJ: Princeton University Press.

96 C. Layne (1997), "From Preponderance to Offshore Balancing: America's Future Grand Strategy", *International Security* 22: 1, pp. 86-124; E. Gholz, D. G. Press & H. M. Sapolsky (1997), "Come Home, America: The Strategy of Restraint in the Face of Temptation", *International Security* 21: 4, pp. 5-48; B. R. Posen (2007), "The Case for Restraint", *The American Interest* 3: 1, pp. 7-17; C. Layne (2010), "Graceful Decline: The End of Pax Americana", *The American Conservative* 9: 5, pp. 30-33; J. J. Mearsheimer & S. M. Walt (2016), "The Case for Offshore Balancing: A Superior U.S. Grand Strategy", *Foreign Affairs* 95: 4, pp. 70-83.

course, the era of international economic interdependence differs from other environments – of either predominantly closed economies as in the ancient world or the 19th century period of interdependence where sensitivity to insecurity was low. Back then, large-scale military power was not required to protect the international economy from insecurity and thereby the gains from open exchange, either because there was no ‘open international economy’ or because the ‘open international economy’ was not particularly sensitive to security disruptions. Today, the ‘open international economy’ is sensitive to security disruptions and requires armed protection. Our current world is marked by security-economic complementarities, and maintaining military strength reduces net long-term security costs while facilitating higher output and exchange. As a result, military power cannot be dismissed as an unmitigated drain on the economy.

Aside from having limited applicability under conditions of international economic interdependence, yet another problem limits the relevance of the Kennedy Trap for predicting US decline. Much of the debate in the international security community, implicitly invoking the Kennedy Trap, emphasizes the ticking debt bomb, and prospects for financial insolvency arising from higher military spending.⁹⁷ However, this discussion entirely side-steps another feature of the postwar era, the dollar’s unrivalled rise to international prominence, and the advantages it affords the US in terms of issuing debt and laxer spending constraints.⁹⁸

All this is not to say that there are no limits on US military spending and expansion, nor that all forms of spending and expansion have a positive economic dividend. But it is to say that scholars have been far too downbeat as regards the sustainability of US hegemony arising from these particular dynamics. Today, there are many reasons to fear that the US might be in jeopardy, but the security-driven Kennedy Trap is not one of them.

1.3.4. Assessing the Ibn Khaldun Trap

The most illuminating trap employs a domestic analogy between earlier cycles of dynastic rule in the Islamic Golden Age and cycles of Republic rule in the US, with consequences for US-China rivalry. As with the

97 E. Gholz & D. G. Press (2001), “The Effects of Wars on Neutral Countries: Why It Doesn’t Pay to Preserve the Peace,” *Security Studies* 10, no. 4, pp. 1–57; Layne (2010); P. K. MacDonald & J. M. Parent (2011); “Graceful Decline? The Surprising Success of Great Power Retrenchment,” *International Security* 35, no. 4, pp. 7–44.

98 C. Norrlof (2010), *America’s Global Advantage: US Hegemony and International Cooperation*, Cambridge: Cambridge University Press; D. McDowell (2012), “The US as ‘Sovereign International Last-Resort Lender’: The Fed’s Currency Swap Programme During the Great Panic of 2007–09”, *New Political Economy* 17: 2, pp. 157–178; T. Oatley et al. (2013), “The Political Economy of Global Finance: A Network Model”, *Perspectives on Politics* 11: 1, pp. 133–153; C. Norrlof (2014), “Dollar Hegemony: A Power Analysis”, *Review of International Political Economy* 21: 5, pp. 1042–1070; Norrlof & Wohlforth (2019).

other metaphors, the fit is as imperfect as it is evocative, yet speaks to our current moment to a greater extent than the other traps. Political elites in the US have become increasingly polarized over time, encompassing social and cultural value conflicts in addition to the more traditional liberal conservative dividing line.⁹⁹ For partisans, elections have become “group competitions” in a struggle to preserve partisan identity.¹⁰⁰

Racial antagonism rose sharply during President Obama’s first term to become increasingly partisan, despite his 2008 victory being widely seen as ushering in a post-racial society.¹⁰¹ Political identities could be race-based, but need not be. Party polarization based on affect has been shown to be just as strong as polarization based on race, and cross-party discrimination greater than race-based discrimination.¹⁰² Whatever the basis for strong partisan identities – race, class, ideology – they pose significant problems due to their ability to divide society on issues where no strong polarization exists in substantive terms.¹⁰³ Extreme polarization creates life and death incentives to seize power and implement preferred policies without compromise, and for opposing groups to work hard to oust the incumbent without seeking any middle ground.

Donald Trump’s rise to office exemplifies how two features, which form the backbone of Ibn Khaldun’s theory of the dynastic cycle, facilitate conquest: social glue and the demand for deference by bold leaders. The most defining aspect of Trump’s campaign and presidential term, distinguishing him from all previous presidents, is his overt racial animus. Previous presidents did not make public racist statements, but rather used coded language, “dog whistles”, to signal anti-blackness to a target audience, which broader audiences might not understand and could choose to ignore. A classic example was Ronald Reagan’s plea for social welfare cuts by evoking the “welfare queen”, referencing how black women cheated the system.¹⁰⁴ The efficacy of dog whistles lies in their simultaneous ability to make racist imagery stick while denying any intended racism. Yet from the recently released Nixon-Reagan tapes,

99 C. Hare & K. T. Poole (2014), “The Polarization of Contemporary American Politics”, *Polity* 46: 3, pp. 411–429.

100 P. R. Miller & P. Johnston Conover (2015), “Red and Blue States of Mind: Partisan Hostility and Voting in the United States”, *Political Research Quarterly* 68: 2, pp. 225–239.

101 M. L. McDermott & C. Belcher (2014), “Barack Obama and Americans’ Racial Attitudes: Rallying and Polarization”, *Polity* 46: 3, pp. 449–469.

102 S. Iyengar and S. J. Westwood (2015), “Fear and Loathing across Party Lines: New Evidence on Group Polarization”, *American Journal of Political Science* 59: 3, pp. 690–707.

103 L. Mason (2015), “‘I Disrespectfully Agree’: The Differential Effects of Partisan Sorting on Social and Issue Polarization”, *American Journal of Political Science* 59: 1, pp. 128–145.

104 I. Haney-López (2014), *Dog Whistle Politics: How Coded Racial Appeals Have Reinvented Racism and Wrecked the Middle Class*, Oxford: Oxford University Press.

we know that both Nixon and Reagan harbored racist sentiments even though they were careful not to voice them publicly.¹⁰⁵

The novelty of Donald Trump's campaign strategy lies in his unapologetic racism. While alienating some Republicans, this strategy, which has carried into his presidency, has been acceptable to a sufficient number of Republicans, while also appealing to some Democrats. The glue holding together the coalition behind him is an identity-based 'Jacksonian revolt' to protect 'white identity' from other identity-based coalitions encroaching on their economic, social and cultural rights.¹⁰⁶ From the start, Trump gained support from the alt-right and from evangelical Christians. The alt-right is predominantly white nationalist.¹⁰⁷ Evangelical Christians are more likely to deny racial discrimination than any other religious group.¹⁰⁸

Below I offer some examples of Donald Trump's racism, both during his campaign, and as President of the United States. Tough immigration policies against countries with predominantly dark-skinned people would become a centerpiece of his campaign and incumbency. Even before his official announcement to run for president, Trump took to Twitter in 2014 to launch the idea of a US-Mexico border wall, tweeting "SECURE THE BORDER! BUILD A WALL!".¹⁰⁹ When announcing his candidacy in June 2015, he called Mexicans rapists and thugs.¹¹⁰ In February 2016, he waited before disavowing support from David Duke and the Ku Klux Klan (KKK) and only did so after receiving massive rebuke.¹¹¹ Up until September during his 2016 campaign, Trump continued to sow doubts about the "birther" lie he had helped to spread since 2011 – claiming the incumbent President Obama was born in Kenya.¹¹²

Once elected, the president quickly moved to put in place harsh immigration policies, including an executive order to construct a wall on the Mexican border. Meanwhile, his soft approach to white supremacy

105 T. Naftali (2019), "Ronald Reagan's Long-Hidden Racist Conversation with Richard Nixon", *The Atlantic*, July 30, <https://www.theatlantic.com/ideas/archive/2019/07/ronald-reagans-racist-conversation-richard-nixon/595102/>.

106 W. R. Mead (2017), "The Jacksonian Revolt: American Populism and the Liberal Order", *Foreign Affairs* 96: 2, pp. 2-7.

107 J. M. Berger (2018), "Trump Is the Glue That Binds the Far Right", *The Atlantic*, October 29, <https://www.theatlantic.com/ideas/archive/2018/10/trump-alt-right-twitter/574219/>.

108 R. P. Jones, D. Cox & R. Lienesch (2017), "Who Sees Discrimination? Attitudes on Sexual Orientation, Gender Identity, Race, and Immigration Status | Findings from American Values Atlas", Washington, D.C.: PRRI.

109 D. J. Trump (2014), "Secure the Border! Build a Wall!", in @realDonaldTrump, Twitter.

110 M. Ye Hee Hee (2015), "Donald Trump's False Comments Connecting Mexican Immigrants and Crime", *Washington Post*, July 8, <https://www.washingtonpost.com/news/fact-checker/wp/2015/07/08/donald-trumps-false-comments-connecting-mexican-immigrants-and-crime/>.

111 E. Bradner (2016), "Donald Trump Stumbles on David Duke, KKK", *CNN*, February 29, <https://edition.cnn.com/2016/02/28/politics/donald-trump-white-supremacists/index.html>.

112 G. Krieg (2016), "14 of Trump's Most Outrageous 'Birther' Claims – Half from after 2011", *CNN*, September 16, <https://edition.cnn.com/2016/09/09/politics/donald-trump-birther/index.html>.

continued and, in August 2017, he insisted on moral equivalence in reference to the leftist protesters who opposed the white supremacist rally in Charlottesville, Virginia.¹¹³ In September 2017, President Trump called on the National Football League (NFL) to fire their quarterback player, Colin Kaepernick, and others who took a knee peacefully protesting oppression and police brutality against people of color.¹¹⁴ In January 2018, he opposed immigration from El Salvador, Honduras and African countries, describing them as “shithole countries”.¹¹⁵ Echoing the birther conspiracy theory, in July 2019 he told four newly elected female congresswomen to go back where they came from, although the majority were born in the US. Birtherism made a reappearance as soon as Kamala Harris made the 2020 presidential ticket. Law professor John Eastman raised doubts about whether Harris was a “natural born” US citizen and therefore whether she was eligible to serve as vice president.¹¹⁶ Trump quickly seized the opportunity to sow uncertainty as to whether Harris was indeed entitled to the VP position, even as constitutional law professors dismissed the claim.¹¹⁷ Yet more than any single event, the watershed moment in May 2020 when a police officer killed George Floyd in plain sight along with the ensuing police brutality, and use of the National Guard to suppress the Black Lives Matter (BLM) protests during the country’s racial awakening, epitomizes the administration’s racialized identity politics.

Rallying around ‘white America’, the President’s supporters are known for being fiercely loyal, creating a cohesive identity-based group. Before coming to Washington, Trump made it clear how much he valued loyalty. “I value loyalty above everything else – more than brains, more than drive and more than energy.”¹¹⁸ Shortly after his inauguration, he said to James Comey, then director of the FBI, “I need loyalty, I expect loyalty”.¹¹⁹ The president is known to have a loyal base, and to surround himself with loyal appointees and advisors, some of whom are family

- 113 M. D. Shear & M. Haberman (2017), “Trump Defends Initial Remarks on Charlottesville; Again Blames ‘Both Sides’”, *The New York Times*, August 15, <https://www.nytimes.com/2017/08/15/us/politics/trump-press-conference-charlottesville.html>.
- 114 C. Guerrero (2020), “Timeline: Colin Kaepernick’s Journey from San Francisco 49ers Star to Kneeling to Protest Racial Injustice”, ABC 7 News, August 27, <https://abc7news.com/colin-kaepernick-kneeling-when-did-first-kneel-date-what-does-do-now/4147237/>.
- 115 L. Gambino (2018), “Trump Pans Immigration Proposal as Bringing People from ‘Shithole Countries’”, *The Guardian*, January 12, <https://www.theguardian.com/us-news/2018/jan/11/trump-pans-immigration-proposal-as-bringing-people-from-shithole-countries>.
- 116 J. C. Eastman (2020), “Some Questions for Kamala Harris About Eligibility”, *Newsweek*, August 12, <https://www.newsweek.com/some-questions-kamala-harris-about-eligibility-opinion-1524483>.
- 117 K. Rogers (2020), “Trump Encourages Racist Conspiracy Theory About Kamala Harris”, *The New York Times*, August 13, <https://www.nytimes.com/2020/08/13/us/politics/trump-kamala-harris.html>.
- 118 D. J. Trump and Bill Zanker (2007), *Think Big and Kick Ass in Business and Life*, New York: Harper Collins.
- 119 M. Kruse (2018), “I Need Loyalty”, *Politico*, March/April, <https://www.politico.com/magazine/story/2018/03/06/donald-trump-loyalty-staff-217227>.

members. Trump has been remarkably successful in securing party loyalty, especially during the first two years of his term.¹²⁰ This initial cohesion eventually gave way to decadence and bitter power struggles. The in-fighting ended in a number of erstwhile supporters resigning, some of them voluntarily, others terminated. Scandal and debauchery also marked his presidency. His confidante counsellor, Hope Hicks, resigned after her previous boyfriend and former campaign manager, Corey Lewandowski, allegedly leaked domestic violence allegations against her then boyfriend, former White House staff secretary Robert Porter.¹²¹ According to an undisclosed source, “This had been planned and choreographed and coordinated and known long in advance by a group of people who were trying to play political games”.¹²² The turnover within Trump’s inner circle is unprecedented. Examples of people who have either quit or been fired include Steven Bannon, Michael Flynn (US National Security Advisor), H. R. McMaster (US National Security Advisor), Rex Tillerson (US Secretary of State), James N. Matthis (US Secretary of Defense), Nikki Haley (US Ambassador to the UN), John R. Bolton (US National Security Advisor), Geoffrey Berman (US Attorney for the Southern District of New York) and others such as his personal lawyer Michael Dean Cohen.

Internationally, the discriminatory nature of the Trump presidency manifests in an ‘us vs them’ sentiment that is also evident towards other countries. The US-China relationship is the primary example and casualty of this form of zero-sum thinking. Despite talking tough, the president has not been successful in managing great-power rivalry with China, neither economically nor in the security realm.

On the economic front, Trump’s trade wars have failed to close the bilateral trade deficit with China, to create a manufacturing boom, or to incentivize China to change its WTO-inconsistent trade policies on subsidies, intellectual property and forced technology transfers.¹²³ The technology wars allegedly mix economic and security concerns, and have uncertain outcomes. For example, the administration’s ban on TikTok and WeChat in the US cites national security concerns. In reality, the measures are less about cyber-security threats than economic threats. Cyber-security threats are just as likely threats, regardless of the nationality of

120 S. Frostenson (2019), “Republicans in Congress Have Been Very Loyal to Trump. Will It Last?”, *FiveThirtyEight*, January 3, <https://fivethirtyeight.com/features/republicans-in-congress-have-been-very-loyal-to-trump-will-it-last/>.

121 E. Relman (2018), “Everyone’s Blaming Corey Lewandowski for the Rob Porter Scandal – Because He Still Had ‘Raw Feelings’ for Hope Hicks and Thought He Should ‘Control’ Her”, *Business Insider*, March 28, <https://www.businessinsider.nl/corey-lewandowski-outed-rob-porter-to-sow-chaos-over-hope-hicks-2018-3/>.

122 *ibid.*

123 P. H. Gordon (2020), “What Should Come after Trump’s Failed China Policy?”, *War on the Rocks*, Texas: Texas National Security Review, July 6, <https://warontherocks.com/2020/07/what-should-come-after-trumps-failed-china-policy/>.

the company collecting and storing data.¹²⁴ Dealing with them therefore requires strict enforceable standards for data protection.¹²⁵ The motive behind the ban is more likely to bait a Chinese reaction and thereby to show US companies the political risks of doing business in China.¹²⁶ It could also be an attempt to deter Chinese technology firms from investing in the US.¹²⁷ Either way, the strategy is intended to force a decoupling from China, and to coercively manage global economic interdependence. The strategy carries great risks because “dismantling international supply chains will make U.S. businesses less competitive and will blunt their global technological edge”.¹²⁸ If economic interdependence unravels, the international economy will become less sensitive to insecurity, making war less costly in economic terms, thus removing a major constraint on war including a great-power war between the US and China. Consistent with the discussion under the Kennedy Trap, US incentives to protect the international economy militarily in order to reap an economic dividend will weaken, even as incentives to protect itself from great-power attack intensify.

In other dimensions of the security ledger, the United States labeled China a “strategic competitor” in its National Defense Strategy.¹²⁹ Citing both economic and security concerns, the document accuses China of “using predatory economics to intimidate its neighbors while militarizing features in the South China Sea”.¹³⁰ China has been jockeying for power in Asia. China’s expansion continues in the South China Sea, with freedom of navigation exercises, while a Chinese border dispute erupted with India in June 2020.¹³¹ While the administration has ramped up the US naval dispatch to the South China Sea with freedom of navigation exercises, no sustained attempt has been made to build an international

124 J. Wolff (2020), “So What Does Trump Have against TikTok?”, *The New York Times*, August 7, <https://www.nytimes.com/2020/08/07/opinion/tiktok-wechat-china-trump-executive-order.html?searchResultPosition=5>.

125 *ibid.*

126 J. Palmer (2020), “Why Is the United States Effectively Banning WeChat and TikTok?”, *Foreign Policy*, August 7, <https://foreignpolicy.com/2020/08/07/trump-ban-tiktok-wechat-china-apps/>.

127 G. Gertz (2020), “Why Is the Trump Administration Banning TikTok and WeChat?”, *Up Front*, Brookings, August 7, <https://www.brookings.edu/blog/up-front/2020/08/07/why-is-the-trump-administration-banning-tiktok-and-wechat/>.

128 S. K. O’Neil (2020), “How to Pandemic-Proof Globalization Redundancy, Not Reshoring, Is the Key to Supply Chain Security”, *Foreign Affairs*, April 1, <https://www.foreignaffairs.com/articles/2020-04-01/how-pandemic-proof-globalization>.

129 J. Mattis (2018), “Summary of the 2018 National Defense Strategy of the United States of America”, Washington D.C.: Department of Defense.

130 *ibid.*

131 Gordon (2020).

coalition, which China views as required to stop its maritime expansion.¹³² The obvious danger here is a deadly collision between President Trump's and President Xi Jinping's strongman rule, where the cult of personality is more highly valued than mutual cooperation.

President Trump's rise to office was born out of resistance to the perceived identity politics of the Obama presidency. Opposition was fierce despite President Obama's care in forging broad coalitions and his "commitment to non-race-specific policies".¹³³ Four years of President Trump's policies have led to a reckoning. His proposed policies and demeanor have emboldened an anti-racist counter-movement, "... a revolution against racism".¹³⁴ However, while a liberal backlash against the Trump administration has been in the making for a long while, the emphasis on racial equality is unlikely to have been as pointed without the wake-up call that George Floyd's murder inspired. If race becomes a major future flashpoint, these cycles are likely to continue, with power oscillating between "in" and "out" groups, producing sharp swings in US foreign policy. A more stable foreign policy will require breaking with the *Ibn Khaldun Trap* to forge broader coalitions.

132 M. Schuman (2020), "Why China Wants Trump to Win", *The Atlantic*, July 7, <https://www.theatlantic.com/international/archive/2020/07/why-china-wants-donald-trump-win/613864/>.

133 A. Gillespie (2019), *Race and the Obama Administration: Substance, Symbols and Hope*, Manchester University Press.

134 I. X. Kendi (2020), "Is This the Beginning of the End of American Racism?", *The Atlantic*, September issue, <https://www.theatlantic.com/magazine/archive/2020/09/the-end-of-denial/614194/>.

1/2

2. THE RISE OF CHINA AND THE US-LED WORLD ORDER: CAN TWO TIGERS SHARE THE SAME MOUNTAIN?

Li Xing

2.1. INTRODUCTION

The Chinese proverb “yi shan bu rong er hu” (一山不容二虎) translates literally as “two tigers cannot share a mountain.” The connotation is that two equally powerful rulers (two kings) cannot co-exist. The two tigers will fight it out until one of them gives up (and leaves the mountain). The proverb heuristically reflects the discussion raised in Graham Allison’s recent book – *Destined for War: Can America and China Escape Thucydides’s Trap?*¹³⁵ The book reviews, in historical retrospect, a noxious pattern of structural constraint in the international system whereby war was often the consequence when a rising power began to challenge the existing hegemon. According to the findings by Allison’s research team, over the past 500 years conflicts between a rising power and an existing power have occurred sixteen times, and war has broken out in twelve of the cases. The cause of these wars pointed to what is historically known as “Thucydides’s Trap,” referring to the Peloponnesian War that devastated ancient Greece. In the words of Thucydides: “It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable.”¹³⁶

Is the world witnessing a repeat of the Thucydides’s Trap phenomenon today? When an ascending China is gradually becoming as powerful as the US, and when both countries are struggling to make their countries “great again,” will we see an unstoppable clash between Xi Jinping’s “Chinese Dream” and Donald Trump’s “make America great again”? Will

¹³⁵ G. Allison (2017), *Destined for War: Can America and China Escape Thucydides’s Trap?* New York: Houghton Mifflin Harcourt.

¹³⁶ *ibid.*

the current China-US confrontations in trade, security and international leadership become the seventeenth case of a clash between great powers? How will China approach its global expansive ambitions such as “Made in China 2025,” “Belt and Road,” and the dispute in the South China Sea, among other issues? Will the US accept the rise of China and its continuously growing position from the No. 2 world economy to No. 1? Will world disorder in the current nexus of China-US clashes eventually lead to a new world order or world reorder?

Acknowledging that these questions are very difficult to resolve, this chapter attempts to provide a framework for approaching or approximating some answers. The chapter starts by conceptualizing the architecture of the postwar US-led world order in terms of its strategic objectives and its core institutional pillars that sustain order. Secondly, the author argues that the major crises of the world order in the post-Cold War era were brought about by US liberal triumphalism and unilateral foreign policy. Thirdly, the chapter focuses on the rise of China, the impact of which is not only a contributing factor to global crises and disorder, but is also pushing the existing world order towards a reordering process. The chapter conceptualizes the reordering process as one in which the existing world order is changing from unilateral hegemony to interdependent hegemony. This reordering process is far from easy and will be characterized by confrontations between hegemonic forces (the existing powers represented by the US) and counter-hegemonic forces (the rising powers represented by China). The conclusion of this chapter is twofold: 1) it posits that China’s rise requires not just applying the existing theories, but generating new insights for new theorization; 2) it emphasizes the duality of structural barriers and ideational differences that will continuously shape the direction of China-US relations in the foreseeable future.

2.2. CONCEPTUALIZING THE US-LED WORLD ORDER

The analysis begins by discussing what is meant by “world order” and how the term can be defined. A world order is well conceptualized by Susan Strange as fixed “social, political, and economic arrangements.”¹³⁷ Since “those arrangements are not divinely ordained, nor are they the fortuitous outcome of blind chance,” rather “they are the result of human decisions taken in the context of man-made institutions and sets of self-set rules and customs.”¹³⁸ What then constitutes “international relations”

¹³⁷ S. Strange (1988), *States and Markets*. California: University of California.

¹³⁸ *ibid.*, p. 18.

under a particular world order? What are the order's constituents (state, market, society) and how do they cohere globally? Can we find any kind of general principles that govern the way in which international relations function and change, and are there any causal factors that lead to change?

Recognizing the fact that the postwar world order was the outcome of many unfolding events, challenges, policies and institutions rather than the result of a master plan,¹³⁹ we need to understand the key roles that the US played in shaping the postwar world order. In the aftermath of World War II, one of the key US objectives was to maintain a world order under which the capacity and sustainability of its overwhelming superpower and hegemony could continue to enjoy a dominant position. To realize these objectives, the US endeavored to set up an architecture of the world order supported by four institutional pillars: 1) *the construction of a capitalist world economic system*: establishing the Bretton Woods system of trade liberalization, stable currencies, and expanding global economic interdependence; 2) *the creation of a global/regional collective security*: forming an American-European-Asian military alliance to resist and block the expansion of communism; 3) *the strengthening of the global trade regime*: consolidating a Eurasia-centered global trade network; and 4) *the alignment of US-shaped liberal norms and values*: a universal system of values under American liberalism dubbed the “American Dream.” These four pillars represent the postwar reconstruction of a world order that is the foundation of the temporary “US structural power”. Seen from this perspective, the US intentionally created “a system of security arrangements and economic regimes that cohered with American ideas and favored US interests.”¹⁴⁰ What then are the core aspects of US “structural power”? Structural power refers to “the power to shape and determine the structures of the global political economy within which other states, their political institutions, their economic enterprises and (not least) their scientists and other professional people, have to operate” and “the power to decide how things shall be done, the power to shape frameworks within which states relate to each other, relate to people, or relate to corporate enterprises.”¹⁴¹ The core tenets underlining Strange’s conceptualization of structural power¹⁴² consist of four interconnected features ranging from security and production to finance and knowledge. These four aspects of

139 F.J. Gavin (2020), “Asking the right questions about the past and future of world order.” *The National Security Review* January 20. Available at <https://warontherocks.com/2020/01/asking-the-right-questions-about-the-past-and-future-of-world-order/>.

140 N. Kitchen & M. Cox (2019), “Power, structural power, and American decline.” *Cambridge Review of International Affairs*, 32(6), p. 743.

141 S. Strange (1988), pp. 24–25.

142 S. Strange (1987), “The Persistent Myth of Lost Hegemony.” *International Organization*, 41(4), p. 565.

structural power overlap with Samir Amin's identification of structural power as "five monopolies."¹⁴³ They refer to the areas of technology, finance, natural resources, communication and media, and weapons of mass destruction. In particular, among these areas "global finance and production are perhaps the most significant areas where structural power shapes the conditions under which other states must operate to the advantage of the United States."¹⁴⁴

Although the immediate US strategic goal in the aftermath of the Second World War was to resist the expansion of Soviet and Chinese communism, the rational objective of the US global strategy was to defend the gross inequalities in the world order and the tremendous privilege and power this global disparity of wealth brought to the United States. This seemingly unconscionable endeavor was vividly spelt out by George Kennan:

We have 50 percent of the world's wealth but only 6.3 percent of its population ... In this situation we cannot fail to be the object of envy and resentment. ... Our real task in the coming period is to devise a pattern of relationships that will allow us to maintain this position of disparity, ... We should cease to talk about the raising of the living standards, human rights, and democratization. The day is not far off when we are going to have to deal in straight power concepts. The less we are then hampered by idealistic slogans, the better.¹⁴⁵

Kennan's candid statement was highly descriptive of the line taken by US foreign policy in the decades that followed. The statement was particularly revealing on two counts:¹⁴⁶ First, it specified that the strategic objective of US foreign policy during the Cold War was not so much to battle the expansion of the "communist threat," but to defend its structural power, more specifically the gross inequalities in the postwar world order and the tremendous privilege and power this global disparity of wealth brought for the US. Second, it indicated that democracy/human

143 S. Amin (1997), *Capitalism in the Age of Globalization: The Management of Contemporary Society*. New York: Zed Books, pp. 4-5.

144 Kitchen and Cox (2019), p. 745.

145 Kennan (1976), *The National Security Council (NSC) Memorandum 68*. George Kennan was the former Head of the US State Department Policy Planning Staff. His selected quotations are taken from the complete text of the section on Policy Planning Staff/23 (1948). The complete paper was published in T.M. Campbell (1976), "Foreign Relations of the United States, 1948. Volume 1, Part 2. General; The United Nations", Department of State Publication 8849. Washington, DC: Government Printing Office.

146 W.I. Robinson (1995), "Pushing Polyarchy: the U.S.-Cuba case and the Third World." *Third World Quarterly*, 16(4), pp. 643-659.

rights abroad was not a major concern for the US in the formative years of the postwar world order.

Understanding its own prosperity as being tightly bound to the functioning of the world system and the success of its allied countries, the US was willing to develop the security protection and economic prosperity of its allied nations. This could be seen from the US involvements and roles in the Bretton Woods monetary system, the Marshall Plan, the Korean War, NATO, the Vietnam War, and so forth. In postwar Europe, concerned that the massive destruction and poverty would eventually facilitate the communist expansion, the US postwar “Marshall Aid” was aimed at resuscitating Western European industries in the possibly shortest time. In East Asia, the central theme of the US postwar policy was basically similar to its policy in Europe – to revive the Japan-centered regional economies including South Korea and Taiwan. Under US protection, external military threats and the internal danger of communist expansion were substantially reduced in these two regions. The burden of the allied countries’ military expenses was also greatly reduced by the US military presence. American military bases have been documented as not only protecting these countries but also as providing them with economic benefits such as employment. Even now, the withdrawal of American military forces would be regarded as a considerable economic loss.

Accordingly, the structural power that the US gained after the Second World War provided it with solid leverage to assume the responsibility of a “hegemonic stabilizer” of the international system and to fully develop a liberal global market and trading system through “providing global public goods in the form of security, opposition to communism, aid for economic development, and the strengthening of international institutions”.¹⁴⁷ The US leadership during this period was termed *structural leadership*, namely “the ability to direct the overall shape of world political order” based on resources, capital, technology, military forces and economic power.¹⁴⁸ The entire role of global public goods provider played by the US in the postwar era is conceptualized by the realist school of international relations as “hegemonic stability theory.”¹⁴⁹ The theory claims that world order is more likely to remain stable when the world is led by a single state, or hegemon.

147 S. Huntington (2001), “Japan’s role in global politics.” *International Relations of the Asia-Pacific*, 1(1), pp. 131-142.

148 J.G. Ikenberry (1996), “The future of international leadership.” *Political Science Quarterly*, 111(3), p. 389.

149 C. Kindleberger (1973), *The World in Depression, 1929-1939*. Berkeley: University of California Press;
R. Gilpin (1987), *The Political Economy of International Relations*. Cambridge: Cambridge University Press.

2.3. FROM THE POST-COLD WAR “NEW WORLD ORDER” TO WORLD ORDER CRISES

Following the end of the Cold War with the demise of the Soviet Union and with the development of China into “a rationally authoritarian state that observed more or less normal rules of international relations,” the Washington-centered alliance system lost both its compelling rationale and its legitimacy.¹⁵⁰ These transformations raised some fundamental questions for the United States: how to maintain the US-centered core structure in the post-Cold War world system?¹⁵¹ What were the persuasive grounds for continuing a US-led security network in the Triad (North America – Europe – Japan) when former enemies no longer exist? What would the new political force be after the USSR that could be identified as a threat to the US “new world order”?¹⁵²

Apart from the rise of China, the United States is now facing what Bergsten¹⁵³ predicted – two-front economic conflicts with both Europe and East Asia. The disappearance of the Soviet threat together with the growing renationalization of the world economy has reduced the vital role of the US security umbrella over the two regions. As a result of these developments, “The security glue that traditionally encouraged the postwar allies to resolve their economic differences no longer exists.”¹⁵⁴ Today, the wide differences between the US and its allies in bilateral or multilateral economic issues as well as global and regional security and environment concerns matter more than their traditional alliances vis-à-vis the environment, trade, NATO, Russia, China, North Korea, Iran, Syria, Israel-Palestine, and so forth.

The end of the Cold War prompted the US, the single remaining superpower, to design a new form of hegemony, termed *transnational liberalism* by Agnew and Corbridge.¹⁵⁵ On the economic front, the power base of the new hegemony was *the market* (marketization and market access). The strategy of the new US hegemony transformed from hegemonic stability in terms of *balance of power* under the nation state structure in a bipolar world to *hegemonic liberalism* and *market capitalism* in terms of *imbalance of power* in a unipolar world. The US hegemonic objective

150 W. Pfaff (2001), “The Question of Hegemony.” *Foreign Affairs*, 80(1), p. 227.

151 S.R. Schwenninger (1999), “World order lost: American foreign policy in the post-Cold War world.” *World Policy Journal*, 16(2), pp. 42-71.

152 R. Kagan & W. Kristol (2000), “The present danger.” *The National Interest*, (59), pp. 57-69.

153 F.C. Bergsten (2001), “America’s Two-Front Economic Conflict.” *Foreign Affairs*, 80(2), pp. 16-27.

154 *ibid.*, p. 21.

155 J. Agnew and S. Corbridge (1995), *Mastering Space: Hegemony, Territory and International Political Economy*. London: Routledge, pp. 164-207.

was not only to impose order among nation-states, but also to structure a universal global economic system that was meant to dismantle other types of economic system, such as the East Asian “crony capitalism,” the Russian “mafia capitalism,” the Chinese “state capitalism,” and even the European “welfare capitalism.” The establishment of the World Trade Organization (WTO) was understood as an effort to reshape the world economy in line with neoliberal economic principles and as an effective tool to force the non-free market economies to change their internal governance system.

On the political front, US post-Cold War foreign policy was essentially based on *liberal hegemony*, which is criticized by Mearsheimer’s realism as “a great delusion.”¹⁵⁶ Such criticism is shared by a number of other realists.¹⁵⁷ The concept of liberal hegemony, derived from Fukuyama’s “end of history” triumphalism¹⁵⁸ and inspired by the “democratic peace theory,”¹⁵⁹ refers to a purposeful foreign policy strategy aimed at remaking the world in America’s image and making the world safe for democracy. In other words, the strategy was designed to create an ideal convergence between US power/dominance and the US value system of democracy, free market, and human rights.¹⁶⁰ Seen from today’s perspective, this is not what has happened, and liberal hegemony has been short-lived. Instead, since 9/11, the United States itself has become a highly militarized state and has been propelled into implementing a unilateral regime change, and securitization-driven foreign policies. It has been fighting wars everywhere, undermining peace, harming human rights, and threatening liberal values both at home and abroad. It has had a more enduring impact on America’s inward-looking and self-centered approach to international affairs. Furthermore, it has dramatically transformed US foreign policy from a policy of “unilateral globalism,” namely providing global public goods for security and economic development, to “global unilateralism,” that is, promoting self-interest at the cost of others.¹⁶¹

156 J. Mearsheimer (2018), *The Great Delusion: Liberal Dreams and International Realities*. New Haven: Yale University Press.

157 C. Layne (2006), *The Peace of Illusions: American Grand Strategy from 1940 to the Present*. Ithaca: Cornell University Press; S. M. Walt (2018), *The Hell of Good Intentions: America’s Foreign Policy Elite and the Decline of U.S. Primacy*. New York: Macmillan.

158 F. Fukuyama (1992), *The End of History and the Last Man*. London: Hamish Hamilton.

159 A theory which assumes that democracies are reluctant to engage in armed conflict with other identified democracies because democratic leaders and governments tend to be responsive to public opinion, and their behavior and policy tend to be constrained by a voting public.

160 Such a strategy was clearly factored and reflected in the foreign policy of a number of US Administrations, such as Bush Sr’s “New World Order”, G.W. Bush’s “Freedom Agenda”, as well as Obama’s reaction to the Arab Spring.

161 S. Huntington (2001), “Japan’s role in global politics.” *International Relations of the Asia-Pacific*, 1(1), p. 138.

As a result of the global unilateralism of US foreign policy, the existing world order is suffering from a number of crises, which can be summarized on at least four different counts:¹⁶² Firstly, international cooperation under multilateralism and international institutions has been weakened to such an extent that it is unable to achieve and sustain what the existing order had anticipated, symbolizing that the world order is in a “crisis of functionality.” Secondly, due to the disfunctioning of multilateralism, the world is witnessing serious problems and challenges across the globalized world beyond the governing capacity of the existing order, suggesting that the order is experiencing a “crisis of scope.” Thirdly, the failure of the existing order to deliver a promising, secure and just world order as conveyed by American/liberal values and expectations is leading the existing order towards a “crisis of legitimacy.” Last but not least, the rise of emerging powers, such as China in particular, is affecting the global power balance, indicating that the existing world order is experiencing a “crisis of authority.”

Some of the above crises and world disorder symptoms are intricately connected with various factors stemming from the rise of China and other emerging powers. There are clashes and confrontations between existing (the US) and rising powers (represented by China) due to disagreements and conflicts of interest. As a result, the existing world order is suffering from the weakening of international regimes and institutions. Such a crisis situation is explicitly described by Schweller¹⁶³ as follows:

Its [the order] old architecture is becoming creakier and more resistant to change. New rules and arrangements will be simply piled on top of old ones. And because there will be no locus of international authority to adjudicate among competing claims or to decide which rules, norms, and principles should predominate, international order will become increasingly scarce.

In line with Schweller’s accurate description, the existing world order is in “the age of entropy” in which “International politics is transforming from a system anchored in predictable, and relatively constant, principles to a system that is, if not inherently unknowable, far more erratic, unsettled, and devoid of behavioral regularities.”¹⁶⁴

162 F. Trine & X. Li (2010), *Riding the Tiger: China’s Rise and the Liberal World Order*. DUIS Policy Brief – December, Danish Institute for International Studies, Copenhagen.

163 R. Schweller (2011), “Emerging Powers in an Age of Disorder.” *Global Governance*, 17(3), p. 287.

164 R. Schweller (2014), “The Age of Entropy: Why the New World Order Won’t Be Order.” *Foreign Policy*, June 16. Available at <https://www.foreignaffairs.com/articles/united-states/2014-06-16/age-entropy>.

2.4. THE GLOBAL IMPACT OF THE RISE OF CHINA

What kind of impact is the rise of China having on the existing world order? During the past four decades, China's remarkable economic success has reverberated worldwide. China achieved an average 9–10% economic growth for three decades, and it has been the largest contributor to global economic growth; the Chinese currency, the Yuan, has been a subject of contention, and is once again an issue during the current China-US trade war; Chinese trade competitiveness has affected the livelihood of workers and companies in both developed and developing countries; China's demand for energy and resources has led to price fluctuation, global competition and conflict; Beijing has, for many years, rivaled Washington and developing countries as the largest destination for foreign direct investment; the global expansion of Chinese overseas investments and outsourcing has become a source of major anxiety for existing Western powers; and above all, China's technological advancement in some leading areas and the Chinese state-led development model are, rather than a trade imbalance, the real factors behind the recent China-US trade war. The Phase One trade deal between China and the US signed in early 2020 was seen by most analysts and commentators as a ceasefire, not a long-term solution. Some of the factors underlining China's global rise are structural, such as the Chinese state-led development model. It remains to be seen whether the structural issues can be resolved in the China-US Phase Two negotiation.

The world is gradually accepting the fact that Beijing's policies on finance, currency, investment, trade, security, environmental issues, resources, food security, raw materials, and prices are increasingly connected with the life and well-being of millions of people outside of China's borders. Any shift in China's supply and demand will cause changes in prices and adjustments by most countries. As a result, China is increasingly being seen as an "indispensable country" in the way that the US has been.¹⁶⁵ China has generated incremental growth in the global economy that has made its success significant for the welfare of other countries.

In particular, an "alarming" factor underlining the impact of China's global rise is its economic outward expansion to the Global South, mainly Africa and Latin America. These two continents were historically Western colonies and within the Western sphere of interest. On the one hand, China's investment and outsourcing is bringing about tangible socio-economic and socio-political transformations in these two continents, while on the other hand, it also raises questions regarding how to define

165 J. Feffer (2007), "China the Indispensable?" *Foreign Policy In Focus*, March 9. Available at <http://www.fpiif.org/fpiifxt/4070>.

China–Africa relations – as a South–South partnership or a North–South dependency? Various trade data indicate that the economic relations between China and the Global South show signs of regenerating the “unequal exchange” thesis¹⁶⁶ of the dependency theory (manufacturing vs commodity product) that has led to a debate on whether China’s economic relationships with the Global South can be characterized as “neo-colonialism,” “neo-imperialism,” or “creditor imperialism.”¹⁶⁷

Currently, two ongoing Chinese grand development strategies, which are seen as “affecting” and “disturbing” the power structure of the existing world order are “Made in China 2025”¹⁶⁸ and the Belt and Road Initiative (BRI). The latter in particular, which involves billions of China-led investment programs covering a web of infrastructural projects, including roads, railways, telecommunication systems, energy pipelines, ports, and so forth, aims to enhance economic interconnectivity and facilitate development across Eurasia, East Africa and more than 60 partner countries. These Chinese global ambitions are interpreted by Washington as Beijing’s attempt to *re-divide* the already *divided* world. In other words, the rise of China is altering the conventional distribution of power and the ways in which the interplay between states and markets are shaped by the arrangements or structures that have evolved to connect them.

Today, the Trump Administration claims that it is losing the competition with China both economically (market share), technologically (pharmaceutical industry, automotive industry, aerospace industry, semiconductors, IT and robotics), and ideologically (the “Chinese model” is becoming internationally attractive). The China threat is perceived to have begun with its WTO membership in 2001 and the transformative changes that ensued for China and its trading partners, especially the US, as well as for the global trading system as a whole. China’s WTO membership with a “developing country” status is seen as a crucial factor in fueling its economic growth and prosperity, making it possible for China to “rip off the US” through a cheap currency, cheap labor, misconduct in intellectual property, and heavy-handed state intervention. The Chinese development model is perceived as being unfairly successful because it disadvantages foreign competitors and circumvents WTO rules. It is an open agenda that

166 The notion of “unequal exchange” refers to a trade pattern in which rich and strong countries always export manufactured products while weak and poor developing countries always export commodities and raw material. This trade pattern is seen as a mechanism that led to the constant economic primarization or peripherization of countries in the Global South.

167 X. Li (2019), “China’s Global Rise and Neoimperialism: Attitudes and Actualities.” In I. Ness & Z. Cope (eds.) *Palgrave Encyclopedia of Imperialism & Anti-Imperialism*. London: Palgrave Macmillan, pp. 1–15.

168 “Made in China 2025” (in Chinese “中国制造2025”) is a Chinese national blueprint to strengthen China’s manufacturing capabilities in higher value products and services. The grand objective is to increase the Chinese-domestic content of core materials, and to enlarge China’s share and upgrade its dominant position in global supply and value chains within the world’s major strategic industries, such as pharmaceuticals, automotive, aerospace, semiconductors and, most importantly, IT and robotics.

one of the US's fundamental objectives in the current US-China trade war is that the US Administration has a strong intention to "restructure" or "remold" the Chinese economic system and its mode of production. Yet it is perhaps too late for the US to do so because the Chinese economy has grown to such a large extent that it is able to absorb volatilities.

2.5. HEGEMONIC CYCLES? FROM UNILATERAL HEGEMONY TO INTERDEPENDENT HEGEMONY

When studying international relations, it is important to identify an analytical mechanism that is helpful in conceptualizing and analyzing the interplay between nation states. In this context, the notion of "hegemony" is a useful instrument and a good diagnostic tool for understanding the different enduring aspects of order in the international system. Being integrated into the US-led world economy, Chinese global objectives have been guided by a series of strategies – accommodating, circumventing and expanding.

At present, when looking through the lens of neo-Gramscian hegemony understanding, which emphasizes the role of economic, political and cultural leadership and broad consensus in the course of forming, legitimizing and sustaining order, we realize that the world is indeed witnessing the process of America's "global retreat" of hegemony in terms of dismantling the architecture of world order and relinquishing America's international commitments. In many ways, the Trump Administration's "America First" foreign policy is orchestrating fundamental changes to American grand strategy and the existing order. The country is not only turning inwards but also abandoning the leadership role it has played since the end of World War II. Causing dismay around the world, the Trump Administration has been showing its contempt for free trade and international treaties and institutions. In recent years, the US has withdrawn its membership from many international treaties and institutions.

Does the current situation imply that the world is undergoing a conjunctural shift whereby the historical hegemonic cycles of the world system are being repeated? According to world system theory,¹⁶⁹ the capitalist world system has been characterized historically by "cyclical rhythms" including hegemonic cycles, namely the upsurge and decline of different guarantors of the capitalist world system. These cycles were

169 I. Wallerstein (1974), *The Rise and Future Demise of the World-Capitalist System: Concepts for Comparative Analysis*. *Comparative Studies in Society and History*. 16, pp. 387-415; I. Wallerstein (1979), *The Capitalist World-Economy*. New York: Cambridge University Press; I. Wallerstein (2004), *World-Systems Analysis: An Introduction*. Durham: Duke University Press.

caused by gradual but significant structural changes or shifts in the patterns of capital accumulation and the distribution of power, resulting in geographical dislocations. Nevertheless, despite the cycles, the law of the system in terms of capital accumulation and surplus value has remained unchanged. The capitalist world system has been successful in forcing untapped parts of the world into the logic of capitalism without fundamentally changing the relations of inequality within the system. However, due to the size of its economy and population, China's economic integration into the world system since the 1980s is causing modifications to world system theory's conventional stratification in terms of the core semi-peripheral-peripheral relationships, and in terms of the composition and proportional size of the three economic zones.

Accordingly, seen from the perspective of world system theory, the rise of China represents the continuous cycles of the world system's evolution in which nation states have quite different development stages within a seemingly unified global economy and international division of labor. However, world system theory does not suggest that a peripheral position is necessarily a destiny that cannot be changed. It is indeed possible for countries to achieve advancement within the system by changing positions and stratifications within the systemic-structural morphology. This can be done by taking advantage of global capital mobility and relocation of production as well as chains of production and exchange that may have altered the patterns of comparative advantages. With this understanding, China is evolving to become a competitor for global hegemony following its great success in changing its economic positions within the system.¹⁷⁰ The rise of China, together with its capital outward expansion, seemingly represents another rhythmic cycle of the rise of a new hegemon, which is an opportunity in terms of room for maneuver and upward mobility for some countries, but a challenge and downward mobility for others.

By claiming that the world order is in a reordering process, this chapter proposes an alternative concept – “*interdependent hegemony*”¹⁷¹ – in order to capture the features of the transition that is underway. Interdependent hegemony is argued to be a better concept when describing, understanding and analyzing the ongoing transformation process. It implies that the sources and capacities to maintain the world order's structural

170 S.F. Christensen & R. Bernal-Meza (2014), “Theorizing the Rise of the Second World and the Changing International System.” In X. Li (ed.) (2014), *The Rise of the BRICS and Beyond: The Political Economy of the Emergence of a New World Order?* Farnham, UK: Ashgate Publisher, pp. 25–51.

171 X. Li (2016), “From ‘Hegemony and World Order’ to ‘Interdependent Hegemony and World Reorder.’” In S.F. Christensen & X. Li (eds.) *Emerging Powers, Emerging Markets, Emerging Societies: Global Responses*. London: Palgrave Macmillan, pp. 30–54; X. Li & S. Zhang (2018), “Interdependent Hegemony: China's Rise Under the Emerging New World Order.” *China Quarterly of International Strategic Studies*, 4(2), pp. 1–17.

power and monopoly are no longer dominated exclusively by the US/West, and that they are dependent to a large extent on contributions from China and emerging powers. Interdependent hegemony signifies a dialectic process of mutual challenge, mutual constraint, mutual need, and mutual accommodation that is shaping the direction of the relationship between the existing and rising powers. The notion symbolizes a dynamic situation in which the system's defenders and the new powers are intertwined in a constant interactive process of shaping and reshaping the world order, whereby nation states, global governance, transnational actors, civil societies and interest groups are incorporated into the dominant project of transnational capitalism.

Conceptually, “interdependent hegemony” highlights that China's rise has brought about a reconsideration of the defined tenets of hegemony that are conventionally taken for granted, such as productive hard power, ideational soft power, institutional leadership, symbolic capital, norm diffusion, and so on. Not surprisingly, the development of a Chinese school of IR theory has been ongoing steadily for many years both inside and outside of China.¹⁷² According to Pan and Kavalski,¹⁷³ the rise of China requires not just applying the existing theories, but innovative effort in generating theorization beyond the conventional IR theories, while adding new insights for rethinking world politics more broadly. This is because China's rise is “a complex and still evolving global and regional phenomenon encompassing broader political, economic, and social changes, dynamics and challenges.”¹⁷⁴

2.6. CONCLUSION: THE “RIDING TIGER” DILEMMA

The answer to this chapter's research question articulated by applying a Chinese idiomatic expression “two tigers cannot share the same mountain” is simultaneously intertwined with another Chinese idiomatic expression “riding a tiger while being unable to get off” (Chinese “Qi Hu Nan Xia 骑虎难下”). “Riding a tiger” has a dialectical connotation, namely being empowered by riding on the back of a tiger while finding it too dangerous to try to get off. The combination of these two Chinese expressions heuristically indicates a complex situation in which, on the one hand, the US

172 Y. Qin (2016), “Recent Developments toward a Chinese School of IR Theory.” *E-International Relations*, April 26. Available at: <https://www.e-ir.info/2016/04/26/recent-developments-toward-a-chinese-school-of-ir-theory/>.

173 C. Pan & E. Kavalski (2018), “Theorizing China's Rise in and beyond International Relations.” *International Relations of the Asia-Pacific*, 18(3), pp. 289–311.

174 *ibid.*, p. 291.

economy (the US tiger) and the Chinese economy (the Chinese tiger) are mutually integrated and interdependent with high complementarity. For some decades, both have felt greatly empowered by riding each other's tiger, but now they find they are unable to get off (decouple). On the other hand, the existing hegemon (Washington) and the emerging power (Beijing) are engaged in a political, economic and security competition with the former attempting to constrain or delay the latter's further rise, and with the latter struggling to catch up and outcompete the former.

The conclusion of this chapter is that both China and the US are competing for global leadership in the course of shaping the emerging world anew. China-US relations are transitioning from a "marriage of convenience" relationship in the previous period to the current stage of "riding a tiger" dilemma in which both sides are caught up in a complicated and complex relationship from which they do not know how to extricate themselves. The present situation seemingly proves that the warning of "Thucydides's Trap" is becoming more real than ever before.

Table 1. Major events in the history of China-US relations (1949-2019) (collected and listed by the author).

Year	Major direct and indirect events in China-US Relations, 1949-2019
1949	The Founding of the People's Republic of China
1950	The Korean War
1954	The First Taiwan Strait Crisis
1955	The Vietnam War
1959	The Tibetan Uprising
1964	China's First Atomic Test
1969	The Sino-Soviet Border Conflict
1971	Ping-Pong Diplomacy
1972	Nixon's Visit to China
1979	Diplomatic Relations and the One-China Policy
1989	The June 4th Tiananmen Square Incident
1999	The us Bombing of the Chinese Embassy in Belgrade
2001	China's wto Membership

2008	China Became Largest us Foreign Creditor
2010	China Became World's Second-Largest Economy
2011	The us "Rebalancing Asia" Policy
2013	The Obama-Xi Sunnylands Summit
2014	The China-us Joint Climate Announcement
2015	The South China Sea Conflict
2018	China-us Trade War with Trump Raising Tariffs against China
2019	China-us Trade War Extending to Huawei and the Financial Market
2020 (Jan.)	China-us Phase One Treaty Signed
2020	China-us Relations Being Further Strained by the Covid-19 Pandemic

As the above Table shows, the historical evolution of the relationship between China and the US since the foundation of the People's Republic of China, and especially since the establishment of diplomatic relations in 1979, has been in a constant state of flux mixed with periods of forward movement (integration and accommodation) and periods of backward movement (conflict and war). The current China-US relationship can be characterized as a dialectic complexity containing both positive and negative forces of waxing and waning. The multifaceted interactions between these two countries will continue to be in flux and reflux due to the fundamental structural differences between them. At present, these two tigers seem to be unwilling to share a mountain, but eventually they will have to learn to do so and to find a fitting regional and global role that each side is willing to accept.

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3. THE TRUE ORIGINS OF THE SINO-AMERICAN THUCYDIDES TRAP

Gregory J. Moore

3.1. INTRODUCTION

The “Thucydides Trap” was a term coined in 2015 by Harvard Professor Graham Allison in his *Atlantic* article on that topic,¹⁷⁵ an article later expanded into a book with the same dark overtones.¹⁷⁶ Are the US and China doomed to war as China rises? This is probably the most important international relations question of the millennium. Allison posits that as a rising power begins to rival or surpass the extant status quo power in its region or in the international system, measured in terms of material power, in 12 of 16 cases (rising and status quo power dyads) Allison and his team studied ranging over the last five hundred years or so, war was the result. The analysis presented here concludes that based on material power indicators, China is not yet in a position to rival or surpass the US on material indicators like Gross Domestic Product (GDP), GDP/capita, and/or military spending. Based on such indicators one might conclude that China and the US are, therefore, not in much danger of succumbing to any such traps. This analysis concludes, on the contrary, that there is indeed a serious danger at the present time that the US and China could slip into the morass of militarized conflict for a number of other reasons found in history, sociology, politics, economics and now virology, which Thucydides and Allison under-accounted for.

175 G. Allison (2015), “The Thucydides Trap: Are the US and China Headed for War?” *The Atlantic*, Sept 24, <https://www.theatlantic.com/international/archive/2015/09/united-states-china-war-thucydides-trap/406756/>.

176 G. Allison (2018), *Destined for War: Can America and China Escape Thucydides’s Trap?* New York: Mariner.

3.2. THE THUCYDIDES TRAP AND POWER TRANSITION

First, what is the premise of the Thucydides Trap, as Allison explains it? Thucydides, the Greek historian, wrote a remarkable history of the wars among the Greek city-states in the fifth century BC, most notably between Athens, the rising power, and Sparta, the prevailing power of the time.¹⁷⁷ Perhaps the most famous line from Thucydides's study comes from the rising Athenians as they appeal to power, saying to the Melians that they would soon vanquish,¹⁷⁸ "the strong do what they can, the weak accept what they must." Thucydides argued that Athens' rising power created a fear in Sparta such that war between them was all but inevitable, hence the trap Allison saw, naming it after Thucydides. Allison and his team of researchers studied all scenarios wherein rising powers threatened to upset the status quo power(s) in a region or system over the last five hundred years, from the rise of the Hapsburgs in the face of France, to the rise of Germany in the early twentieth century against Britain, Russia and France, to the rise of a united Germany in Europe after the end of the Cold War. He found that in twelve of sixteen of these pairings the rise of the new power ended in war. In only four cases, as was perhaps most famously the case with the rise of the US over and against Great Britain's hegemony in the late nineteenth and early twentieth centuries, did the rise of the new power *not* lead to war. Bringing the Thucydides Trap forward into our current situation, a seventeenth dyad/pairing in Allison's study would be the United States as it faces the prospect of a rising China, about which Allison concludes, "Based on the current trajectory, war between the United States and China in the decades ahead is not just possible, but much more likely than recognized at the moment. Indeed, judging by the historical record, war is more likely than not."¹⁷⁹

Arguably supporting Allison (and Thucydides) is power transition theory. Writing in this tradition, Jack Levy says, "A key proposition of power transition theory is that war is most likely when a dissatisfied challenger increases in strength and begins to overtake the dominant power."¹⁸⁰ Power transition theory is a material-driven story underpinned by IR's Realist worldview. As Levy puts it, "Power transition theory posits that national power is a function of population, economic productivity, and

177 Thucydides (1972), *History of the Peloponnesian Wars*. New York: Penguin Books.

178 The Melians took a stand against Athens and were threatened with invasion after they refused to join Athens against Sparta. In Thucydides's recounting, before the conflict between Athens and Melos ensued, the two sides parleyed, wherein the leaders of Melos made an appeal to right, eliciting the famous appeal to power from the Athenians cited here.

179 Allison (2015), p. 2.

180 J. Levy (2015), "Power Transition Theory and the Rise of China." In R. Ross and Z. Feng (2015), *China's Ascent: Power, Security and the Future of International Politics*. Ithaca, NY: Cornell University Press, p. 13.

the political capacity to extract resources from society and transform them into national power.”¹⁸¹ Based on this definition of power, China is undoubtedly a formidable power based on its population of 1.4 billion people, its mercantilist, export-led statist economy, and its authoritarian system with its impressive mobilization capabilities. Has China reached parity with the US, or is the US being overtaken by China, however?

3.3. MATERIAL INDICATORS OF PARITY (OR NOT)

If parity is the important indicator, which it is for Levy, Organski, Gilpin¹⁸² and others in the power transition tradition, as well as Allison, where is China at the moment as it relates to the United States? In addition to those factors Levy lists above, GDP, economic growth rates, GDP/capita, and defense spending are the most common indicators of the strength of a country in material terms.

Let us consider each of these indicators here. Regarding GDP, based on International Monetary Fund (IMF) data from 2018, the US has the world's largest economy with a GDP of \$20.5 trillion annually, with China second at \$13.5 trillion US dollars. In purchasing power parity (PPP) terms, China is number one already, at \$25.4 trillion US dollars adjusted for purchasing power, with the US at \$20.5 trillion US dollars, both based on 2018 World Bank numbers. A convincing argument can be made, however, that since an enormous amount of China's foreign holdings, foreign trade and foreign debt are denominated in dollars, and the dollar remains the most widely traded currency on the planet, the GDP numbers in US dollars remain the best benchmark and most widely used indicator of China's economic status. Having said this, China is also number one in growth rates, again in US dollars based on 2018 data, at 6.6%, with the US at 2.9%. If one looks at GDP/capita, the numbers shift quite a bit, however, with the US at \$62,795/person and China at \$9,771/person based on 2018 World Bank numbers in US dollars. While some might argue that China has reached parity with the US, or has surpassed it based on PPP numbers, GDP and GDP/capita are more commonly used indicators, and in these cases it is not yet close. The GDP/capita numbers show a particularly stark difference between the two economies.

¹⁸¹ *ibid.*, p. 18.

¹⁸² See A.F.K. Organski (1958), *World Politics*. New York: Knopf; and R. Gilpin (1981), *War and Change in World Politics*. New York: Cambridge University Press.

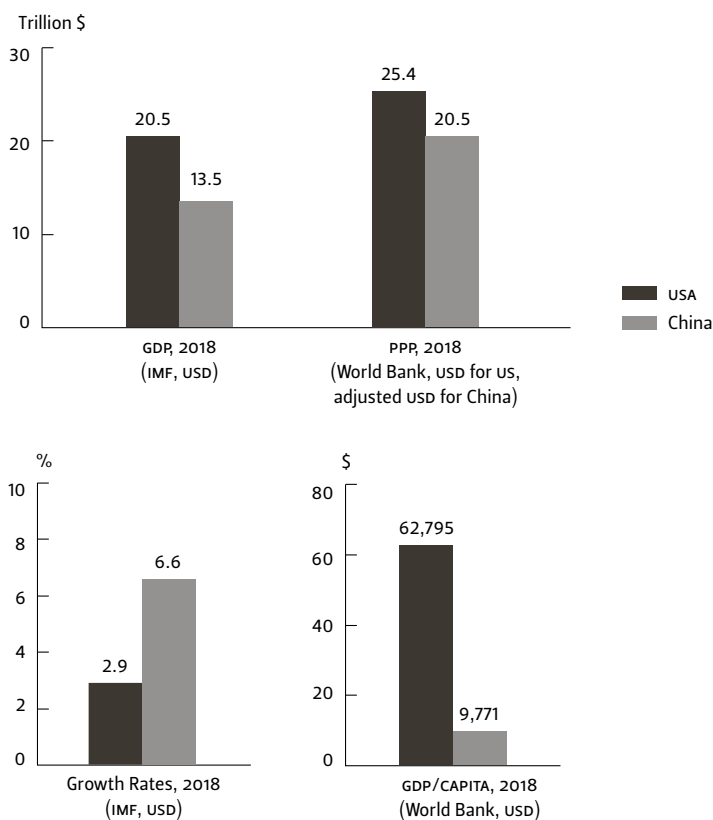


Figure 1: The US and China: Economic indicators.

What about defense spending? Using International Institute for Strategic Studies (IISS) data from 2018, the United States is again ahead of China with defense spending of \$643.3 billion, with China coming in second (excluding NATO Europe) at \$168.2 billion.¹⁸³ China's year-on-year defense spending growth rates are significant, however, such that while in 2013 China's defense spending was 15.8% of America's, by 2016 it was 24.4% of America's.¹⁸⁴ Based on current trajectories, with the continued growth of China's economy and continued increases in its defense spending as a percentage of its overall economy, Chinese and US defense spending may converge at some point in the future. An important additional point here is that there are differences in how defense spending is computed in Washington and Beijing, such that most experts believe China's defense spending is significantly higher than what is reported here, which is based on officially reported budget information. Be that as it may, based on the

183 International Institute of Strategic Studies (2018), *The Military Balance 2018*, London: Taylor & Francis.

184 For details, see G.J. Moore (2017), "Avoiding a Thucydides Trap in Sino-American Relations (... and 7 Reasons why that Might be Difficult)," *Asian Security* 13/2, pp. 98-115.

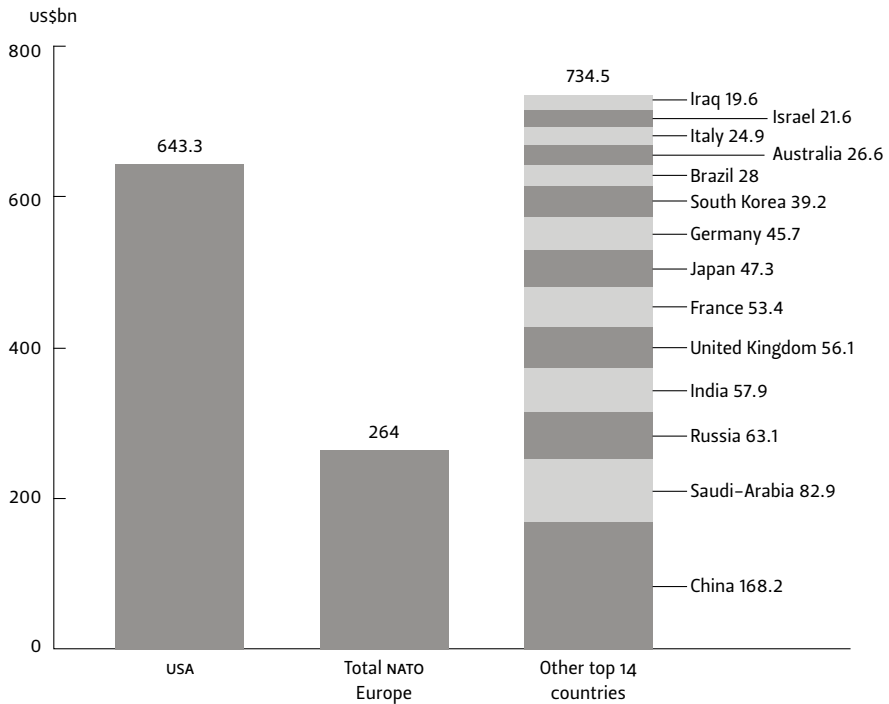


Figure 2: Top defence budgets 2018 (US\$bn), including total European NATO spending
 Source: International Institute of Strategic Studies, The Military Balance 2018.

most commonly used material indicators of a nation's strength, speaking here of GDP, GDP/capita, and defense spending, the US is still quite far ahead of China. Parity with the United States has not been reached based on these indicators and thus, if power transition theory and Thucydides Trap conflict scenarios are based on material indicators, as they are, we should not (at least yet) have much to worry about.

3.4. WHAT THE THUCYDIDES TRAP AND POWER TRANSITION THEORY MISS IN SINO-AMERICAN RELATIONS

We should not limit ourselves to such material indicators, however, if we are trying to understand the potential for Sino-American conflict in the coming decade, or even in the next year or two. In fact, it is argued here that there are a number of historical, sociological, political, non-material economic and now even virological¹⁸⁵ factors that must be considered, and which make a conflict between China and the United States unfortunately all too possible. Each will be elaborated upon below. None of

¹⁸⁵ The novel coronavirus is undeniably material, but its story is not the sort of material factor Allison or power transition theorists factor in.

them is meant to rule out the importance of the material factors above, especially if or when China does approach something closer to parity with the US in material terms.

3.4.1. Historical factors

There are a number of historical factors that impact Sino-American relations today (reflecting a path dependency that includes much Cold War baggage), which in and of themselves do not catalyze conflict, but which certainly complicate matters and tend to get amplified in troubled times. On the US side is a long and unfortunate history with dictatorial leaders, from King George III to Napoleon to Wilhelm to Hitler to Stalin to Kim Il-sung to Saddam Hussein, and so on. China's top leadership has been dictatorial since its inception in 1949, but the present leader has amassed more central power than any leader since Mao, and China is much more powerful today than it was under Mao. With Xi dispensing with term limits in 2018, American observers are concerned about absolute power corrupting absolutely. Adding to this for Americans is the legacy of the Cold War, given that China, however non-traditionally "communist" the country is today, is still run by a Communist Party with a red flag, Marxist-Leninist-Maoist ideology, goose-stepping soldiers and near total power over society. The Cold War was a dark time for Americans and the Chinese polity has, since approximately 2010, been making "reforms" that appear more like the Maoist totalitarian centralism of the worst seasons of the Cold War than the reforms of Deng and the more cheerful post-Cold War period.

For China's part, the Party has always invoked the country's "bad history" as a rallying point to mobilize the masses, but its more recent invocations of the "victimization narrative" have been more pointed, following the analysis of scholars such as Peter Gries and Wang Zheng.¹⁸⁶ Wang argues, in fact, that in the most recent decade, the Chinese Communist Party (CCP) has made "never forget national humiliation" its *raison d'être*, its primary mantra. It is based on the notion that today's China would still be in a state of national humiliation were it not for the CCP, that the CCP is all that stands between the Chinese people and new rounds of national humiliation, and so forth. This narrative is based on a very real and very sad period of history endured by the Chinese people. What is being pointed out here does not seek to undermine that truism (nor does Gries's or Wang's work, it should be pointed out). However, the recent

186 See P. Hays Gries (2005), *China's New Nationalism: Pride, Politics and Diplomacy*, Berkeley: University of California Press; and W. Zheng (2012), *Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations*, New York: Columbia University Press.

concerted and muscular invocation of history¹⁸⁷ makes it very difficult for China to be flexible on territorial and other issues, and it has made Chinese foreign policy quite “prickly” as regards relations with the US, given America’s status as a formal ally with three of China’s neighbors with which it has territorial disputes (South Korea, Japan and the Philippines) and as an arms supplier for Taiwan, as well as being the leading power in a system that still remains suspicious of authoritarian powers like China.

3.4.2. Sociological factors

A much less discussed but pertinent issue as regards China’s rise and its relations with the world is the sociological predisposition for hierarchies in the Chinese social milieu and in whatever *weltanschauung* emanates from Beijing in a given era, and the implications of this for China’s rise. This chapter follows the view that Chinese society is hierarchical,¹⁸⁸ and that it is very difficult for Chinese leaders to see the world in non-hierarchical terms. China’s historical tributary system is a case in point – a system with China at the apex, other members next, and non-Sinic others (barbarians) outside of it. In China historically, if a boy is born the second son in a family, he will be known in that family as “*lao er*” (second son) for the rest of his life, whereas the oldest will be known as “*lao da*” (eldest or pre-eminent son), and the eldest will have the rights and responsibilities of caring for the parents in their final years. When Chinese students apply to universities, the “*paiming*” or ranking of the university is of the utmost importance, so Chinese applicants pay greater attention to rankings than most other applicants. When students in Chinese schools and universities finish a course at the end of the semester, most institutions post the grades and rank the students, normally in a designated corridor in the institution for all to see, so everyone knows who is number one and who is last. Business cards are very important as well, because it lets one know the social standing/rank of a person in their profession and in society. In Chinese society it is also quite common to ask about salaries, so each knows where one ranks in financial terms with one’s peers, neighbors or relatives. With all of these measurements of hierarchy come certain status and certain privileges and responsibilities, for hierarchy is in the end about status.¹⁸⁹

187 See also M. Mayer (2018), “China’s Historical Statecraft and the Return of History,” *International Affairs* 94/6, pp. 1217–1235.

188 For examples, see H. Kwang-Kuo (2012), *Foundations of Chinese Psychology: Confucian Social Relations*, New York: Springer; and D. Bell & W. Pei (2020), *Just Hierarchy: Why Social Hierarchies Matter in China and the Rest of the World*, Princeton, NJ: Princeton University Press.

189 For an excellent study of status in Chinese foreign policy, see X. Pu (2019), *Rebranding China: Contested Status Signaling in the Changing Global Order*, Stanford, California: Stanford University Press.

The Chinese leadership have been saying for decades that they do not seek hegemony or superpower status, or to be number one in the world. An understanding of the sociology of Chinese society and the importance of hierarchy therein, however, makes this rather unbelievable. Michael Pillsbury argues that China has a long-term (100-year) plan to surpass and unseat the United States and to replace it as the world's greatest power.¹⁹⁰ While trying to be careful to avoid cultural essentialism or cultural determinism, for these can be problems, my understanding of China – which is itself based on 15 years of living in the country and almost three decades studying it – tells me Pillsbury is probably right about the importance to Chinese policymakers of surpassing the US to become number one in the international system, although I am less sure about the existence of a 100-year plan to do so. Every Chinese child wants to be top of the class. Every member of a Chinese family wants to make the most money in the family. Every Chinese company wants to be number one. So why would we believe a rising China would disavow the notion of becoming number one in international relations, the pre-eminent power in the world? If Chinese leaders do aspire to be number one, it does not mean China will necessarily become an imperialist power, an important distinction,¹⁹¹ but based on many studies and indicators, there is much evidence that China under the CCP does seek to displace the US in Asia, and in time seeks to rise to pre-eminence globally. This might mean conflict with the US, or not, but we should not assume China does *not* seek to be the world's leading power. That would contradict thousands of years of sociology and tradition. This is to say that we should not believe China has so little global ambition or such a benign view of its relations with the US or its place in the world as the peaceful rise narrative suggests.¹⁹²

3.4.3. Political factors

The material-driven Thucydides Trap also overlooks myriad political factors, which likewise complicate matters in bilateral relations, and make it more difficult for China and the US to avoid war, whether China achieves/approaches parity with the US or not. There are a number of these at work in the Sino-American equation and each will be discussed below.

190 M. Pillsbury (2015), *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower*. New York: Henry Holt.

191 What is meant here is that we have no indications that China has plans to invade other countries, establish colonies, or expand its borders beyond claims such as the South China Sea, Diaoyudao/Senkakus and Taiwan.

192 For advocates of the peaceful rise narrative, see Z. Bijian (2005), "China's Peaceful Rise to Great Power Status," *Foreign Affairs*, vol. 84, no. 5. Available at <https://www.foreignaffairs.com/articles/asia/2005-09-01/chinas-peaceful-rise-great-power-status>; Z. Feng, "China's Rise Will be Peaceful: How Unipolarity Matters," in R. S. Ross & Z. Feng, (eds.) (2008), *China's Ascent: Power, Security, and the Future of International Politics*, Ithaca: Cornell University Press, pp. 34–54.

US politics has been anti-communist for decades, and while Marxism is arguably more alive in US universities than anywhere in the world, as regards Washington politicians the media and the American public in general it is still quite common to depict communist countries (no matter how un-“communist” most of them actually are now) in dark tones. Communist countries are regularly portrayed as being rife with human rights abuses, inflexible party apparatchiks out of touch with their people, stifled religion and free discussion, controlled media, and the like. China’s political realities play all too well (unfortunately for the CCP) in the anti-authoritarian, anti-communist fabric of American popular, intellectual and political sentiment. It is very difficult for Americans to trust leaders of such polities, and far easier to demonize them, making trust and cooperation more challenging.

We might add to this what I call “the flipside of the democratic peace theory” (DPT). DPT is an elegant theory stating that democracies do not go to war with other democracies.¹⁹³ Most international relations scholars, myself included, take it at face value, as a truism. The flipside of DPT, however, is that democracies *do* go to war with non-democracies, and the difference between the two types of regimes is sometimes part of the reason why they find themselves at odds with each other. All of this is to say, regime types matter in IR. While Realists would rightly point out the strange bedfellows made in/by politics historically, DPT theorists have provided a strong canon of research that shows democracies are highly unlikely to go to war with each other, and that China and the US do not have DPT working for them. China and the United States have been friends historically, during the Republican era (1921–1949, with Taiwan since then), and with the PRC (from 1971 until the Tiananmen incident of 1989).¹⁹⁴ Therefore, while friendship between the two can certainly develop again, they must overcome the poisonous statements they both make about each other’s regime types and the mutual distrust¹⁹⁵ their dissonant regimes help engender. China sees democracy and full human rights as a threat to its autocratic regime. The US, on the other hand, increasingly sees China’s leaders as engaging in anti-democratic activities inside the US,¹⁹⁶ as well as becoming increasingly bold in attacking democratic values and the advantages of free societies in its official statements abroad as

193 For perhaps the best, most comprehensive one-stop shop on this topic, see M. E. Brown (ed.) (1996), *Debating the Democratic Peace*, Boston, MA: MIT Press.

194 See G.J. Moore (2014), “The Difference a Day Makes: Understanding the End of the Sino-American ‘Tacit Alliance,’” *International Studies Review* 16/4, pp. 540–574.

195 K. Lieberthal & W. Jisi (2012), *Addressing China–US Strategic Distrust*, John L. Thornton China Monograph Series #4, Washington, D.C.: Brookings Institution.

196 See L. Diamond & O. Schell, (eds.) (2019), *China’s Influence and American Interests: Promoting Constructive Vigilance*, Stanford, CA: Hoover Institution Press.

well as at home. Washington sees China as seeking to export high-tech platforms that could extend China's surveillance capabilities and illiberal technological and information/media values to other countries, noting here debates over Huawei in particular.

In China, the CCP regime is perpetually insecure and has always found it difficult to work closely with democratic regimes whose leaders speak openly about its problems of governance. Whether dealing with Europe, Japan, India, the US or other democratic polities, the CCP uses its financial and political clout to silence critics of its practices there because of its political insecurity at home. In some ways, the regime is more insecure now than at any time in its history, even while its military is stronger, its economy bigger, and its people living more comfortable lives than at any time in its political history. This is in part because it is more integrated with the rest of the world today and so its practices are more exposed than ever before. Most fundamentally, this tension arises from a lack of democratic legitimacy at home, and a centralized political system (despite its reforms since the 1970s), which mean every problem in the country is ultimately President Xi's problem given the centrality of the Party in the lives of everyone and in the governance of nearly everything in China. US political leaders can blame officials below them for problems or blame economic problems on the wiles of the market or consumer behavior. But in China all problems potentially land on Xi's desk (or the desks of China's top leaders) because the Party is the ultimate arbiter of almost everything (and hence every problem) in China. Consequently, the Party has an interest in using the state-run media to generate anti-American sentiment (especially) at home and increasingly abroad, and it has shown an ever-increasing willingness to do so, most recently calling US Secretary of State Mike Pompeo "an enemy of humanity" because of his argument that the coronavirus started in a Chinese laboratory. Given its cyber-totalitarian¹⁹⁷ abilities inside China today, its ability to sway public opinion against the US is more formidable than at any time in PRC history. Its recent and increasing use of such tools is one more reason why conflict between Washington and Beijing is more likely and cooperation more difficult.

197 I coin this term here to signify a new form of totalitarianism based on cyber-technologies. It conforms to the traditional definitions of the term, as found in political science textbooks and works such as H. Arendt's (1951) *The Origins of Totalitarianism*, New York: Schocken Books, but it is more subtle than 1930s Stalinism, 1940s Hitlerism or 1960s Maoism, using web-based, closed-circuit television and AI cyber-technologies to do what thugs once had to do. The political result is largely the same, however - state-enforced political conformism and the all-policing state.

3.4.4. Economic factors

The Thucydides Trap and power transition theory also overlook several important aspects of China's economy that make Sino-American cooperation more challenging. This concerns China's regime type (as regards China's political economy), the structure of China's economy (increasingly state-centered, with increasing prominence given to State-Owned Enterprises or National Champions), and a practice-related variable (as regards several practices of the Chinese state economically). While the Thucydides Trap and power transition theory certainly both account for the raw economic numbers, as was outlined at the outset of this chapter, they do not account for the types of factors to be discussed here.

First, influencing Sino-American economic relations is an aspect of China's regime type, in this case its political economy, which I would label a mercantilist, export-led, increasingly statist or even state-planned economy, albeit still with underlying market principles. Although scholars like Elizabeth Economy and Nicholas Lardy might have more nuanced labels, their conclusions are not different from my own in the sense of their worries over the increasingly state-led, illiberal nature of China's political economy in the past decade.¹⁹⁸ They would both agree that China's economy is focused on maximizing exports, minimizing imports, favoring domestic companies over foreign companies inside China, and limiting competition inside China. Consequently, the CCP has led campaigns, in some cases widespread and in other cases narrowly targeted, to obtain key advanced technologies from abroad through mergers, acquisitions, hacking, theft and other means, some legal, some illegal.¹⁹⁹ China's Thousand Talents program has also been in the news of late, having been alleged by the US to have been used to transfer vast amounts of technology from the US to China, in some cases illegally. These practices by the Chinese state are seen by the US and other Chinese trading partners as increasingly problematic, if not downright illegal. Despite many bilateral agreements and some cases playing out in the WTO, China's practices have not changed, nor are they likely to given the country's weaknesses in innovation and its growing scientific and technological needs and aspirations. Moreover, China's "Made in China 2025" campaign, often seen by the US as a blatant attempt to further increase Chinese exports while further curtailing Chinese imports, has further raised Washington's ire. These sorts of issues comprise much of the basis for President Trump's trade war against China, and the Phase One Sino-American trade deal

198 E. Economy (2018), *China's Third Revolution: Xi Jinping and the Chinese State*, New York and Oxford: Oxford University Press; and N. Lardy (2019), *The State Strikes Back: The End of Economic Reform in China?*, Washington, D.C.: Peterson Institute for International Economics.

199 See Diamond and Schell (eds.) (2019), *China's Influence and American Interests*.

does not really address them in any fundamental way. They appear extremely difficult to resolve in the near or long term, and so must be considered another likely source of any potential Sino-American collision. We would do well to remember that the war between Japan and the US could be said to have started with the sweeping trade embargoes the US placed on Japan prior to Pearl Harbor, which is simply to say trade disputes can create existential crises for one or both parties, which can lead to war.

3.4.5. Pandemic pandemonium

The most recent sphere of conflict between China and the United States is the arrival and spread of the new coronavirus, Covid-19, and the global pandemic it has spawned. The global consensus, including initially in China where the government originally called it “the Wuhan virus” (or *wuhan feiyan*), a term it now disavows, is that Covid-19 started in Wuhan and spread to other parts of China and subsequently to the rest of the world, where it has hit the United States with particular ferocity, the US now leading the world both in numbers of cases and numbers of deaths by far. By most accounts, the Trump Administration has not handled the crisis as well or as early as it should have. Yet the Trump Administration has pointed the finger squarely at China, blaming it for 1) not confirming/admitting person-to-person transmission early enough, 2) not acting early enough to contain the virus before it got out of Wuhan and out of China, 3) for suppressing (even arresting) those in China who warned early on of the dangerous new virus, and 4) for resorting to what the US might call exceedingly draconian measures in late January such that frightened Wuhan residents and others fled the city and China before the forced quarantines could be put strictly into place, measures which may have spurred the spread of the disease to other parts of China and the rest of the world. China has been striving to gain soft power with the later successes it met in managing the crisis, portraying itself as the responsible power that got the virus under control and is now giving away masks and training others, while portraying the US as the irresponsible power that didn’t take the virus seriously, let it get out of control domestically, and is now blaming others for its problems. Washington has responded, saying Beijing is now using thuggish diplomacy and Pavlovian financial tactics to engender positive narratives about itself. For example, Washington is charging the CCP with buying off the World Health Organization (WHO) and so has cut off funding to and is now withdrawing from the organization (while China has increased its funding in response), and China is blocking Australian beef imports to punish Australia for asking for an investigation into the origins of the virus.

In fact, these competing narratives have begun to have an existentially threatening dimension for both the CCP and for President Trump. The CCP is portraying its authoritarian power as the right system to deal with the pandemic and keep the economy humming, arguing that democracy can do neither. Trump, on the contrary, is arguing that it is exactly the CCP's authoritarian tendencies that led to the lies and coverups that resulted in the failure to contain the virus early and prevent it from spreading beyond China's borders, and all the death, suffering and economic breakdown that has followed. If it is shown that Trump is right and the Chinese people come to believe this, it could have grave consequences for the Party, perhaps shaking the foundations of trust that the Party desperately desires to maintain and leading to unrest in China. However, if the CCP comes out on top in this battle of narratives, Trump could lose the November election and Covid-19 (and the cracks in the US system it has exposed) could be a grave blow to any notion of the US as a model of efficient, market-based democratic governance, a major stain on the reputation of democratic governance writ large, and a boon for authoritarians everywhere. Given the profound damage Covid-19 is doing to the US economy and to the world economically, and the horrendous suffering and death it has caused, this is not an issue that will easily go away (nor is the virus for that matter). China clearly has an interest in controlling the coronavirus narrative, arguing that the US has ulterior motives in its criticisms. The US is clearly suspicious of the Chinese government's actions on Covid-19 before, during, and after its emergence, and sees the CCP's recent, aggressive "wolf warrior diplomacy"²⁰⁰ in defense of its reputation as highly problematic. Conspiracy theories abound on both sides²⁰¹ and Sino-American trust is now at a new nadir.

200 S. Jiangtao (2020), "China wants its diplomats to show more fighting spirit. It may not be intended to win over the rest of the world," *South China Morning Post*, 12 April. Available at <https://www.scmp.com/news/china/diplomacy/article/3079493/china-wants-its-diplomats-show-more-fighting-spirit-it-may-not>.

201 On the US side are narratives that China was working on coronavirus bio-weapons, or that one of China's two Wuhan-based virology labs (both of which were researching bat-based coronaviruses) mishandled biohazard protocols and accidentally let the virus escape. Chinese officials, on the other hand, have suggested US military personnel may have intentionally introduced the virus into Wuhan in October during a world military forum. There is no firm evidence to substantiate any of these narratives to date, but proliferate they do. For more, see J. Rogin (2020), "State Department Cables Warned of Safety Issues at Wuhan Lab Studying Bat Coronaviruses," *Washington Post*, April 14. Available at <https://www.washingtonpost.com/opinions/2020/04/14/state-department-cables-warned-safety-issues-wuhan-lab-studying-bat-coronaviruses/>; E. Wong, M. Rosenberg & J. E. Barnes (2020), "Chinese Agents Helped Spread Messages That Sowed Virus Panic in U.S., Officials Say," *New York Times*, April 22. Available at <https://www.nytimes.com/2020/04/22/us/politics/coronavirus-china-disinformation.html>; *Xinhua News Agency* (2020), "Reality Check of US Allegations Against China on COVID-19", May 10. Available at http://www.xinhuanet.com/english/2020-05/10/c_139044103.htm.

3.5. CONCLUSION: WHERE MATERIAL ASPECTS OF CHINA'S RISE MAY BE LESS WORRISOME THAN NON-MATERIAL ASPECTS

The material rise of China is no doubt one of the most important international relations matters of the twenty-first century. Based on indicators presented here, China has not, however, reached or approached parity with the United States in economic or military terms. The framing provided by Graham Allison's Thucydides Trap, along with the purveyors of the power transition theory, both of which rely primarily on material indicators of parity or overtaking, might leave us with the cheerful conclusion that we have, for now, little to fear in terms of a war between the two.

This analysis does not allow us to be so sanguine, however. The chapter has argued that there are a significant number of historical, sociological, political, economic and now virological reasons why the US and China are highly likely to clash significantly in the coming year or two, possibly even leading to war. This conclusion clearly goes against the grain for many of us who have been trained to believe states are rational actors (that no rational great power would choose war in this day and age), and that interdependence makes war between large, highly interdependent trading states unthinkable expensive and hence highly unlikely. Yet we might do well to re-read E.H. Carr's classic, *The Twenty Years' Crisis*.²⁰² Carr lamented what he saw as a dangerous idealism that (to his mind) blinded most of the foreign policy experts and statespersons of his time (the book was written in the late 1930s), who thought that the great powers had learned from the horrors of the Great War, and that war between such powers was a thing of the past. Then came 1939.

202 E.H. Carr (1964), *The Twenty Years' Crisis: 1919-1939*, New York: Harper Perennial.

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4. UNITED STATES ALLIANCES AND SECURITY STRATEGY IN THE INDO-PACIFIC IN AN ERA OF UNCERTAINTY

James Przystup²⁰³

4.1. INTRODUCTION

In the summer of 1990, as a member of the Policy Planning Staff at the Department of State, the author of the present chapter spent a week in Tokyo researching trends in the economies of the Asia-Pacific region. At Keidanren and Keizaidoyukai, economists had run the numbers and were anticipating that China would surpass Japan as the world's second largest economy sometime in the first decade of the 21st century. They were unanimous in their conclusions: managing the rise of China would be Japan's and Asia's defining strategic challenge through 2050.

In GDP numbers, China passed Japan at the end of 2010. Moreover, as the number one trading partner of US allies in the Asia-Pacific region, China has not been shy in using its economic power as leverage to express dissatisfaction with policy decisions that have challenged Chinese interests.

In the 2010 fishing boat incident, Beijing cut off rare earth exports to Japan, slowed customs procedures and issued tourist guidance to protest Japan's seizure of a Chinese fishing boat in the Senkaku Islands. In 2012, Beijing banned the import of Philippine bananas to show its displeasure over the confrontation between a Philippine warship and Chinese fishermen in the area of Scarborough Shoal within the Philippines Exclusive Economic Zone. In 2017, to protest the deployment of the THAAD missile defense system by the Republic of Korea, the Lotte company, which had provided land for the THAAD deployment, was boycotted; Korean

203 The views expressed here are those of the author alone and do not represent the views or policies of the National Defense University, of the Department of Defense and of the United States Government.

products were disfavored; and group tours to the ROK suspended (they remain suspended to date).

At the same time, China, over the past three decades, has increased defense spending at double-digit rates, albeit falling off in recent years.

Over the past decade, China has constructed artificial islands in the South China Sea, causing serious environmental degradation in the process; militarized the artificial islands contravening a commitment made by President Xi to President Obama; ignored the ruling of the Permanent Court of Arbitration denying China's assertion of historic rights within its claimed nine-dash line; and engaged in confrontations with Vietnam, Malaysia, and Indonesia over natural resources.

The objective of this chapter is to focus on United States post-Cold War security strategy toward the Indo-Pacific region and, in this context, the central role of its alliances with Japan, the Republic of Korea, the Philippines, Australia and Thailand. The chapter will also address the evolution of the bilateral alliance structure – from the “Hub and Spokes” structure of the Cold War era to a more networked structure of the contemporary Indo-Pacific. For the United States and its allies across the region, the US alliance structure has been an essential element in managing relations with a now risen and increasingly assertive China.

A brief review of key US policy documents will set the strategic context for the Indo-Pacific strategy of June 1, 2019 and for the consideration of the present state of US alliances with Japan, the ROK, Australia, the Philippines and Thailand.

4.2. US ALLIANCES IN THE ASIA-PACIFIC REGION

The Trump administration's Indo-Pacific strategy is but the latest in a series of policy documents, issued by the Department of Defense since the end of the Cold War, that address the role of alliances in U.S. strategy toward the Asia-Pacific (now Indo-Pacific) region.

In a 1992 report to the Congress, “A Strategic Framework for the Asia-Pacific Rim,” the Department of Defense defined the United States alliance structure as “perhaps our nation's most significant achievement since the end of the Second World War. This system of alliances and friendships constitutes a prosperous, largely democratic, market-oriented zone of peace...In the long run preserving and expanding these alliances and friendships will be as important as the successful containment of the former Soviet Union or the Coalition defeat of Iraq.”²⁰⁴

204 Department of Defense Report to the Congress, “A Strategic Framework for the Asia-Pacific Rim,” 1992, 1.

The report noted that “with the end of the Cold War, the United States regional roles, which had been secondary in our strategic calculus, have now assumed primary importance in our security engagement in the Pacific theater...the key to our military presence has been and remains a network of largely bilateral security alliances.”²⁰⁵

Three years later in 1995, the Department of Defense issued “The United States Security Strategy for the East Asia–Pacific Region,” reiterating the importance of the alliance structure and asserting that “America clearly has a stake in maintaining the alliance structure in Asia as a foundation of regional stability and a means of promoting American influence on key Asian issues.”²⁰⁶ In 1998, the Department of Defense updated the 1995 document, reaffirming “the critical role our alliances play in securing peace and stability in Asia.” In contrast to the alliances of the Cold War, the strategy document posited that the alliances of the late 20th century are “not directed at any third party but serve the interests of all who benefit from²⁰⁷ regional stability and security.”

In its National Security Strategy (NSS) of December 2017, the Trump administration defined the Indo–Pacific as an arena of “geopolitical competition.” To deal with the challenges posed by China and North Korea, the NSS explains that “U.S. allies are critical to responding to mutual threats...and preserving our mutual interests in the Indo–Pacific.”²⁰⁸ On June 1, 2019, the Department of Defense released the Indo–Pacific Strategy Report. The document reaffirms the US commitment to a rules–based international order and the centrality of “our unique network of Allies and partners.”²⁰⁹ In doing so, the Indo–Pacific strategy reflects the historic commitment of the US to the bilateral alliances that have been the foundational building blocks of the United States regional security strategies for close to seventy years.

The alliance structure, however, has not been static. Over the past decade, the “hub and spokes” bilateral alliance structure, Cold War in origin, has been evolving toward a more comprehensive and inclusive architecture, one that features increased cooperation between US allies and active efforts on the part of the United States and its allies to engage non–aligned countries of the region in the building of strategic partnerships. This networked structure is now a central element of the Indo–Pacific strategy.

²⁰⁵ *ibid.*

²⁰⁶ Department of Defense, United States Security Strategy for the Asia–Pacific Region, 1995, 2.

²⁰⁷ Department of Defense, United States Security Strategy for the Asia–Pacific Region, 1998, 19.

²⁰⁸ National Security Strategy of the United States of America, the White House, December 2017, pp. 45–46, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

²⁰⁹ Department of Defense, the Indo–Pacific Strategy (2019), <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>.

4.3. CHINA AND THE ALLIANCES

In the decade following the end of the Cold War, China returned to its long-standing opposition to alliances and military blocs. President Jiang Zemin, in his 1997 report to the 15th Party Congress, stated that “expanding military blocs and strengthening military alliances will not be conducive to safeguarding peace and security.” China’s New Security Concept called for an end to Cold War thinking and opposition to alliance politics.²¹⁰ In 1998, the People’s Daily observed that with the end of the Cold War “military alliances had lost much of their cohesive force as the enemies they were directed at containing no longer existed” but found the United States attempting to “maintain old alliances, hoping to act as their hegemonic leader.”²¹¹

In 2014, President Xi Jinping announced his New Asian Security Concept. Speaking to the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia, Xi argued that “Asia has come to a crucial stage in security cooperation where we need to...strive for new progress...to move from the 21st century with the outdated thinking from the age of the Cold War and zero-sum game...to innovate our security concept to establish a new regional security cooperation architecture... that is shared by and win-win to all.”

Xi observed that “Security must be equal...No country should attempt to dominate regional security affairs” and that it “must be inclusive...to beef up and entrench a military alliance targeted at a third party is not conducive to maintaining common security.” Xi went on to say that “In the final analysis, it is for the people of Asia to run the affairs of Asia and uphold the security of Asia.”²¹² An accompanying Xinhua article characterized the US alliances as the “‘Achilles heel’ of and major impediment to ‘a peaceful Asia.’”²¹³

210 D. M. Finkelstein (2003), “China’s ‘New Concept of Security’” in Flanagan, S. & Marti, M. E. *The People’s Liberation Army and China in Transition*. National Defence University, Institute for National Strategic Studies, pp. 197-210.

211 C. Shulong (1999), “China and the U.S.-Japan and U.S.-Korea Alliances in a Changing Northeast Asia”, Shorenstein APARC, https://aparc.fsi.stanford.edu/publications/china_and_the_usjapan_and_uskorea_alliances_in_a_changing_northeast_asia.

212 J. Xi (2014), “New Asian Security Concept for Progress in Security Cooperation” remarks at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia, Expo Center, May 21, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1159951.shtml.

213 A. P. Liff (2018), “China and the U.S. Alliance System,” *The China Quarterly*, vol. 233, pp. 137-165.

4.4. ALLIANCE MANAGEMENT – AT THE WHITE HOUSE

President Trump has taken a very personal approach to foreign policy and the management of alliances – one that has frequently tested one of the long-standing and cardinal principles of diplomacy, the doctrine of “No Surprises.”

The challenge to diplomatic orthodoxy, on more than one occasion, has been manifest in the management of relations with Japan and Korea and has raised questions regarding the constancy of US leadership. The announcement that President Trump had accepted an invitation to meet with Kim Jong-un completely blind-sided Prime Minister Abe, and allies across the globe.

In Japan, the political opposition cast Abe as being disregarded and disrespected – out of the loop – and President Trump as acting with little regard for Abe, Japan, and the alliance. Within Japan’s security community, this, in turn, raised questions as to whether the President and “America First” diplomacy would take into account Japan’s security concerns in talks with Kim Jong-un.

Following the Singapore Summit with Kim Jong-un, President Trump again tested the doctrine of “No Surprises.” The President’s decision to suspend US-ROK military exercises caught everyone, including General Vincent Brooks, commander of United States Forces Korea, by complete surprise. Moreover, the President’s acceptance of North Korea’s definition of the US-ROK military exercises as provocative war games and his expressed intention, sometime in the future, to withdraw US forces from the Peninsula was unsettling at best, calling into question the US commitment to the alliance and extended deterrence – not only in Korea but in Japan and elsewhere.

Recent examples of the unexpected in alliance management include the President’s out-loud musing that allies should pay cost plus 50% in host nation support for US forces stationed abroad and his judgment that the US-Japan alliance places an “unfair” defense burden on the United States – and should be revised.

Recognizing the concerns raised by the President’s statements and his transactional view of alliances, the Congress in the 2018 Defense Authorization Act inserted language that expresses the “unwavering” commitment of the United States to “treaty obligations and assurances including defense and extended deterrence to South Korea, Japan, and Australia.”²¹⁴

Notwithstanding the unexpected surprises from the White House, the US alliance structure in the Indo-Pacific region nevertheless continues

214 National Defense Authorization Act (2018), <https://www.congress.gov/bill/115th-congress/house-bill/2810>.

to strengthen, a reality recognized by China in its 2019 Defense White Paper – “United States is strengthening its Asia-Pacific military alliances and reinforcing military deployment and intervention...”²¹⁵

4.5. THE ALLIANCES: STATUS REPORT

4.5.1. Japan

Under Presidents Obama and Trump and the Abe government in Japan, the US-Japan alliance has continued to evolve and strengthen.

Since 2017, the alliance has been reinforced by the close personal relationship between the President and the Prime Minister. They have met during G-7 and G-20 convocations, on the golf course, and, according to a senior State Department official, speak frequently and at length on policy issues by telephone. The Prime Minister has consistently supported the President’s “Maximum Pressure” policy toward North Korea, and the President has, as he had promised, raised the issue of Japan’s abductees with Kim Jong-un.

As for the US-Japan free, fair, and reciprocal trade negotiations, it should be noted that bilateral trade imbalances have long marked the US-Japan relationship. The auto wars of the late 1970s and 1980s resulted in Japan’s acceptance of voluntary restraints on auto exports and investment by Japanese companies in production facilities in the US. The Structural Impediments Initiative followed in the late 1980s, succeeded by the Clinton administration’s Framework Agreement.

Heated political rhetoric in both countries has frequently accompanied the negotiations, but successive governments in Washington and Tokyo have worked successfully to isolate the alliance from the political-economic debate. The October 7, 2019 US-Japan trade agreement again speaks to this continuing commitment. Strategic realities then, as now, serve to reinforce and strengthen the alliance. In the face of security challenges posed by North Korea and an increasingly assertive China, this still holds true.

As for the alliance itself, the Joint Statement of the “Two-Plus-Two” Security Consultative Meeting of April 19, 2019 called attention to “the alignment of the strategic policy documents” – the United States National Security Strategy and National Defense Strategy, and Japan’s National

215 The State Council Information Office of the People’s Republic of China (2019), *China’s National Defense in a New Era*, <http://www.xinhuanet.com/english/download/whitepaperonnationaldefenseinnewera.doc>.

Defense Program Guidelines – on key security challenges facing the alliance partners.²¹⁶

The Joint Statement, without identifying China, expresses “serious concern about, and strong opposition to, unilateral coercive attempts to alter the status quo in the East and South China Sea.” The document reaffirms that Article V of the US–Japan Security Treaty applies to the Senkaku Islands and that “both nations oppose any unilateral action that seeks to undermine Japan’s administration of these islands.”²¹⁷

At the operational level, the US and Japan have continued to implement the 2015 Defense Guidelines. Indicative of initiatives to strengthen the alliance, bilateral training exercises have been expanded in the East and South China Seas. In 2017, the US and Japan conducted 74 joint exercises – almost four times the 19 exercises conducted in 2015, before the Abe government’s security laws were enacted.²¹⁸ Looking to the future, both governments have committed to cooperation in “space, cyber, and the electromagnetic spectrum as priority areas to better prepare the Alliance for cross domain operations.”²¹⁹

The Abe government’s security laws have also enabled Japan to participate in trilateral exercises with the US and Australia, with the US and the ROK, and with the United States, India and Australia. This broadening engagement is central to the evolution of a networked security structure envisioned in the Indo–Pacific strategy.

Furthermore, the Abe government has increased defense spending for seven consecutive years in terms of initial budget request. In its FY 2020 budget submission, the Ministry of Defense requested a record increase of 5.3 trillion yen, 50 billion yen higher than the FY 2019 initial budget request of 5.2574 trillion yen. A significant part of the increase will cover the acquisition of Aegis Ashore batteries, F-35 purchases, and additional defense equipment that would serve to increase Japan’s defense capability and reduce its trade imbalance with the United States.

Collectively, the defense policies of the Abe government have all been aimed at making Japan a more attractive alliance partner, and at anchoring the United States in Asia, in Japan.

216 Japan Ministry of Defense, Joint Statement of the Security Consultative Committee (2019), April 19, https://www.mod.go.jp/e/d_act/us/.

217 *ibid.*

218 Japan’s Legislation for Peace and Security, effective March 2016, allows Japan “to play a more proactive role for peace and stability in the world.” The legislation aims to “enhance the deterrence of the Japan-U.S. Alliance” and “help to deepen trust and cooperative relations with other partners both within/outside the region”, enabling Japan “to provide necessary logistics support and search and rescue to armed forces of foreign countries engaging in activities for ensuring Japan’s peace and security...”. For a more detailed explanation, see Japan’s Legislation for Peace and Security, <https://mofa.go.jp/files/000143304/pdf>.

219 Japan Ministry of Defense (2019).

4.5.2. Korea

In the October 2018 “Two-Plus-Two” meeting of the Security Consultative Committee, the Joint Communique pronounced the alliance “stronger than ever.”²²⁰ Commander of the US Forces Korea, General Robert Abrams, testified to the Senate Armed Services Committee that “the force is sufficiently postured to deter aggression and defeat any adversary, if necessary. We continue to train at echelon to maintain readiness...”²²¹

Public support for the alliance in both the ROK and the United States remains strong. In February 2018 an Asan Institute poll put Korean public support at over 90% across all age cohorts, including the 386 generation. Moreover, an October 2018 Chicago Council on Global Affairs poll indicated that 64% of Americans were prepared to defend Korea in the event of a North Korean attack.

Beginning in 2003, successive governments in Washington and Seoul have worked to expand the focus of the alliance – to transform it from its traditional rationale, deterrence of North Korea and defense of the ROK, into a broader regional and global construct.

In 2005, Presidents George W. Bush and Roh Moo-hyun approved the evolution of the alliance into a “comprehensive” alliance that would address regional and global issues. In the Joint Vision Statement of 2009, the two governments recognized the Mutual Defense Treaty as the “cornerstone” on which the United States and the ROK would “build a comprehensive strategic alliance of bilateral, regional, and global scope...”. The development of a Comprehensive Alliance has been reaffirmed at annual Security Consultative Meetings.

As for the denuclearization of North Korea, prospects are problematic at best. After three Summits, the President and Kim Jong-un have yet to agree on a definition of denuclearization. The President’s post-Singapore statement – that he had pressed Kim to accept Final and Fully Verified Denuclearization but that there was “not sufficient time to write down details of the agreement,” suggests a fundamental lack of understanding of diplomacy 101 – there is no agreement without text. Added to this, the President’s claim that he has “solved that (North Korea) problem” is, many months after the Singapore Summit, premature.

Despite political pressures from President Moon’s support base to advance economic engagement with North Korea, both governments remain committed to the Final and Fully Verified Denuclearization of North

220 Joint Communique of the 50th US-ROK Security Consultative Meeting (2019), October 18, <https://www.usfk.mil/Media/News/Article/1679753/joint-communique-of-50th-us-rok-security-consulta>.

221 Statement of General Robert Abrams to Senate Armed Services Committee (2019), February 12, <https://www.armed-services.senate.gov/hearings/19-02-12-united-states-indo-pacific-command-and-united-states-forces-korea>.

Korea, and the full implementation of UN Security Council sanctions until denuclearization is realized.

For the ROK, beyond the immediate security challenge posed by North Korea, the long-term strategic challenge involves managing relations with China, through and after unification. The strategic equation involves maintaining the economic ties to China, critical to Korean prosperity, while ensuring Korean sovereignty against Chinese influence and a demonstrated willingness to use economic leverage to advance Chinese interests on the Peninsula. China's commercial retaliation against Korean products, following the 1997 THAAD deployment, stands as a case in point; even in 2020 restrictions on group travel to Korea remain in force.

David Helvey, now Acting Assistant Secretary of Defense for Indo-Pacific Security Affairs, in his study "Korean Unification and the U.S.-ROK Alliance," observes that the alliance fits into a traditional Korean foreign policy framework, associated with a "greater power that would offer security but not be so close geographically that it would threaten Korean sovereignty."²²²

In 2000, President Kim Dae Jung met with a Council on Foreign Relations task force of which the author was a member. When asked, in light of his historic visit to Pyongyang, whether the alliance had a future, the President responded affirmatively. He advanced his views along the following lines: "Korea is faced with two great land powers to the north, and they're not going away; to the east, Korea is faced with a great maritime power, and it's not going away. The United States is strong; you are far away; and you have no designs on Korea. That's why the alliance has a future." The President's remarks were reminiscent of the author's University of Chicago advisor, Hans Morgenthau.

4.5.3. Australia

President Obama took the occasion of his remarks to the Parliament of Australia to announce the US "Rebalance to Asia." He described the rebalance as a "deliberate and strategic decision" to increase the priority placed on Asia in US policy. In 2018, Australia and the United States, speaking to the closeness of historic security ties, celebrated "100 Years of Mateship," dating from the battle of Hamel on July 4, 1918.

Today, a lively debate is ongoing in Australia about US leadership in the Asia-Pacific region and the uncertainties regarding the US commitment to the Indo-Pacific region.

²²² D. Helvey (2016), "Korean Unification and the Future of the U.S.-South Korea Alliance", National Defense University Press, <https://inss.ndu.edu/Media/News?Article/699426/korean-unification-and-the-future-of-the-us-rok-alliance/>.

Reflecting those concerns, Peter Jennings, a former senior defense official, has called for a “Plan B for Defence.” Mr. Jennings set out a 10-step plan calling for Australia to do more for its own security, play a stronger leadership role in the region, reconsider the size and strength of the defense force and “posture for even darker threats ahead – without confidence in the US security umbrella.”

The reason: “It’s mostly luck that we haven’t yet been on the end of some Presidential verbal spray that could hugely undermine Australian confidence in the future of the alliance.”²²³

Former Minister of Defense and Ambassador to the United States Kim Beazley expressed a more optimistic view of the US commitment to Australia. Writing on the 75th anniversary of the Coral Sea, at a time when, like today, the power distribution in Asia was changing – moving from an era of US dominance to one of greater power diffusion – he asked his readers to consider whether Australia should continue to invest in what may be perceived as a relationship of diminishing value.

In addressing the security challenges of post-Cold War Asia, he suggested that Australians should consider two lessons from the Coral Sea, the first being the type of ally the United States may be in “an era in which it is not necessarily preeminent”; and the second being “what the US default position in our region is when its saliency in our broader region is under pressure.”

With the US well aware that a major battle at Midway was in the offing in the spring of 1942, Beazley wrote that a cautious move for the United States would have been to concentrate forces in Hawaii. However, in the Coral Sea, the United States “put its territory at risk to support an ally.” As he phrased it, this was “risk taking of a high order.” The lesson here was that “The US will go a long way for a friend – whether or not it’s the preeminent power.” Furthermore, Beazley argued that the US default security position in Asia remains, as it was in 1942, anchored in Australia.²²⁴

During a September 2018 research visit made by the author of this chapter to Australia, a senior official observed that “the rise of China represented the greatest security challenge Australia has faced since the Coral Sea.” Of particular concern are China’s efforts to expand its influence to the Southwest Pacific island states; China’s militarization of bases in the South China Sea, in effect unilaterally changing the status quo and putting at risk Australia’s oil from the Middle East; and, to the west, its growing presence in the Indian Ocean region and Africa.

223 P. Jennings (2018), “With Trump at large, Australia needs a Plan B for Defence”, July 21, <https://www.aspistrategist.org.au/author/peter/jennings/>.

224 Government of Australia, Foreign Policy White paper (2017), https://www.globalsecurity.org/military/library/report/2017/australia_2017_foreign_policy_white_paper.pdf.

As for the United States and the alliance, Australia's 2017 Foreign Policy White Paper judged that "United States long-term interest will anchor its economic and security engagement in the Indo-Pacific," and major alliances will "remain strong."²²⁵ A senior official with long experience in relations with the United States remarked that the alliance "at operational levels is solid." He observed that democracies like the United States and Australia go through "uncertain political periods" but was confident that the alliance would endure.

On the ground, the operational strength of the alliance is reflected in its history of joint and coalition operations, training and exercises, intimate intelligence cooperation, capability development, and a shared commitment to the security of the Indo-Pacific region.

The already close alliance cooperation and coordination was enhanced by the 2014 Force Posture Agreement. The agreement provided for Enhanced Air Cooperation, improving interoperability through more sophisticated training exercises and the rotational deployment of US Marines to training areas in Australia's Northern Territory. The United States continues to enhance alliance coordination by partnering with Australia in cyber, space, defense science and technology, and intelligence.

The August 4, 2019 AUSMIN meeting in Sydney underscored the breadth and strength of the alliance. The Joint Statement addressed cooperation and coordination relating to Indo-Pacific prosperity and stability; South-east Asia and Pacific engagement; the US-Australia Global Partnership; the transnational challenge; defense cooperation; economic relations; youth, and the future. At the end of August 2019, Australia committed to joining the United States in protecting maritime commerce in the Persian Gulf.

4.5.4. The Philippines

North of Australia, the Philippines have come face-to-face with an increasingly assertive China in contested waters in the South China Sea. In 2014, President Obama declared that the US commitment to the defense of the Philippines was "iron clad" but ambiguity remained as to whether the US defense commitment extended to the South China Sea.

Amid growing Philippine concerns, Secretary of State Pompeo traveled to Manila and, on March 1, 2019, in a joint press conference with the Philippine Secretary of Foreign Affairs, Teodoro Locsin, Jr., reaffirmed Article V of the Mutual Defense Treaty that "any attack on Philippine forces, aircraft or public vessels in the South China Sea will trigger mutual

²²⁵ J. Gehrke (2019), "Pompeo reassures Philippines that US will defend if China attacks", March 1. *Washington Examiner*, <https://www.washingtonexaminer.com/policy/defense-national-security/pompeo-reassures-the-philippines-that-us-will-defend-it-if-china-attacks>.

defense obligations.”²²⁶ The US ambassador later told the Philippine press that he believed that Secretary Pompeo’s statement extended to any attack by China’s maritime militia on Philippine forces and public vessels.

Under the 1998 Visiting Forces Agreement and the 2014 Enhanced Defense Cooperation Agreement, US forces continue to support the Philippine armed forces against ISIS-aligned extremists. Today, joint exercises, arms transfers, and training are operating at historic levels. This year, 280 bilateral exercises are scheduled with the Philippine armed forces, the most bilateral exercises with any country in the INDOPACOM region.²²⁷ The United States (along with Japan) is also working to assist the Philippines in maritime and air capacity building.

In February 2020, President Rodrigo Duterte announced his intention to withdraw from the Visiting Forces Agreement (VFA). The decision set in motion a 180-day countdown period that would terminate the agreement in August. If terminated, the alliance would remain in effect but bilateral security cooperation would be significantly affected.

As for the future of the US security strategy toward Southeast Asia, it is perhaps worth looking to the past, namely the 1991 decision by the Philippine Senate to terminate US access to Subic Bay. In Washington, the Philippine decision produced a major shift in US strategy toward Southeast Asia, emphasizing “access” and characterized as “Places not Bases.” This began with Lee Kwan Yew’s offer to provide the US with access to Singapore’s naval and air facilities. Further, in the evolution of this concept across Southeast Asia, the US security strategy, over three decades, has demonstrated the capacity to adapt to the challenges of an ever-changing environment.

4.5.5. Thailand

The United States alliance with Thailand dates back to the signing of the Treaty of Amity and Commerce in 1833. Today, Thailand is a major non-NATO ally. The 2014 military coup complicated the US-Thailand relationship, but military engagement continues through joint exercises, and Thailand continues to host the Cobra Gold exercise, the largest military exercise in the region. Thailand also provides the United States with access to the Utapao Air Base and the Sattahip Deep Water Port. Utapao provides logistics support for US HA/DR operations in the region.²²⁸

²²⁶ Department of Defense, Indo-Pacific Strategy Report (2019), June 1, <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>.

²²⁷ *ibid.*

²²⁸ *ibid.*

4.6. ALLIANCE EVOLUTION

As noted above, the US “hub and spokes” bilateral alliance structure, Cold War in origin, has been evolving toward a comprehensive and networked architecture, one that includes increased cooperation between US alliance partners and active efforts to engage other regional security partners in the building of strategic partnerships.

Examples include the following. The United States has encouraged increased bilateral security cooperation between US allies, most notably between Japan and Australia and Japan and the Philippines; trilateral security cooperation among Australia, Japan and the United States; and among Japan, the ROK and the United States; as well as quadrilateral engagement involving Australia, India, Japan and the United States. Exercises that began in the context of US bilateral alliances have been expanded to include a wide range of regional participants.

At the same time, the United States has developed Comprehensive Partnerships with Indonesia, Malaysia and Vietnam, and a Strategic Partnership with Singapore, while Japan and Australia have developed similar partnerships with Indonesia, Malaysia, Singapore and Vietnam.

Today, Australia, Japan and the United States are focusing on maritime issues in Southeast Asia and the South China Sea, particularly maritime capacity building, maritime domain awareness, joint training and exercises, and port calls across the region. Indicative of the increasing alliance-based cooperation, in November 2018 the United States, Japan and Australia joined together to promote “high quality” infrastructure projects across the Indo-Pacific region.

There is one caveat to the positive developments outlined above, namely President Trump’s idiosyncratic approach to alliance management, his transactional view of alliances, and rejection of the multilateral management of trade policy. When it comes to the latter, President Trump’s decision to withdraw from the Trans-Pacific Partnership has placed the United States outside the rules-setting norms of the TPP Eleven, at a time when the administration, in its Indo-Pacific strategy, is emphasizing support for a rules-based order, and at a time when the economic dynamic of the region is moving toward integration, thus disadvantaging the United States.

The uncertainties arising from the trade war with China are causing alliance partners to consider alternative trade structures – the Japan-EU FTA, RECEP, and the ongoing discussions among Japan, China and the ROK for a trilateral FTA. Hedging against the downside of the Trump administration’s trade war approach to commerce may have long-term, now unforeseen, political and strategic consequences.

4.7. THE INDO-PACIFIC: BACKGROUND AND CONTEXT

The concept of the Indo-Pacific has a long policy heritage – one predating the Trump administration. In 2006, Foreign Minister Taro Aso called for an Arc of Freedom and Prosperity to extend from Northeast Asia to Central Asia and the Middle East; governed by “values-oriented diplomacy, with emphasis on universal values, democracy, freedom, human rights, rule of law and the market economy” – all values lacking in China.²²⁹

In 2007, Prime Minister Abe, in remarks to the Parliament of India, spoke of the Confluence of the Two Seas, emphasizing fundamental values: freedom, democracy, human rights as well as strategic interests, particularly freedom of the sea lanes. Nine years later, in 2016, Prime Minister Abe, in remarks delivered in Nairobi, Kenya, asserted that “Japan bears the responsibility of fostering the confluence of the Pacific and Indian Oceans and of Asia and Africa into a place that values freedom, rule of law and the market economy, free from force or coercion and making it prosperous.”²³⁰

At the November 2017 APEC meeting in Danang, President Trump adopted a similar vision of the Free and Open Indo-Pacific as his own. A month later, the administration issued the National Security Strategy of the United States of America, followed in short order by a Summary of the National Defense Strategy. Both documents highlight a US-China relationship moving from cooperation to competition, defining China as a revisionist power and a strategic competitor, pursuing a military modernization program that seeks to limit US access to the region and secure Indo-Pacific regional hegemony. The Indo-Pacific strategy followed in June 2019.

In remarks to the Shangri-La Dialogue, then Acting Secretary of Defense Patrick Shanahan addressed the Indo-Pacific strategy. Referring to the remarks by Former Secretary of Defense James Mattis at Shangri-La in 2018, Shanahan told his audience “to reiterate, the Indo-Pacific is our priority theater.”²³¹

The Acting Secretary explained that the Indo-Pacific strategy is based on “enduring principles of international cooperation: respect for sovereignty and independence; peaceful resolution of disputes; free, fair, and

229 T. Aso (2007), Speech: The Arc of Freedom and Prosperity, March 12, <https://www.mofa.go.jp/policy/pillar/address0703.html>.

230 Prime Minister Shinzo Abe (2016), Opening Session of the Sixth Tokyo International Conference on African Development, August 27, https://www.mofa.go.jp/afr/af2/page4e_000496.html.

231 Remarks by Acting Secretary of Defense Patrick Shanahan at the Shangri-La Dialogue (2019), June 1, <https://www.defense.gov/Newsroom/Transcripts/Transcript/Article/1871584/acting-secretary-shanahans-remarks-at-the-iiss-shangri-la-dialogue-2019/>.

reciprocal trade and investment; and adherence to international rules and norms, including freedom of navigation and overflight.”

The principles are to be advanced by continuing to strengthen historic alliances and develop strategic partnerships; by enhancing interoperability with allies and partners – both hardware and software; by supporting multilateralism – ASEAN centrality in the regional security architecture, thus reaffirming Vice President Pence’s 2017 commitment to build a strategic partnership with ASEAN; and building on shared values and strategic interests with India.

As for China, the Acting Secretary noted that “some in our region are choosing to act contrary to the principles and norms that have benefited us all.” He went on to define the greatest long-term threat to the region as coming from “actors who seek to undermine, rather than uphold, the rules-based international order,” actors seeking to “undermine the system by using indirect, incremental actions, and rhetorical devices to exploit others economically, diplomatically, and coerce them militarily.” In contrast to the “broadly shared” vision of a free and open region, he observed that “some seem to want a future where power determines place and debt determines destiny.”

Recognizing the prosperity-security dilemma facing countries in the region, the Acting Secretary stated that “for this reason, the United States does not want any country in this region to choose or forgo positive economic relations with any partner.”²³² A year earlier, then Secretary Mattis was more direct: “we do not ask any country to choose between the United States and China.”²³³

4.8. CONCLUSION

The United States-China relationship is entering a new era. The bipartisan consensus that has guided a partnership-oriented China policy, from the Nixon opening through visions of a Responsible Stakeholder, has eroded. A new relationship is now in the process of being defined. It will be one in which decades of United States pre-eminence will be challenged.

232 Acting Secretary of Defense Patrick Shanahan, Remarks at Shangri-La Dialogue (2019), June 1, <https://www.defense.gov/Newsroom/Transcripts/Transcript/Article/1871584/acting-secretary-shanahans-remarks-at-the-iiss-shangri-la-dia>.

233 Remarks by Secretary Mattis at Plenary Session of the 2018 Shangri-La Dialogue (2018), June 2, <https://www.defense.gov/Newsroom/Transcripts/Transcript/Article/1538599/remarks-by-secretary-mattis-at-plenary-session-of-the-2018-shangri-la-dialogue/>.

The Trump administration's trade war is just the beginning of efforts to define and restructure the economic relationship toward market-based policies and greater reciprocity. This approach is likely to continue either during a second Trump administration or in a successor Democratic administration, backed by strong bipartisan political support on Capitol Hill. One needs only to recognize the strong general support for President Trump's trade war from Democratic Minority Leader Chuck Schumer. While disagreeing with the specifics of Trump's Phase One of the US-China trade deal, Schumer has consistently supported Trump's "get tough" approach to China.

In the Indo-Pacific region, the Trump administration has taken a more activist posture in the South China Sea, as evidenced by an increase in Freedom of Navigation Operations. This is both an assertion of historic US national interests as well as a challenge to China's excessive maritime claims. But Freedom of Navigation Operations alone will not address China's growing influence across the region.

Over the past two years, the United States has started to react, beginning with President Trump's adoption of an Indo-Pacific vision and an Indo-Pacific strategy. In effect, the Indo-Pacific strategy is making a bet: by strengthening alliances and strategic partnerships, by developing trilateral alliance-based security and economic cooperation with Japan, Australia and the ROK, by supporting ASEAN centrality, by developing US-India relations and by exploring the potential of the Quad, the strategy aims to create a free-standing but interlocking set of policy-building blocks that will support a balance of power or a countervailing dynamic aimed at advancing the values that the United States, its allies, and strategic partners espouse. The strategy is making a bet that our values can prevail if we invest in and marshal the economic, diplomatic, and military resources to support an open-rules-based international order.

There is much work to be done – starting with committed and consistent leadership from Washington. In the words of former Secretary of Defense Mattis “bear with us, after we’ve exhausted all possible alternatives, we’ll do the right thing.”²³⁴

The pursuit of enduring US economic and security interests in the Indo-Pacific region has shaped US strategy for over two centuries. This chapter has focused on the US post-Cold War strategy toward the Indo-Pacific and the US alliance-based security structure, which has served as the foundation of US strategy.

Notwithstanding the present impasse with the Philippines, the author believes that US interests will endure, and that the alliance-based security

234 *ibid.*

structure will likewise endure and continue to evolve, as it has over the past three decades.²³⁵

235 For other studies on US strategy toward the Asia-Pacific region, see R.G. Stutter (2019), *The United States and Asia Regional Dynamics and Twenty-First Century Relations*, Lanham: Rowman and Littlefield; A. Yeo (2019), *Asia's Regional Architecture: Alliances and Institutions in the Pacific Century*, Stanford University Press; M. J. Green (2017), *By More Than Providence*, Columbia University Press; W. T. Tow and D. Stuart (2014), *The New US Strategy Toward Asia*, Abingdon: Routledge; T. Mahnken & D. Blumenthal (eds.) (2014), "Strategy in Asia," Stanford University Press.

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5. 'ESTRANGED DEMOCRACIES' IN THE GEOPOLITICS OF SHIFTING ALLIANCES IN THE INDO-PACIFIC: PERSPECTIVES FROM AND ON INDIA

Sanjay Chaturvedi

5.1. INTRODUCTION

As the 'Asian Century' unfolds somewhat unsteadily, underpinned by geopolitical power shifts, the metageography²³⁶ as well as the geographs²³⁷ of international relations are in a state of flux. Destabilized in the process of transition are the dominant cartographies of the Cold War-induced geopolitical demarcations and depictions of regions and sub-regions on the face of the globe, such as South Asia, South-East Asia, and East Asia. The nature, extent and direction of this multifaceted 21st century *interregnum*²³⁸ are yet to be fully mapped and theorized. The question of how well equipped the IR/geopolitical theories²³⁹ that grappled with the Cold War *power play*²⁴⁰ are to explain *power shifts* that are fast changing the societies, economies and politics on the Asian rimland also remains largely unanswered. In this conundrum of shifting alliances, partnerships,

236 "The set of spatial structures through which people order their knowledge of the world". See M. L. Lewis, and K. E. Wigen (1997), *The Myth of Continents: A Critique of Metageography*, Berkeley: University of California Press. These spatial structures, largely uninterrogated, retain their seductive character on account of their usefulness in reducing complex lived-in geographies to highly simplified but seductive mental maps.

237 Geographs are "particular frequently used descriptions of the world" or the "ontological and geopolitical presuppositions that structure particular modes of peace, security and defence discourse", S. Dalby (1993) 'The 'Kiwi disease': geopolitical discourse in Aotearoa/New Zealand and the South Pacific', *Political Geography*, vol. 12, no. 5, September 1993, p. 440.

238 "In world order terms ... a new, stable order ... has not been established but significant elements of the old order remain in place", G. Sørensen, (2006). What Kind of World Order?: The International System in the New Millennium. *Cooperation and Conflict*, 41(4), p. 358.

239 K. He (2018), Three Faces of the Indo-Pacific: Understanding the "Indo-Pacific" from an IR Theory Perspective. *East Asia* 35, pp. 149-161.

240 V.D. Cha (2016), *Powerplay: The Origins of the American Alliance System in Asia*, New Jersey: Princeton University Press.

relocations, repositionings, reorientations, realignments and rebalancing, one of the most keenly observed ‘strategic’ relationships of the 21st century is the one that is evolving between India and the United States of America.

A term that has captured the serious attention of both scholars and practitioners of late, especially in the so-called QUAD²⁴¹ countries – the USA, India, Australia, and Japan – as a possible solution to the post-Cold War geopolitical vertigo²⁴² is the ‘Indo-Pacific’. In mid-2018, the US Pacific Command, the oldest and largest American military command,²⁴³ was renamed the United States Indo-Pacific Command. In April 2019, the Ministry of External Affairs, Government of India, established a new Division for the Indo-Pacific²⁴⁴ in view of “the increasing salience of the Indo-Pacific concept in global discourse”.²⁴⁵ Against the backdrop of a rather aggressive territorialization of the South China Sea by China in the form of land reclamation and the construction of artificial islands in the ongoing dispute over the Senkaku Island chain,²⁴⁶ Prime Minister Abe advocated a ‘Free and Open Indo-Pacific’.²⁴⁷ In the case of Australia, the 2017 ‘Foreign Policy White Paper’²⁴⁸ underlined the growing salience of “Maritime and land border disputes” as a “growing source of potential instability in a more contested Indo-Pacific”, drawing in the “region’s three big Asian powers – China, Japan and India – as well as Southeast Asian nations and Pakistan.” Referring to the South China Sea as a “major fault line in the regional order”, Australia has expressed its commitment to region-building through the peaceful resolution of disputes, in accordance with international law.

241 The Quadrilateral consultative forum, which comprises Australia, India, Japan and the United States.

242 “A state of confusion where the old nostrums of the Cold War were redundant and new ones had not yet been invented, issued and approved”, G. Ó Tuathail (1998), “New World Order Geopolitics”, in (eds.) G. Ó Tuathail, S. Dalby *The Geopolitics Reader*, London: Routledge, p. 103.

243 It covers more of the globe than any of the other geographic combatant commands and shares borders with all of the other five geographic combatant commands. See: <https://www.pacom.mil>.

244 The Indo-Pacific Division deals with matters relating to the Indo-Pacific, India-ASEAN relations, the East Asia Summit, the Indian Ocean Rim Association (IORA), the Asia-Europe Meeting (ASEM), Mekong-Ganga Cooperation (MGC) and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS). The purpose in doing so was said to be twofold: “to help consolidate India’s vision of the Indo-Pacific across the Government of India, in line with the elements set out by the Prime Minister of India in June 2018, and to provide substantive policy elements and programmes to that vision.”

245 MEA (2020), Ministry of External Affairs, Government of India, Indo-Pacific Division Briefs, https://mea.gov.in/Portal/ForeignRelation/Indo_Feb_07_2020.pdf.

246 B. Hayton (2014), *South China Sea: The Struggle for Power in Asia*, New Haven and London: Yale University Press; M. G. Koo (2009), The Senkaku/Diaoyu dispute and Sino-Japanese political-economic relations: cold politics and hot economics? *The Pacific Review*, 22: 2, pp. 205-232; M. E. O’Hanlon (2019), *The Senkaku paradox: risking Great Power war over small stakes*. Washington D.C.: Brookings Institution Press.

247 B. Chellaney (2018), “Japan’s Pivotal Role in the Emerging Indo-Pacific Order,” *Asia Pacific Review*, 25(1): pp. 38-51; Y. Hosoya (2019), ‘FOIP 2.0: The Evolution of Japan’s Free and Open Indo-Pacific Strategy’, *Asia-Pacific Review*, 26(1), pp. 18-28.

248 Australian Government (2017), ‘Chapter three: A stable and prosperous Indo-Pacific’, Foreign Policy White Paper, pp. 37-47.

With the notion of the ‘Indo-Pacific’²⁴⁹ having been officially embraced and enthusiastically flagged, as indicted above, the extent to which these narratives actually converge and/or diverge with regard to *what* and *where* the major challenges are and *how* these could be effectivity addressed needs to be explored further. At the same time, the gap between the reality and the rhetoric of the Indo-Pacific appears to be widening, notwithstanding the burgeoning scholarly literature on the subject.²⁵⁰

‘Estranged Democracies’²⁵¹ no longer, the United States and India, while talking to each other at various levels on the question of the Indo-Pacific, seem to be struggling in their own ways with understanding the hardcore reality of an increasingly ambitious, assertive and, according to some, even insecure²⁵² China. In the whirlpool of shifting post-Cold War geopolitical alliances, both find themselves in an unprecedented geopolitical and geostrategic embrace. The evolving strategic equations between the two largest democracies in the world in the vast, complex and dynamic Indo-Pacific space-place are seen by some as holding the key to the success of QUAD and its mandate of securing a rule-based ‘inclusive’, ‘peaceful’ and stable order – both on land and at sea. Now that the US and India are no longer estranged, is there a *narrative convergence* when it comes to their respective understandings of the Indo-Pacific? The key argument in this chapter is that while searching for an answer to this question, views *from* and *on* India on the question of the Indo-Pacific – entangled as they are in an intricate manner – should be addressed in conjunction with and not divorced from each other.

249 The telling title of a recent seminal book: see T. Doyle and D. Rumley (2019), *The Rise & Return of the Indo-Pacific*, Oxford: Oxford University Press.

250 See R. J. Heydarian (2020), *The Indo-Pacific: Trump, China, and the New Struggle for Global Mastery*, Singapore: Palgrave Macmillan; Doyle & Rumley (2019); W. Choong (2019), “The return of the Indo-Pacific strategy: an assessment”, *Australian Journal of International Affairs*, 73 (5), pp. 415–430; C. Mahapatra (2019), *Rise of the Indo-Pacific*, New Delhi: Pentagon Press (in association with Indian Council of Social Science Research); V. Sakhuja & V. Bhatia (2018), *Indo-Pacific Region: Political and Strategic Perspectives*, New Delhi: Indian Council of World Affairs; J. M. Smith (2017), *Asia’s Quest for Balance: China’s Rise and Balancing in the Indo-Pacific*, Rowman and Littlefield; A. Rossiter & B. J. Cannon (2020), *Conflict and Cooperation in the Indo-Pacific: New Geopolitical Realities*, London, New York: Routledge.

251 The term is borrowed from the title of a book authored by D. Kux entitled *India and the United States: Estranged Democracies 1941–1991*, Washington: National Defense University Press. The term invites attention to the uneven and unpredictable relationship between the US and India over nearly half a century, which, by and large, remained ‘estranged’, turning ‘hostile’ occasionally, primarily due to sharply diverging perceptions over major national security concerns, Kux (1993) p. 447.

252 S. W. Khan (2018), *Haunted by Chaos: China’s Grand Strategy from Mao Zedong to Xi Jinping*, Cambridge MA: Harvard University Press.

5.2. WHAT IS THE ‘INDO-PACIFIC’ AND WHAT DOES IT STAND FOR?

Haruko Wada²⁵³ has insightfully shown how “the geographical contours of the term Indo-Pacific have evolved in the conception of the key countries involved”. As far as the origins of the term are concerned, in the annals of Western geopolitical tradition, the term Indo-Pacific was first used by German geopolitician Karl Haushofer²⁵⁴ and American IR scholar with a realist world view²⁵⁵ Nicholas J. Spykman. As the following discussion reveals, these geopolitical texts were intricately embedded in overwhelmingly colonial and imperial contexts.²⁵⁶

Karl Haushofer equated the ‘Indo-Pacific region’ with ‘Asiatic Monsoon countries’ and predicted the rise of China and India. In an article written in 1939, he pronounced: “If an empire could arise with Japan’s soul in China’s body, that would be a power which would put even the empires of Russia and the United States in the shade”.²⁵⁷ He wanted Germany to work towards “promoting the geopolitical unity of this region in order to offset British and American Sea Power”.²⁵⁸ Haushofer’s military map of the ‘Great Indo-Pacific Ocean’, drawn in 1930, included both the Indian Ocean and the Pacific Ocean.²⁵⁹ He argued, as early as 1924, that these two oceans with their ‘rimland bases’ remain the “hinges of geopolitical destiny”.²⁶⁰

Haushofer, fascinated by British geographer Halford J. Mackinder’s Heartland thesis²⁶¹ – to be discussed at some length later in this paper – divided the world into “Pan Regions”,²⁶² each of which was dominated by a great power: Pan-America by the United States, EurAfrica by

253 H. Wada (2020), “The Indo-Pacific Concept: Geographical Adjustments and Their Implications”, RSIS Working Paper, S. Rajaratnam School of International Studies, p. 22.

254 Described by some as the “leading intellectual theorist of German Geopolitics in the 1920s and 30s”. See F. C. Sempa (2015a), “Karl Haushofer and the Rise of Monsoon Countries”, *The Diplomat*, March 10, <https://thediplomat.com/2015/03/karl-haushofer-and-the-rise-of-the-monsoon-countries/>.

255 Nicholas J. Spykman wrote that “the search for power is not made for the achievement of moral values; moral values are used to facilitate the attainment of power” (cited in J. Gottman (1945): Reviewed Work: *Compass of the World: A Symposium on Political Geography*, by H. W. Weigert & V. Stefansson (1945), *Pacific Affairs* vol. 18, no. 4, pp. 398–399).

256 J. M. Hobson (2012), *Eurocentric Conceptions of World Politics: Western International Theory, 1760–2010*, Cambridge: Cambridge University Press.

257 F. C. Sempa (2015a).

258 *ibid.*

259 Doyle & Rumley (2019), p. 7.

260 H. H. Herwig (2016), *The Demon of Geopolitics: How Karl Haushofer ‘Educated’ Hitler and Hess*, Lanham, MD: Rowman and Littlefield, p. 154.

261 F. P. Sempa (2002), *Geopolitics: From the Cold War to the 21st Century*, New Brunswick and London: Transaction Publishers.

262 H. H. Herwig (1999), Geopolitik: Haushofer, Hitler and lebensraum, *Journal of Strategic Studies*, 22: 2–3, p. 227.

Germany, and Pan Asia with Japan. At the core of his Indo-Pacific strategy was the “ideal global alignment”, where “the overbearing dominance of the “pirates from the sea”, that is, the “outer crescent” of the Anglo-Saxon powers of Britain, its empire/dominions, and the United States, was first checked and then checkmated by the “robbers of the steppe”, that is, the world’s “geographical pivot” of Germany, Russia, China, and Japan.²⁶³

As Herwig²⁶⁴ so succinctly puts it, “Haushofer’s depiction of history as a constant great-power game between the “pirates from the sea” and the “robbers of the steppe” has been played out since 1945 between the Soviet Union and the United States and more recently between the United States and China.” What has changed, argues Herwig, is just the terminology: “pirates” and “robbers” have been defanged in favor of “whales” and “bears”. Haushofer visited India in November 1908, had a lunch meeting with Horatio Herbert, Viscount Kitchener, Commander-in-Chief in India, at Fort William in Calcutta, and was informed by his host that an Anglo-German war, lasting at least three years, was ‘inevitable’.²⁶⁵ In a poem written soon thereafter, titled ‘England in India’, Haushofer wrote: “Britain, this “miserable people of robbers,” had both “beguiled” and “plundered” India”.²⁶⁶ To quote Herwig:

Africa (with the exception of Italy’s attempt to conquer Abyssinia) and South America almost totally escaped Haushofer’s attention. Rather, his gaze was riveted on what he liked to call the “monsoon lands.” *India was the apple of his eye.* It was not only a “wronged victim” of British imperialism, but it was steadfastly on the path to independence under Mahatma Gandhi. *Geopolitically, Haushofer dreamed of a future in which India, together with China and an independent Indonesia, would take their place as an effective counterweight at the crossroads of the German-Russian-Japanese “geographical pivot of history” and the Anglo-Saxon “outer crescent.”* Perhaps, in time, other oppressed colonial lands such as the Philippines, Indochina, Singapore, Malaya, and even Hawaii would join this Pan-Asian conglomeration... As to China, Haushofer was an ardent Sinophile. He was well aware that the Middle Kingdom for most of its history had been the dominant Asian

263 Herwig (2016), p. 154.

264 *ibid.*, p. 214.

265 Herwig (2016).

266 *ibid.*, p. 18.

power, and he fervently desired to see it brought into the “geographical pivot.”²⁶⁷ (emphasis added)

Nicholas J. Spykman, Sterling Professor of International Relations at Yale University, subscribing to a realist worldview of international relations and ‘balance of power’, could foresee in 1942 that China would be a major continental power in control of the “Asiatic Mediterranean”.²⁶⁸ This large section of the littoral group of marginal seas such as the Sea of Japan, the East China Sea, and the South China Sea, controlling China’s access to the Pacific Ocean – and the SLOCs connecting the Indian and Pacific Oceans – acts as an “insular world par excellence”.²⁶⁹

The ‘Rimland’ concept mooted by Spykman, an important conceptual building block in the architecture of the Indo-Pacific regional construct, has been interpreted differently and, according to some, at times even incorrectly.²⁷⁰ For Spykman, it is not the Heartland but the Rimland that the ‘balance of power’ problem stems from, especially due to the rise of independent centers of power. He maintained a distinction between ‘balanced power as divided power’ and ‘unbalanced power as integrated power’.

The Cold War geopolitical template, and the narratives of ‘balance of power’, containment, and encirclement rested upon and largely revolved around the Heartland–Rimland, land power–sea power binaries, with the figures of Mahan, Mackinder and Spykman looming large. Fast forward to the post-Cold War era and John Agnew²⁷¹ would argue that, “since the Cold War there has been no single geopolitical template that assigns meaning to world politics. This has led to the search for new geopolitical structures, often based on questionable empirical evidence and interpretations.” Is the Indo-Pacific one such template or a set of templates, with each gathering its own relevant facts in pursuit of individual national interests but in an apparently regional framework? A “new strategic construct”?²⁷² An ‘Asian Maritime Super Region’ or “a super-region in which the sub-regions still matter”?²⁷³ Or a set of “strategic narratives

267 *ibid.*, p. 157.

268 F. P. Sempa (2015b), “Nicholas Spykman and the Struggle for the Asiatic Mediterranean”, *The Diplomat*, January 9, <https://thediplomat.com/2015/01/nicholas-spykman-and-the-struggle-for-the-asiatic-mediterranean/>.

269 N. J. Spykman (1942), *America’s Strategy in World Politics: The United States and the Balance of Power*, New York: Harcourt Brace and Company Inc, p. 132.

270 M. P. Gerace (1991), “Between Mackinder and Spykman: Geopolitics, Containment and After”, *Comparative Strategy*, 10(4): 347–364.

271 J. Agnew (2012), “Is US security policy ‘pivoting’ from the Atlantic to Asia-Pacific? A Critical Geopolitical Perspective”, Friedrich Ebert Stiftung, p. 7.

272 N. Bisley & A. Phillips (2013), “Rebalance to Where?: US Strategic Geography in Asia,” *Survival*, 55 (5): p. 96.

273 R. Medcalf (2013), “The Indo-Pacific: What’s in a Name?”, *The American Interest* 9(2): p. 59.

of regional order”, with each narrative, notwithstanding the collective rhetorical commitment to a ‘stable’, ‘prosperous’, ‘open’, ‘free’ and ‘inclusive’ Indo-Pacific, pursuing and promoting “a distinct conception of regional order, reflecting different sets of political, geopolitical, economic and institutional concerns and agendas”?²⁷⁴

Pardesi,²⁷⁵ questioning the ‘newness’ of the term, has forcefully argued that three sub-regions, namely South, Southeast, and Northeast Asia, and Indian and Western Pacific “have constituted a single strategic system for the past two centuries”, with the last three decades of the Cold War proving to be exceptional. It is important to note, he further argues, that the future regional order in this ‘larger Asia’ will emerge not from the conflict between the land power and the sea power but “from the interdependence of continental and maritime power”. Pardesi²⁷⁶ argues forcefully that,

This larger strategic Asia that first emerged around the time of the ‘great divergence’ between the West and the rest was created by a *rising Britain through its Indian base*. While Cold War geopolitics ‘split’ Asia into smaller sub-regions, the rise of China and India is reversing this split. The contemporary re-emergence of the Indo-Pacific allows the United States to create a regional distribution of power and a regional distribution of status (through discourse) that favours the United States in an increasingly multipolar region. (emphasis added)

Whereas the future of land/continental-sea/maritime binary geopolitics is difficult to pinpoint or predict in an increasingly interdependent and interconnected world, a number of trends strongly suggest that global geopolitics, after passing through the bipolarity of the Cold War era and the unipolarity of the post-Cold War, has now entered into the post-post-Cold War phase of multipolarity, with a rather complex and convoluted spatiality in terms of nature, location, distribution and balance of power.

274 M. Barthwal-Datta, & P. Chacko (2020), “The politics of strategic narratives of regional order in the Indo-Pacific: Free, open, prosperous, inclusive?”, *Australian Journal of International Affairs*, 74: 3, p. 244.

275 M. S. Pardesi (2020), “The Indo-Pacific: A ‘New’ Region or the Return of History?”, *The Australian Journal of International Affairs*, 74(2), p. 124.

276 *ibid.*

It is to a brief discussion of the post-post-Columbian epoch²⁷⁷ – which continues to unfold with hitherto unanticipated twists and turns – that I turn next.

5.3. OLD TEXTS AND NEW CON(TEXTS): THE ‘INDO-PACIFIC’ IN THE COBWEB OF THE POST-POST-COLUMBIAN EPOCH

The British geographer Halford J. Mackinder, writing in 1904, had proposed a geopolitical thesis centered on the so-called ‘natural seats of power’ in Euro-Asia, based on what he described as the geographical causation behind history: the *Heartland* thesis. Aply assisted by the display of a few unconventional maps, he persuasively argued before the British audience that their much-cherished Columbian epoch – the so-called era of exploration and discovery – dictated and driven by Sea Power, had sadly just ended. And the dawning of the post-Columbian epoch meant that the world had become a ‘closed political system’ of worldwide scale and scope in such a manner that: “Every explosion of social forces, instead of being dissipated in a surrounding circuit of closed space and barbaric chaos, will be sharply echoed from the far side of the globe and weak elements in the political and economic organisms of the world will be shattered in consequences”.²⁷⁸

A key message emanating from Mackinder’s writings and lectures, as noted in a seminal work by Gerry Kearns,²⁷⁹ was that “the world was now a single organism and that the global order rested upon force and contention” and the challenge to “Britain’s unique historical mission” of “challenging the rise of despotism overseas” as well as the “rise of a Power in Europe so great in resource that it could out build our fleet” now came “not from one quarter only, and not merely from Europe”. Among the most probable challengers, namely Germany, China and Russia, it was the last one that Mackinder found most threatening. It is important to note, as pointed out by Weigert,²⁸⁰ that:

277 Mackinder, underlining the geographical causation behind history, identified three epochs. The *Pre-Columbian* epoch witnessed the domination of the land power of the Asian steppes, with horse- and camel-riding (symbolizing the technology of the day) nomads, especially the Mongols, striking the great Asiatic hammer on the heads of the Europeans. In the *Columbian* epoch (1500-1900), the power shifted to the sea power of European colonial empires, ably assisted by sailing vessels and sea transportation technology, and the outcome was the European overseas expansion. And the *Post-Columbian* epoch (1900-), with railways serving as the dominant technology, characterized by the land power of those who controlled the Heartland, and resulting in a closed space and struggle for relative efficiency. See also H. J. Mackinder (1904), “Geographical Pivot of History”, *The Geographical Journal*, vol. 170, no. 4, December 2004, pp. 298-321.

278 H. J. Mackinder (1904), p. 298.

279 G. Kearns (2009), *Geopolitics and Empire: The Legacy of Halford Mackinder*, Oxford: Oxford University Press, p. 183.

280 H. W. Weigert (1942), ‘Haushofer and the Pacific’, *Foreign Affairs*, vol. 20 (4), pp. 732-42.

Mackinder's consciousness of the passing of the Victorian sea power age made him see Europe and its political geography as subordinate to Asia. *It is in Asia that the land power and the land-based air power have had their greatest opportunities to challenge established power positions in the world at large.* The mobility of land power (not land power as such), in competition with the mobility of sea power, evolved as a decisive geopolitical feature of the twentieth century. By evaluating the competition and possible clash between sea and land power, Mackinder discovered the "pivot region of the world politics": the Heartland of Eurasia. (emphasis added)

Fast forward from the interregnum of the 20th century, when Mackinder anxiously pronounced the arrival of the post-Columbian epoch, to the recent dawning of the post-post-Columbian epoch and what we are facing at present is the geopolitical conundrum of the 21st-century interregnum, marked by both continuity and change. The appeal of classical geopolitical theories centered on Euro-Asia has not diminished, however, despite the Fourth Industrial Revolution²⁸¹ building on the Third Industrial Revolution.²⁸² Moreover, many of the issues/concerns that were central to Mackinder's thesis remain important today, "including natural resources, mass migration, communication, and transport across vast geographical spaces".²⁸³

What is changing, however, is the pecking order in the hierarchical international system. Equally visible is the "shift from a Western-dominated hegemonic or quasi-hegemonic order to a more complex, diverse, and decentered (post-hegemonic) world politics".²⁸⁴ The spectacular economic growth of some of the "non-Western states into Great Powers in their own right",²⁸⁵ and their geopolitical rise on the Euro-Asian rimland, or what Mackinder described as the inner crescent, has destabilized the conventional sea power-land power geopolitical binary and the geostrategic doctrines based on them. The most outstanding among these powers is China, "which has become a major player just east of

281 K. Schwab (2016), *The Fourth Industrial Revolution*, New York: Crown Business.

282 J. Rifkin (2011), *The Third Industrial Revolution: How Lateral Power is Transforming Energy, the Economy and the World*, New York: Palgrave Macmillan.; T. L. Knutsen (2014), "Halford J. Mackinder, Geopolitics, and the Heartland Thesis", *The International History Review*, 2014, vol. 36, no. 5: 854.

283 T. L. Knutsen (2014), "Halford J. Mackinder, Geopolitics, and the Heartland Thesis", *The International History Review*, 2014, vol. 36, no. 5: 854.

284 A. Acharya (2018), *Constructing World Order: Agency and Change in World Politics*, Cambridge: Cambridge University Press, p. 3.

285 Knutsen (2014), p. 852.

Mackinder's Heartland".²⁸⁶ As Xiang²⁸⁷ would argue, "China needs Mackinder's heartland to reduce the enormous strategic pressure from the eastern Pacific". Whereas Knutsen²⁸⁸ would ask, "Can a continued Sino-Russian rapprochement give China access to the Heartland from the east?", Mackinder considered the possibility briefly. Curiosities abound!

Indeed, Mackinder had hinted at the dawning of this epoch (i.e. post-post-Columbian) in his 1904 article titled 'The Geographical Pivot of History': "Were the Chinese, for instance, organized by the Japanese, to overthrow the Russian Empire and conquer its territory, they might constitute the yellow peril to the world's freedom just because they would add an oceanic frontage to the resources of the great continent, an advantage as yet denied to the Russian tenant of the pivot region".²⁸⁹

One of the most outstanding geopolitical features of the post-post-Columbian epoch, and the one that proves Mackinder wrong, is not simply the rise and return of Asia – especially China and India – but the calls by both for the respectful restoration of agency.²⁹⁰ For Mackinder,

The Indians were a classic agricultural people although, unlike Germany, they were unable to resist domination from locust swarms of nomadic peoples that swept down upon them from time to time, or who settled among them as imperial overlords. Perhaps for this reason, the lectures on the United Kingdom for Indian school children began with a chapter on the benefits to India brought by British rule."²⁹¹

With the strategic geographies of international relations becoming multi-spatial, posing new challenges before foreign policy establishments and national security experts the world over, the long-upheld *Sea Power-Land Power* geopolitical binary seems to have lost its strategic relevance, if not its appeal. The cobweb-like geometry of power in this era is characterized by intersections, flows, networks, crossroads and mobility. The figure of the 'nomad' is far more complex than imagined by Mackinder in his tripartite scheme of epochs. Needless to say, the concept

286 *ibid.*

287 L. Xiang (2004), "China's Eurasian Experiment", *Survival*, 46(2), p. 118.

288 Knutsen (2014).

289 Mackinder (1904), p. 437.

290 As pointed out by Hobson (2012), "Neither Mackinder nor Mahan granted Eastern Agency a progressive role in the making either of the West or of world politics. Eastern People were cast with the negative stereotype or trope of barbaric activism – i.e., predatory Eastern agency – contributing nothing positive either to progressive civilization or to world order and constituting merely the harbingers of an anarchic new world disorder."

291 Kearns (2009), pp. 178–179.

of region and the process of regionalization can no longer be approached and analyzed in a geo-spatial framework of fixed-static geographies. The new big picture is graphically captured by Holslag:²⁹²

The Eurasian continent has become a true world island. Trains plough from Shanghai to Rotterdam, pipelines branch out from the energy-rich heart-land in all directions, and imposing mountain passes are pierced by wide, blacktopped highways. In parallel, the seas bordering the world island have merged into a single, crowded maritime ring-way, a vital conduit for trade in raw materials and manufactured goods, and for the projection of influence.

The apparent mismatch between the discursive/imagined and the real/material – a source of widely shared policy discomfort as well as cartographic anxieties – appears to be one of the defining features of what George Sørensen has described as an *interregnum*.²⁹³ A frantic search is underway for new theoretical constructs, strategic geographers and geopolitical templates with which to approach, analyze and manage the tangled geopolitical-geoeconomic realities of *post-post-Cold War world* transitions and their military-strategic fallouts.

As pointed out by Doyle and Rumley,²⁹⁴ these transitions are underpinned by at least five global geopolitical/geo-economic simultaneous shifts to: 1) a post-Cold War world witnessing a “New multiplex Cold War” but without much evidence of the Cold War mental maps and mentality having completely withered away; 2) “a post-unipolar world” and, relatively speaking, the decline of the United States of America;²⁹⁵ 3) a post-colonial world and “emergence of post-colonial nationalism”. Fourth, a “shift in the global distribution of economic power” away from Europe and the US to Asia. And finally, a “shift in the nature of ‘threat’ to ‘non-traditional’ concerns”.

The post-post-Columbian epoch is also characterized by acute cartographic anxieties around the future/fate of America’s Asian Alliances²⁹⁶ and questions of ‘alliance sustainability’, ‘alliance adaptability’,

292 J. Holslag (2013), “The Eurasian Sea”, *Survival*, 55: 4, pp. 155.

293 J. Chaturvedi and J. Painter (2007), “Whose World, Whose Order? Spatiality, Geopolitics and the Limits of the World Order Concept”, *Cooperation and Conflict: Journal of the Nordic International Studies Association* vol. 42(4): 375-395.

294 Doyle & Rumley (2009), p. 10.

295 According to some, the ‘decline of the US-led world order’, which is not the same as the ‘relative decline of America’, deserves equal attention. See Acharya, A. (2014), *The End of the American World Order*, Cambridge: Polity Press.

296 R. D. Blackwill & P. Dobb (2000), *America’s Asian Alliances*, Cambridge Massachusetts: The MIT Press.

‘alliance management’, and ‘alliance longevity’.²⁹⁷ The boundaries drawn through the geopolitical partitioning/compartimentalization of the globe, for example between ‘South Asia and South East Asia’ by the Cold War ideological geopolitics²⁹⁸ are becoming increasingly fuzzy. Some scholars have expressed doubts over the viability of the hub and spokes framework that evolved under the San Francisco model.²⁹⁹ Teo and Emmers³⁰⁰ argue quite persuasively that, “While the impact of these pressures on individual alliances may vary, this system as a whole is expected to modify in three primary ways. Specifically, the San Francisco System is likely to become more diffused, selectively interconnected, as well as characterized by more insecurity toward the alliances on the part of both the United States and its allies.”

Apparently, with some of the old alliances displaced and/or drifting away – although not yet fully apart – the search for new allies by the ‘major’ powers appears to be floundering, with the ‘middle’ and ‘small’ powers finding it difficult to take clear-cut sides in a complex and volatile tug-of-war and thus facing dilemmas hitherto unimagined. This also demands critical rethinking of the assertion that multiple alignments are the best form of non-alignment for middle and small powers. India’s simultaneous serious engagement with Indian Ocean maritime regionalisms, such as the Indian Ocean Rim Association (IORA) and sub-region-alisms like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), shows the elastic nature of India’s strategic geographies.

There is no denying the fact that what makes the Indo-Pacific a contested construct is the role of ‘middle’ and ‘small’ powers and the dilemmas faced by several of them. Beyond the geopolitical imaginations and visions of a *unipolar*, *bipolar* and *multipolar* international system, anchored in structural realism, lies a complex reality that Amitav Acharya³⁰¹ would describe as a multiplex international system characterized by cultural and political diversity. Conspicuous by its absence in a multiplex world is a hegemon, while “Leadership is plural and is conducted in different styles and modes, just as a multiplex runs movies of different varieties. Yet being under one complex means sharing a common architecture and

297 W. T. Tow (2019), “Minilateral security’s relevance to US strategy in the Indo-Pacific: challenges and prospects”, *The Pacific Review*, 32(2): pp. 232–244.

298 J. Agnew (1998), *Geopolitics: Visioning World Politics*, London and New York; Routledge.

299 Formed in 1950, the San Francisco system or model of US bilateral alliances – a major building block of the Asia-Pacific Security architecture – was initially aimed at containing the spread of communism during the Cold War.

300 S. Teo & R. Emmers (2020), “The Future of the San Francisco System: Pressures and Prospects”, *Asian Politics & Policy*, p. 1. DOI: 10.1111/aspp.12513

301 Acharya (2018), p. 8.

being in an interdependent relationship. And the security screening at the entrance to the entire complex implies that collective and common security mechanisms are at play.”

Applying the imagery of a multiplex to the Indo-Pacific opens up an interesting vista of various competing, converging and diverging narratives catering to the desires, anxieties and fears of various stakeholders at multiple scales and in diverse locations.

As noted earlier, from a constructivist perspective, the ‘Indo-Pacific’ is a ‘Super Region of Sub-Regions’, discursively carved out of a mind-boggling diversity, with an intriguing assemblage of strategic geographies of major, middle and small powers. No wonder its fuzzy boundaries remain in a state of flux. The extent to which these *geographs* converge and/or diverge around certain core issue areas needs to be explored. The core concerns that could possibly be discerned from repeated official policy pronouncements by the major proponents of the Indo-Pacific – primarily the USA, India, Japan, Australia and Indonesia – include ‘freedom of passage’, a ‘rule-based maritime order’, and ‘security of sea lanes of communication’.

This nascent, supposedly collective ‘security’ architecture, anchored in shifting geometries of power, can also be seen as responses to perceived challenges and dilemmas posed by a cobweb of entangled geopolitical, geoeconomic, strategic and ecological logics. As succinctly noted by Sujan R. Chiony,³⁰² the manner in which China and the US are entangled through trade and investment, despite a huge trust deficit, and the rest of the countries are “intertwined in a web of relation with both China and the US” pose difficult policy dilemmas. With a rather fractured power profile – economic, political or military – the idea of one single country dominating all issues is simply unthinkable. Issues related to trade and technology are highly contested. At the same time, “Nationalism and regionalism are on the rise. There is less multilateralism but greater multi-polarity. Hedging and multi-alignment are part of every country’s strategic toolkit. The old consensus is fraying and a balance is yet to emerge. This calls for readjustments”.³⁰³

The ongoing global Covid-19 pandemic, unfolding with hitherto unimagined consequences, has added a new dimension to the *post-post-Columbian epoch*. This dimension relates to the geo-emotional-psychological dimensions of the conundrum of connectivity. Mackinder’s greatest fear at the dawning of the Columbia epoch seemed to revolve around the perception of a world fast closing in – reinforced by the introduction of

302 S. R. Chiony (2019), “India must negotiate growing Chinese presence in Indo-Pacific region”, *Indian Express*, 17 December, <https://indianexpress.com/article/opinion/columns/navigating-the-indo-pacific-6170525/>.

303 *ibid.*

the trans-Siberian railways across the geographical pivot or the Heartland – and its implications for a freedom-loving sea power. The *post-post-Columbian epoch*, however, appears to be overwhelmingly characterized by an intricate emotional patchwork of hope and fear surrounding the perceived inevitability of ‘connectivity’.

5.3.1. The ‘China factor’: Connection defines danger?

The usage of the term Indo-Pacific ostensibly includes containing/counter-balancing narratives, but is not exhausted by them. Locations continue to matter both within and beyond the Indo-Pacific on the face of the globe. In the making of the 21st-century construct of the Indo-Pacific, the ‘China factor’ looms large. Various facets of this highly nuanced China factor await critical examination. In geopolitical-spatial terms, strategic thinkers are increasingly re-locating China at the intersection of the sea power-land power binary.

Geopolitically approached and analyzed, China, hitherto overwhelmingly seen as a land power, is now being increasingly perceived by some analysts/policymakers as proactively mobilizing vast continental resources in pursuit of unrestrained amphibious capability, ably supported by steadily growing ambition and the ability to mark its geopolitical and geoeconomic presence in diverse regions – from the Arctic to Antarctica with the Indian Ocean in-between – and related governance regimes. According to Shyam Saran,³⁰⁴ former foreign secretary of India, what current geopolitical trends suggest is that China, through its BRI strategy/initiative, is meticulously “carving out” a “continental-maritime geostrategic realm”. For Saran, “it is not a question of whether but when China – recalling some of its past maritime traditions – would start behaving like a sea power beyond the South China Sea.”

‘Is China Bidding for a Heartland?’ Francis A. Sempa³⁰⁵ in a concise but thought-provoking article carrying this title succinctly provides a key to the answer in the sub-title itself: ‘Beijing doesn’t have to choose between land and sea predominance. It could have both’. According to Sempa:

China today sits at the gates of the Heartland and has access to the sea. Its foreign policy has both maritime and continental components and it is projecting power and influence at sea and on land. It would be wise, therefore, for

304 S. Saran (2015), “What China’s One Belt and One Road Strategy Means for India, Asia and the World”, *The Wire*, October 9, <https://thewire.in/external-affairs/what-chinas-one-belt-and-one-road-strategy-means-for-india-asia-and-the-world>.

305 F. P. Sempa (2015c), “Is China Bidding for the Heartland? Beijing does not have to choose between land and sea power predominance. It could have both”, *The Diplomat*, January 21, <https://thediplomat.com/2015/01/is-china-bidding-for-the-heartland/>.

the world's statesmen to reflect upon Mackinder's warning in 1919 in his book *Democratic Ideals and Reality* (Mackinder 1919: 70). Mackinder had said: "What if the Great Continent, the whole World Island or a large part of it, were at some future time to become a single and united base of sea power? Would not the other insular bases be outbuilt as regards ships and outmanned as regards seamen? Their fleets would no doubt fight with all the heroism begotten of their histories, but the end would be fated."

Fast forward once again to when the Quadrilateral Security Dialogue (Quad) emerged in 2007. Soon thereafter, Quad was eclipsed by Shinzo Abe tendering his resignation as Japan's Prime Minister and Australia choosing to withdraw during the prime ministership of Kevin Rudd. A decade later, the Quad (colloquially termed "Quad 2.0"), was revived by the US, Japan, Australia and India on the sidelines of the 2017 ASEAN Summit. This happened against the backdrop of the widely perceived assertive, bordering on aggressive, behavior of China in and around the South China Sea. Whereas the Chinese media was quick to label the grouping as a potential "Asian NATO", Chinese Minister of Foreign Affairs Wang Yi described the initiative as "foam in the ocean, destined to dissipate soon".³⁰⁶

A critical examination of the *what*, *why* and *where* of the Indo-Pacific in the geopolitical visions of 'Quad' states can be illuminating. What is the extent to which their definitions and perceptions of the 'Indo-Pacific' converge and/or diverge and why? There is no such thing as a 'view from nowhere'. Rai³⁰⁷ would argue that "while the Quad may not currently be functioning as envisaged and desired, there is no gainsaying the fact that the future is unpredictable beyond certain fairly narrow bounds. Thus, the future may well witness the birth of new ways and means by which the Quad 2.0 could be a functional and useful platform to ensure a more stable balance of power and the maintenance of stability and peace."

Victor D. Cha³⁰⁸ reminds us of the 'powerplay' strategy of the USA and its profound and lasting impact on the Asian security spectrum. "It was through the hub and spoke bilateral security alliance system", points out Cha, that the United States created and cultivated "tightly held and exclusive, one-to-one bilateral partnerships with countries in the region. Like a bicycle wheel, each of these allies and partners constituted "spokes"

306 A. Rai (2018), "Quadrilateral Security Dialogue 2 (Quad 2.0) – a credible strategic construct or mere 'foam in the ocean'?", *Maritime Affairs: Journal of the National Maritime Foundation of India*, 14: 2, 139.

307 *ibid.*, p. 146.

308 V.D. Cha (2016), *Powerplay: The Origins of the American Alliance System in Asia*, New Jersey: Princeton University Press, p. 3.

connected with a central hub (the United States), but with few connections between the spokes.”

It is useful to acknowledge that a major challenge before the Quad is that the ‘Indo-Pacific’ is yet to be operationalized. The Indo-Pacific is what states, including/especially major powers ‘residing’ in this super-regional space, including China, make of it through the lenses of their respective strategic geographies and perceived national, regional and global interests in an increasingly volatile international geopolitical economy marked by ‘trade wars’. Robert Blackwill and Jennifer Harris have argued in their book titled *War by Other Means: Geoeconomics and Statecraft*³⁰⁹ that “China is seeking a grand strategy that will end U.S. primacy in Asia and alter the balance of power in that vast and crucial region. And although People’s Republic of China is undertaking an ambitious program of military modernization, its tools in pursuing that grand strategy for the foreseeable future are primarily geoeconomic and not military...the strength of the economies of America’s allies and of India will be critical factors in their ability to resist Chinese economic coercion and to stand strong in maintaining the current balance of power in Asia at large.” The statement demands and deserves critical engagement with the implications of geoeconomics for the India-US strategic partnership in the Indo-Pacific.

5.4. ‘INDIA’ IN THE US NARRATIVES ON THE INDO-PACIFIC: ‘ESTRANGED DEMOCRACIES’ NO LONGER!

Why does India figure the way it does today in various doctrines and national security documents of the US? The manner in which India’s ‘strategic’ location is being discursively carved out on the strategic geographies and supporting cartographies of the US and its ‘allies’ on the new Indo-Pacific map deserves closer and critical attention. It is useful to recall, as pointed out earlier in this paper, that India’s location was indeed a matter of both geopolitical curiosity and strategic concern early on in the eurocentric narratives and cartographies of the Indo-Pacific. I will return to this point shortly.

309 R. D. Blackwill & J. M. Harris (2016), *War by Other Means: Geoeconomics and Statecraft*, Cambridge Massachusetts: Harvard University Press, p. 256.

As widely believed, reported and discussed, it all began with the ‘pivot’, ‘rebalancing’ or ‘reorientation’ to Asia in 2011.³¹⁰ However, Silove³¹¹ has persuasively questioned the “misperception that the pivot to Asia was either “all talk and no walk” or that it was a containment strategy”. In his assessment, based on a closer look at some of the de-classified documents, a “sustained and substantial reorientation toward Asia” began in the mid-2000s. “From then, the United States implemented major revisions to its force posture in Asia to increase the overall capabilities of the United States and its allies and partners in the region. The hub-and-spokes model of alliance relationships, which had endured since the end of the Korean War, *was substantially revised to build stronger defense relationships among the spokes and add India – an important new partner – to the arrangement.*” One of the key objectives behind these initiatives, to which an economic dimension was added through the TPP, was “to work in concert toward the goal of reducing the likelihood of a Chinese bid for hegemony in Asia. *If the strategy were successful, it would preserve the existing power balance in the region, in which the United States held the superior position.*” (emphasis added)

The 2017 *National Security Strategy of the United States of America* emphatically points out that “the U.S. interest in a free and open Indo-Pacific extends back to the earliest days of our republic”.³¹² It invites attention to “geopolitical competition between free and repressive visions of world order” in the Indo-Pacific region and points out that the region, “*which stretches from the west coast of India to the western shores of the United States, represents the most populous and economically dynamic part of the world.*” In the sub-section dealing with ‘South and Central Asia’, the document underlines the need to broaden and deepen the strategic partnership between the US and India, also in order to augment India’s leadership role in ensuring maritime security in the broader region.³¹³ The US definition of the Indo-Pacific excludes the Western Indian Ocean.³¹⁴

In mid-2018, a major policy decision by the United States of America to rename its Pacific Command the Indo-Pacific Command raised many

310 “The future of politics will be decided in Asia, not Afghanistan or Iraq, and the United States will be right at the center of the action.” Secretary of State Hillary Clinton announced in October 2011, while presenting the Barack Obama administration’s strategy toward the Asia Pacific. See H. Clinton (2011), “America’s Pacific Century,” *Foreign Policy*, October 11, http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century. See also J. A. Bader (2012), *Obama and China’s Rise: An Insiders’ Account of America’s Asia Strategy*, Washington D.C.: Brookings Institution Press.

311 N. Silove (2016), “The Pivot before the Pivot: U.S. Strategy to Preserve the Power Balance in Asia”, *International Security*, 40(4), p. 88.

312 White House (2017), *National Security Strategy of the United States* (Washington, D.C.), December, p. 46.

313 White House (2017), p. 50.

314 The boundary between India and Pakistan coincides with the boundary between the US Central Command and the US Indo-Pacific Command.

eyebrows and invited wide-ranging speculation in the media. According to Pardesi,³¹⁵ this renaming could also be interpreted as a “subtle message” to India that “while the United States welcomes India’s rise, India is rising in only one world region that is covered by one single American military command”. In his view, “as with power distribution, the discourse of the Indo-Pacific also ensures a distribution of status that is favourable to the United States by decentring China and by reminding India of its place in the American world order.” In this geopolitical-strategic framing, the Western Indian Ocean and the Arabian Sea get eclipsed in comparison to the Eastern Indian Ocean and the Bay of Bengal.

In February 2020, during the state visit of President Donald Trump to India, a joint statement outlining the ‘Vision and Principles for the United States-India Comprehensive Global Strategic Partnership’ was issued.³¹⁶ Under the sub-heading ‘Strategic Convergence in the Indo-Pacific’, the critical importance of a close partnership between India and the United States to ensure a “free, open, inclusive, peaceful and prosperous Indo-Pacific region” and good governance, ably assisted by maritime domain awareness, was underlined. What also came to be acknowledged was ASEAN’s centrality, along with the emphasis placed on the safety and freedom of navigation and overflight, and the peaceful settlement of maritime disputes through adherence to the ‘Code of Conduct’ and without prejudice to the legitimate rights and interests of all nations under international law. Referring to the geoeconomic content of their strategic partnership in the Indo-Pacific, both underlined the need to forge a “new partnership between USAID and India’s Development Partnership Administration for cooperation in third countries”.

After a formal US-India dialogue held in New Delhi, US Deputy Secretary of State John Sullivan is reported to have said:³¹⁷ “What we seek is a China that competes fairly in the rules-based order that has brought increased prosperity to so many over so many decades. But we recognize we can’t do this alone. That’s why the vitality of the U.S.-India partnership is such an important factor in determining whether China ultimately succeeds in reshaping Asia to its purposes. Leaders of both the United States and India recognize this.”

315 Pardesi (2019), pp. 139-40.

316 MEA (2020).

317 J. Sullivan (2019), Remarks at the India-US Forum, <https://www.state.gov/remarks-at-india-u-s-forum/>.

5.5. VIEWS FROM INDIA ON THE INDO-PACIFIC

The term Indo-Pacific has slowly but surely registered itself in the formal official parleys and pronouncements of India.³¹⁸ Early on, Scott³¹⁹ had perceptively captured the contours of the emerging maritime framework for a possible US-India convergence at three levels: conceptual, policy and causal.³²⁰ He concluded his analysis of the causation behind India's engagement with the Indo-Pacific with the argument that, "cooperation (as indeed competition and confrontation) does not stem from the term Indo-Pacific, but rather from the actual policies and interactions of the actors in that Indo-Pacific region. What is clear is that, either way, the role of the Indo-Pacific as a meaningful security concept has become important for India. It is an area of growing strategic importance and maritime involvement for India, both in terms of traditional geopolitics and critical geopolitics and geo-economics".³²¹

However, from a historical perspective, some of the early reflections from India on the question of the Indo-Pacific can be found in the strategic thinking of Sir Olaf Caroe, India's foreign secretary at the time of the Second World War, and K. M. Panikkar,³²² a distinguished diplomat, profound philosopher/thinker of sea power and India's first diplomat to China.³²³ It is pointed out that "their geopolitical reasonings and arguments remain integral to contemporary Indian framings of the Indo-Pacific".³²⁴ Caroe and his so-called 'viceroy's study group' anticipated a 'New Great Game' in the Indian Ocean spilling over to the Indo-Pacific, and saw a great deal of merit in Panikkar's emphasis on "historical and strategic connections between India and Southeast Asia", and "India's past and future interest in places ranging from the Gulf of Aden in the west to the South China Sea in the east".³²⁵ Caroe, writing in 1955, argued that: "forms change but there is a reality which remains. In terms of international politics today

318 It is widely acknowledged that Gurpreet Khurana was the first to use the term Indo-Pacific, outside of formal-official circles, Khurana, G. (2007), "Security of sea lines: Prospects for India-Japan Co-operation", *Strategic Analysis*, 31(1), pp. 139-153.

319 D. Scott (2012a), "India and the Allure of the Indo-Pacific", *International Studies*, 49 (3&4), pp. 165-188.

320 *ibid.* and D. Scott (2012b), "The 'Indo-Pacific' - New Regional Formulations and New Maritime Frameworks for US-India Strategic Convergence", *Asia-Pacific Review*, 19 (2), pp. 85-109.

321 Scott (2012a), p. 180.

322 Published in 1945, K. M. Panikkar's book *India and the Indian Ocean: An Essay on the Influence of Sea Power on Indian History* (New York: MacMillan Company) remains important reading for Indian naval officers. See D. Brewster (2015), "Indian Strategic Thinking about the Indian Ocean: Striving towards Strategic Leadership", *India Review*, 14 (2), pp. 221-37.

323 A. Raju (2020), "K. M. Panikkar, a Historian for Our Times", *The Wire*, 9 June. <https://thewire.in/history/k-m-panikkar-a-historian-for-our-times>.

324 Doyle & Rumley (2019), p. 3.

325 P. J. Brobst (2005), *The Future of The Great Game: Sir Olaf Caroe, India's Independence, and the Defense of Asia*, Akron: The University of Akron Press, pp. 26-27.

the reality is that, as once in the nineteenth century in Asia, there are now in the whole world two major concentrations of power, one continental, and the other a string of like-minded nations linked by the sea.”³²⁶

Fast forward to post-colonial India, against the backdrop of President Obama’s Pivot to [maritime] Asia policy,³²⁷ and in the wake of the first official use of the term Indo-Pacific in 2012 by the then US Secretary of State, in overwhelmingly maritime terms,³²⁸ the former Chief of Naval Staff, Admiral Arun Prakash, was one of the first in India to argue in support of a “new and comprehensive regional maritime initiative” in the Indo-Pacific:

Borrowing from an old US concept of a “1000 ship navy”, we need to consider the creation of an “Indo-Pacific Maritime Partnership”. Navies which have the capacity could contribute ships, aircraft or personnel. Such a multinational partnership would not only spread the burden of anti-piracy operations, but also make the protective umbrella for shipping more comprehensive. Since the scene of action is the Arabian Sea, India could provide support and coordination for this complex and protracted undertaking.³²⁹

It is useful to note that the above-mentioned proposed maritime partnership *in and for* the Indo-Pacific region – including the Western Indian Ocean – was aimed at mobilizing regional naval cooperation in order to promote security and safety in the vast maritime domain by addressing non-traditional threats to security, including climate change, natural disasters, and piracy. No less worthy of attention is the emphasis that Arun Prakash³³⁰ placed on the need to “form multilateral institutions for cooperative security endeavours”, while acknowledging that “while no one believes that Utopia is around the corner, cooperation is worth striving for, and the maritime domain is perhaps the easiest place to start since, as they say, *oceans make neighbours of people around the world*”.

The partnership between the Indian and the US navies in the domain of maritime security, insightfully analyzed in a number of studies, has

326 Ibid, p. 145.

327 K. Campbell & B. Andrews (2013), “Explaining the US ‘Pivot’ to Asia”, Chatham House: https://kritisches-netzwerk.de/sites/default/files/explaining_the_us_pivot_to_asia_-_kurt_campbell_and_brian_andrews_-_the_asia_group_-_august_2013_-_9_pages_1.pdf.

328 D. Scott (2018), ‘The Indo-Pacific in US Strategy: Responding to Power Shifts’, *Rising Powers Quarterly*, 3(2), pp. 19-43.

329 A. Prakash (2011), “Rise of the East: The Maritime dimension”, *Maritime Affairs*, 7(2), p. 12.

330 *ibid.*, p. 13.

apparently gone from strength to strength in the past decade. For some, “no area of United States–India defense cooperation holds more promise than maritime cooperation”.³³¹ For others, “The Indian navy’s apparent reluctance to seek a bigger role and increase its interoperability with the US appears to derive from a ‘hedging strategy’”.³³² And according to Pant and Joshi, “India does not want to be seen as allied with the United States. Instead, it wants to sit on the side–lines while the United States and China slug it out for dominance in the Indo–Pacific”.³³³

Against the backdrop of both continuity and change in India’s geopolitical vision, the most enduring feature is the unrelenting centrality of India’s location in the Indian Ocean region. At the same time, “India’s narrative promotes ‘issue–based’ alliances with a variety of countries, including China, Russia and the United States, to promote a multipolar regional order, and reflects a long–standing desire to culturally identify and economically integrate with East Asian states”.³³⁴ India’s cautious and well–calculated approach to issues of allies, alignments and alliances makes it difficult to generalize with the help of a single theoretical framework, be it realist, liberal or constructivist.³³⁵

India, as one of the fastest growing economies in the world with growing reliance on seaborne trade, is likely to play a major role in the Bay of Bengal, a critically important maritime link, or rather a bridge, between the Indian and Pacific Oceans.³³⁶ The geopolitical, geoeconomic and strategic importance of the Bay of Bengal, especially in the context of India–China rivalry in the Indian Ocean, is steadily growing.³³⁷ Equally compelling are the multifaceted fallouts of climate change and natural disaster.³³⁸ A nuanced sub–regional approach to the Indo–Pacific, firmly anchored in the notion of a Greater Indian Ocean, is likely to better serve India’s enlightened interests in this vast socio–spatial confluence.

331 A. Thakker & A. Sahgal (2019), “US–India Maritime Cooperation”, Washington: CSIS, p. 1.

332 Doyle & Rumley (2019), *The Rise & Return of the Indo–Pacific*, Oxford: Oxford University Press, p. 58.

333 H. V. Pant and Y. Joshi (2015), “The American ‘pivot’ and the Indian navy”, *Naval War College Review*, 68 (1), p. 64.

334 Barthwal–Datta & Chacko (2020), p. 244.

335 S. Chaturvedi (2017), “Mapping Maritime Order in the Greater India Ocean from IR Perspectives”, in Y. Kumar (ed.) *Whither Indian Ocean Maritime Order*, New Delhi, Knowledge World.

336 S. Amrith (2015), *Crossing the Bay of Bengal: The Furies of Nature and the Fortunes of Migrants*, Cambridge: Harvard University Press.

337 D. Brewster (2018), *India & China at Sea: Competition for Naval Dominance in the Indian Ocean*, Oxford: Oxford University Press.

338 S. Chaturvedi & V. Sakhuja (2015), *Climate Change and the Bay of Bengal: Emerging Geographies of Fear and Hope*, Singapore: ISEAS Yusof Ishak Institute & New Delhi: Pentagon Press.

Ever since the then foreign minister Marty Natalegawa proposed an ‘Indo-Pacific Treaty of Friendship and Cooperation’ in 2013, Indonesia has steadily promoted the idea of an ‘ASEAN-led Indo-Pacific’.³³⁹

Timothy Doyle and Dennis Rumley, in their recent seminal work titled *The Rise and Return of the Indo-Pacific*, have argued that, “In brief, an Indian strategy of multialignment is aimed primarily at developing and using strategic partnerships, being involved in a policy of ‘normative hedging’, boosting India’s economic development and national security, and at projecting influence and promoting Indian values”.³⁴⁰

India’s External Affairs Minister, in his valedictory address at the XI Delhi Dialogue, held on 13 and 14 December 2019, outlined the geographical-spatial scope of India’s vision of the Indo-Pacific, which is far more expansive than that of the USA.

One step in building this concept outward is enhancing the Indian Ocean region’s community’s involvement with, and in, the notion of an Indo-Pacific. While the nations of the eastern Indian Ocean and States on the connecting seas leading to the Pacific are defining their vision of the Indo-Pacific, there is room for a western Indian Ocean version of this concept too. In line with our own view that the Indo-Pacific naturally includes our western ocean neighbors in the Gulf, the Island nations of the Arabian Sea, and our partners in Africa, India’s approach to this concept led us to recognize that both geographical extremities of the Indo-Pacific and everything in between should ideally have their own indigenously evolved approach to the Indo-Pacific.

Here is an important acknowledgement, even privileging, of the diversity principle underpinning India’s vision of the Indo-Pacific. A truly outstanding feature of the above intervention by the External Affairs Minister of India in the conceptual evolution of the Indo-Pacific is the reference to a ‘Western India Ocean version’ of the Indo-Pacific, in which the Western Coast of India bordering the Arabian Sea and facing the Gulf region would also figure prominently. This amounts to a discursive boundary-crossing not only between India-Pakistan but also between the Central Command and the Indo-Pacific Command.

Another landmark in the conceptual evolution of the Indo-Pacific concept is the keynote address delivered by Indian Prime Minister Narendra

339 W. Choong (2019), “The return of the Indo-Pacific strategy: an assessment”, *Australian Journal of International Affairs*, 73 (5), pp. 420–425.

340 Doyle & Rumley (2019), p. 65.

Modi, on 1 June 2018, at the Shangri-La Dialogue in Singapore. It further attests to India's nuanced understanding of, and approach towards, the Indo-Pacific. As a regional construct, the Indo-Pacific is described as 'natural' and characterized by "inclusiveness and openness and ASEAN centrality and unity". The stakeholders in the Indo-Pacific region extending "from the shores of Africa to that of the Americas" are seen as coming from both within and beyond the region. PM Modi's speech also stands out for pointing out that India does not see the Indo-Pacific Region as a strategy marked by club mentality, or for that matter directed against any country. Given its strategic location at the 'crossroads', India gives due importance to greater connectivity within the region but not at the cost of "respect for sovereignty and territorial integrity, consultation, good governance, transparency, viability and sustainability". Moreover, connectivity projects must not lead to a debt trap for some countries, a concern that has been felt and expressed by several commentators regarding China's B & R initiative. The fact that the Indo-Pacific is seen by India also from a highly normative perspective is graphically revealed in another quote from the same speech:

We believe that our common prosperity and security require us to evolve, through dialogue, a common rules-based order for the region ... based on the consent of all, not on the power of the few ... When we all agree to live by that code, our sea lanes will be pathways to prosperity and corridors of peace. We will also be able to come together to prevent maritime crimes, preserve marine ecology, protect against disasters and prosper from blue economy.

India's engagement with the Indo-Pacific under the banner of QUAD also appears to be driven by a geopolitical vision that resists being imprisoned by a geostrategic monologue centered on the threat dimension of an increasingly assertive China. This is despite the ongoing border skirmishes that run the risk of escalation. Panda³⁴¹ has argued that the caution with which India has approached this 'consultative forum' is "a statement of New Delhi's plural foreign policy arch in an evolving Indo-Pacific construct. Balancing China's growing outreach with the Indo-Pacific region while concurrently affirming bilateralism with Beijing explains India's strategic autonomy and pluralism in its foreign policy". In Panda's view, there is insufficient evidence to prove that India's approach to Quad is anti-China or, for that matter, motivated by the fear-driven logic of

341 J. Panda (2018), "India's Call on China in the Quad: A Strategic Arch between Liberal and Alternative Structures", *Rising Powers Quarterly*, Volume 3, Issue 2, 2018, p. 83.

anti-China ‘containment’. With the geographies of India’s maritime interests steadily expanding along and across scales (sub-regional to trans-regional) and sectors (energy, trade, defense), India’s quest to secure the sea lanes of communication finds the Indo-Pacific construct appealing.

The notion that India’s geopolitical vision of the Indo-Pacific has a strategic space for Russia is well noted by scholars,³⁴² leading think-tank reports,³⁴³ diplomats and the media alike.³⁴⁴ As noted by Hosoya,³⁴⁵ “Japan’s approach to the free and open Indo-Pacific is more comprehensive, more inclusive, and more cooperative than what is written in NSS of the US”.

Reflecting on the persistent challenge of operationalizing the concept of the Indo-Pacific, Pant and Rej³⁴⁶ have argued that, rhetoric notwithstanding, the harsh ground realities in India’s north, east and west get in the way of achieving a convergence of visions between India and the USA and playing a role commensurate with its ambition and ability. Looking at China to its North, India realizes both the power disparity vis-à-vis China and the uncertainty regarding the future trajectory of bilateral relations with its giant Asian neighbor. Finally, to India’s west, “divergent Indian and American positions in the western Indian Ocean, in particular on Pakistan and Iran, prevent the creation of a unified cohesive view of the Indo-Pacific that both countries share. These divergences have concrete consequences for the future of U.S.-India regional cooperation”.³⁴⁷

5.6. CONCLUDING THE INCONCLUSIVE: SOME REFLECTIONS

Call it a construct, a set of strategic narratives, a seamless continuum, a ‘Super Region of sub-regions’ – or a combination of some or all of these – the Indo-Pacific is likely to remain a hyphenated notion in the foreseeable future: a contested ‘work in progress’. For those who look at the Indo-Pacific as a vast region of sub-regions, it is useful to acknowledge that “the constructed region is a product of the purpose, the spatial vision, and

342 S. Lunev & E. Shavlay (2018), “Russia and India in the Indo-Pacific”, *Asian Politics & Policy*, 10 (4): pp. 713-731.

343 A. Zakharov (2020), “While criticizing the Indo-Pacific, Russia steps up its presence”, *ORF Raisina Debates*, 6 February 2020, <https://www.orfonline.org/expert-speak/while-criticizing-the-indo-pacific-russia-steps-up-its-presence-61102/>.

344 N. Basu (2020), “India wants Russia to Join Indo-Pacific Initiative to Signal It’s Not Just a US Centric Plan”, *The Print*, 28 July 2020, <https://theprint.in/diplomacy/india-wants-russia-to-join-indo-pacific-initiative-to-signal-its-not-just-a-us-centric-plan/468853/>.

345 Hosoya (2019), p. 25

346 H. V. Pant & A. Rej (2018), “Is India Ready for the Indo-Pacific?”, *The Washington Quarterly*, 41: 2, 47-61.

347 Pant & Rej (2018), p. 57.

the strategic goals of that which/who delimits it.³⁴⁸ Moreover, as Philip Steinberg³⁴⁹ so aptly puts it, depending on who is approaching the ocean space (e.g. the Indo-Pacific), it will be perceived and used differently by different actors with diverse interests, policy preferences, choices and strategies. Little wonder therefore that the outcome is likely to be “a set of social institutions, attitudes, and norms that would reproduce the construction of the ocean as an un-claimable transport surface, claimable resource space, a set of discrete places and events, and a field for military adventure”.

At present, there is no clear answer to the following questions: *For whom does the Indo-Pacific Region speak and who speaks for the Indo-Pacific Region?* For those who see the Indo-Pacific as a set of strategic narratives, it is the imperative of ‘national’ that appears to be overwhelmingly decisive in driving the regional imaginations, ambitions and desires, and not the other way around. Having noted that, I have argued in this chapter that the discursive as well as the material linkages between the ‘rise and return of the Indo-Pacific’ and the ‘rise and return’ of [Monsoon] Asia in global geopolitics³⁵⁰ need to be acknowledged, along with the fact that these connections, intersections and networks operate within the larger context of the post-post-Columbian epoch.

Looking ahead, a key challenge that the major proponents of the idea(s) of the Indo-Pacific face, including the USA and India, relates to the operationalization and institutionalization of the idea.³⁵¹ Given the plurality of spaces, scales and geometries of power that seem to lie at the core of the historically contingent notion of the Indo-Pacific, it seems highly unlikely that there would ever be a single institution that embodies the remarkable diversity of interests, agendas, perceptions, visions and values that prevail, and that offers a consensus-based road map with undisputed ‘rules of the road’.

In other words, as pointed out earlier, the Indo-Pacific is what the state and non-state actors concerned make of it in the light of their perceived interests, agendas, world views and contexts. Which mainstream IR perspective dominates the mental maps of policymakers at a particular time and in a given location would be equally consequential. For example,

348 Doyle & Rumley (2019), p. 9.

349 P. Steinberg (2001), *The Social Construction of the Ocean*, Cambridge: Cambridge University Press, p. 1.

350 “The simultaneous rise of China and India is one of the most important developments in international relations in the early 21st century.” See M. S. Pardesi (2019), “The Initiation of the Sino-Indian rivalry”, *Asian Security*, 15: 3, pp. 253–284.

351 M. Beeson (2018), “Institutionalizing the Indo-Pacific: the Challenges of Regional Cooperation,” *East Asia* 35, pp. 85–98.

as Kai He³⁵² rightly points out, a ‘realist face’ of the Indo-Pacific, advocating a “balancing strategy against China”, would prefer an institutional mechanism that excludes China, whereas a ‘liberal face’ of the Indo-Pacific would demand a novel, more inclusive “institutional setting that facilitates cooperation among states across the Pacific and the Indian Oceans”. And if left to the constructivists, the Indo-Pacific is likely to be approached as an “ideational construct” where a “value-oriented and norm-based diplomacy in the region” could be pursued and promoted. Given the important interplay between the theories, policy worldviews and practices, much will depend on the choices China makes in, and with regard to, the Indo-Pacific region.

What will the post-Covid-19 world, including the Indo-Pacific, look like geopolitically? This is difficult to predict but the trends are revealing. So far, as Covid-19 causalities continue to mount in different parts of the globe, including India, it appears that classical geopolitical concepts and theories, despite being seriously questioned, will continue to assert themselves, albeit in their new avatars, with ‘health security’ looming large. Will the novel coronavirus be able to corrode the resilient geographies of mutual distrust among major powers? Will the sub-regional geopolitical assertions of China in the South China Sea subside, thereby creating scope for mitigating the security dilemma between China and its neighbors,³⁵³ and the much-desired space for confidence-building and the peaceful resolution of disputes in accordance with international law?

Zimmerman,³⁵⁴ while mapping the influence of non-traditional security (NTS) in the domain of security cooperation in the Indo-Pacific, shows how the trans-national NTS have served as important catalysts for the “expansion of existing institutions and the development of new institutions aimed at providing security governance”. Many of these institutions have been ASEAN-centric. One possibility of moving forward towards institutionalizing cooperation *in* and *about* the Indo-Pacific appears to lie in the domain of so-called non-traditional security, such as drug trafficking, human trafficking, humanitarian assistance/disaster management, IUU fishing, pandemics, climate change, and so on.

One of the key findings of this paper is that the narrative of a new maritime order in the Indo-Pacific – one that is ‘inclusive’, ‘transparent’ and ‘rule bound’ – needs to be located in the larger context of the demands

352 K. He (2018), “Three Faces of the Indo-Pacific: Understanding the ‘Indo-Pacific’ from an IR Theory Perspective, *East Asia* 35, p. 149.

353 K. H. Raditio (2019), *Understanding China’s Behaviour in the South China Sea: A Defensive Realist Perspective*, Singapore: Springer.

354 E. Zimmerman (2014), “Security cooperation in the Indo-Pacific: non-traditional security as a catalyst”, *Journal of the Indian Ocean Region*, 10: 2, p. 162.

and dilemmas of an emerging international geopolitical economy that has been steadily pivoting towards Asia – especially maritime Asia – in recent times. As the 21st century unfolds with a long list of global risks, including incrementally unfolding climate change, and more recently the outbreak of the Covid-19 pandemic, the meta-geographies and geographies of international relations will remain in a state of unprecedented flux for the foreseeable future. As far as the ‘China factor’ is concerned, this chapter has shown that China, at least for the foreseeable future, will continue to resist the Indo-Pacific construct, with some Chinese scholars calling it ‘old wine in new bottles’.³⁵⁵

India’s approach to the geopolitics of this vast maritime region and its power- and capability-generating aspects is quite nuanced. India’s Indo-Pacific dilemma emanates from the complex interplay between the push of a ‘strategic imperative’, which makes India ‘tilt’ towards the United States, and the pull of a ‘strategic autonomy’, which calls for caution in the wake of (mis)perception in some quarters, especially Beijing, that India is on its way to becoming a close ally of the US in ‘containing’ or ‘counter-balancing’ China. It is important to note what India’s External Affairs Minister, Mr. Jaishankar³⁵⁶ said recently: “The consequence of repositioning of the United States, that the big umbrella is now smaller than it used to be, has allowed many other countries to play more autonomous roles. *It doesn’t affect us as much because we were never part of an alliance system and we will never be.* But countries who depended more on the U.S. are finding they have to take a call themselves on many issues.”

As the Indo-Pacific awaits institutionalization, it will be critically important for various stakeholders, including India and the US, to pay attention to the challenge of ‘maritime domain awareness’ (MDA). As shown by Upadhyaya,³⁵⁷ in response to the priorities and needs of various stakeholders in the diverse sub-regions a number of information centers have been established in the IOR, but without much evidence of their having effectively addressed the challenge of maritime safety and security. According to Upadhyaya, what needs to be established is “a pan-Indian Ocean information grid that could integrate the various information sources to provide comprehensive MDA for the region”.³⁵⁸ In the

355 C. Zhu (2018), “The Strategic Game in Indo-Pacific Region and Its Impact on China’s Security”, in C. Zhu (ed.) *Annual Report on the Development of the Indian Ocean Region (2018), Indo-Pacific: Concept Definition and Strategic Implementation*, Springer, pp. 3-34.

356 *The Hindu*, 20 July, 2020, <https://www.thehindu.com/news/national/india-has-never-been-part-of-an-alliance-and-will-never-be-jaishankar/article32142128.ece>.

357 S. Upadhyaya (2017), “A case for a pan-Indian Ocean information grid for improved maritime domain awareness”, *Journal of the Indian Ocean Region*, 13: 3, p. 335.

358 *ibid.*

Anthropocene epoch – characterized by global emergencies like climate change and pandemics – it is neither feasible nor desirable to exclusively, or even excessively, focus on the Indo-Pacific as an idea, construct or region, disconnected from the rest of planet Earth.

As for the ‘Quad’, its authority, legitimacy and effectiveness will largely depend on turning the vision of an ‘inclusive’, ‘transparent’ and ‘rule-bound’ maritime world order into an agenda and action in/for the Indo-Pacific. The time is ripe for ‘Quad’ to take a lead in this regard in partnership with Europe, and rejuvenate and revive itself in the process. It is time to identify issue-areas where timely, proactive interventions can be made to develop, for example, an Indo-Pacific Coast Guard. It is useful to recall in this respect that the Indian and the Japanese coast guards were cooperating as early as 2007.³⁵⁹ More recently, France has shown willingness to engage more proactively with maritime security issues in the Indo-Pacific.³⁶⁰

As noted above, with the Indo-Pacific space witnessing proliferating traditional and non-traditional threats³⁶¹ (e.g. climate change, natural disasters, ocean acidification, pandemic diseases), the need for what Oran R. Young has described as a ‘regime complex’ is becoming increasingly compelling in this super-region of sub-regions. For example, as in the case of the Bay of Bengal and ASEAN, we find sub-regionalisms asserting their geo-historical identities, flagging contemporary concerns and articulating future visions. According to Young, the gap between rhetoric and reality with regard to governance issues is widening the world over. Young³⁶² defines a regime complex as a “collection of governance arrangements that are linked together in the sense that they address matters relating to a common issue or spatially defined region but that are not hierarchically related in the sense that they all fit within some well-defined institutional architecture”.

‘Estranged democracies’ no longer, the United States of America and India no doubt find themselves in the tight embrace of a ‘strategic partnership’. But there is no evidence as yet to suggest that ‘views from India’ and ‘views on India’ – especially those of the US – converge fully on the *what*, *where* and *why* of the Indo-Pacific. In India’s approach to the Indo-Pacific one finds a subtle but significant policy move towards the

359 G. S. Khurana (2007), Security of Sea Lines: Prospects for India-Japan Cooperation, *Strategic Analysis*, 31: 1, pp. 139-153.

360 N. Regaud (2020), “France’s Innovative Maritime Security Engagement in the Indo-Pacific”, *The Diplomat*, 3 April, <https://thediplomat.com/2020/04/frances-innovative-maritime-security-engagement-in-the-indo-pacific/>.

361 Zimmerman (2016).

362 O. R. Young (2016), “The Shifting Landscape of Arctic Politics: Implications for International Cooperation”, *The Polar Journal*, 6(2), p. 218.

sub-regionalization of this Super Maritime Region of sub-regions, such as the Bay of Bengal, the Arabian Sea and the South China Sea. This can also be seen as a conceptual contribution by India to the new meta-geographies of a new planetary multiplex geopolitics where the Indo-Pacific becomes a space, a site or a laboratory where unconventional meanings of security and sustainability can be tested, operationalized and even institutionalized at multiple scales. The process of broadening and deepening India's vision of the Indo-Pacific is an evolving one, often articulated in terms of India's Look/Act East policy.

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6. US-CHINA STRATEGIC RIVALRY IN THE INDO-PACIFIC: DOES EUROPE HAVE A ROLE TO PLAY?

Liselotte Odgaard

6.1. INTRODUCTION

The Indo-Pacific in general and the South China Sea and the Indian Ocean in particular have become central arenas for US-China rivalry since 2016 when Washington and Beijing's relations began to be dominated by strategic competition. In response, while facing numerous internal crises, Europe has taken steps to play a meaningful role in these areas of strategic competition. Looking at the increasing rivalry between the US and China in the Indo-Pacific region in general, and in the South China Sea and the Indian Ocean in particular, this chapter assesses the European policy and examines how it has translated into concrete actions on the ground in these fields.

6.2. US-CHINA RIVALRY IN THE OVERALL INDO-PACIFIC REGION

At the Shangri-La Dialogue in June 2016, US Secretary of Defense Ashton Carter announced the development of a principled security network of interconnectedness, interoperability and shared capabilities, with Japan, Australia, the Philippines, India, Vietnam and Singapore as key partners. Carter welcomed China's participation in this network. However, the main thrust of the speech was a warning that China's expansive actions in the South China Sea are isolating it and if these actions continue, China

could end up erecting a Great Wall of self-isolation.³⁶³ The response by Chinese Admiral Sun Jianguo was that some countries, with scant reference to the US, adopt joint rules of the use of international law, and do not conform to the agreeable approach of not taking unfair advantage, openly flaunting their military force in the South China Sea and pulling in help from cliques to support their allies in antagonizing China.³⁶⁴

At this same Dialogue, uncompromising exchanges broke out over the US decision to deploy the Terminal High Altitude Area Defense systems in South Korea, protecting South Korean and US forces on the peninsula against a North Korean nuclear attack. Even if those words were not used, the exchanges clarified that US-Chinese relations in the Indo-Pacific would be dominated by strategic competition and conflict over alternative visions of the world order. This development was set in stone with the Trump administration's pronouncement in 2017 of China as a revisionist power that seeks to displace the US in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor.³⁶⁵ Finally, in the 2018 US national defense strategy, China was explicitly termed a strategic competitor.³⁶⁶

6.3. EUROPE'S ROLE IN US-CHINA STRATEGIC COMPETITION IN THE INDO-PACIFIC

Does Europe have a role to play in this strategic competition? The internal challenges facing the European Union have been pronounced by many as being symptomatic of the fact that the grand project of a united Europe is failing. For example, Walter Russell Mead comments that “if Paris and Berlin could devise a program to reignite European growth, secure its frontiers, and satisfy the nationalist emotions now roiling the bloc, Europe could arrest its decline. So far at least, such an outcome seems unlikely”.³⁶⁷ Despite doomsday prophecies and the UK's departure from the EU with Brexit, support for the European Union appears to be stronger than ever. Not even the illiberal Hungarian Prime Minister Victor Orban

363 Ashton Carter, speech on “Meeting Asia's Complex Security Challenges”, 15th Asia Security Summit, the IISS Shangri-La Dialogue, June 4, 2016, 22_SLD16%201st%20Plenary%20-%20Carter%20As%20Delivered.pdf.

364 Admiral Sun Jianguo, Deputy Chief, Joint Staff Department, Central Military Commission, China, speech on “The Challenges of Conflict Resolution”, 15th Asia Security Summit, the IISS Shangri-La Dialogue, June 5, 2016, 22_SLD16%201st%20Plenary%20-%20Sun%20Jianguo%20As%20Delivered.pdf.

365 D. Trump (2017), “National Security Strategy of the United States of America”, Washington, D.C.: The White House, p. 25, NSS-Final-12-18-2017-0905%20(1).pdf.

366 United States of America Department of Defense (2018), “Summary of the 2018 National Defense Strategy of the United States of America”, 2018-National-Defense-Strategy-Summary.pdf.

367 W. R. Mead (2019), “Incredible Shrinking Europe”, *Wall Street Journal*, February 12.

and his Fidesz Party have leaving the EU on the agenda although the European Parliament's Center-Right grouping decided in March 2019 to suspend Fidesz from the group on the grounds of violations of EU principles on the rule of law. If anything, the consecutive internal crises have encouraged the EU to take initiatives to strengthen Europe's footprint in the Indo-Pacific, recognizing that not just focusing on the United States and China, but creating solid links with like-minded countries in the Indo-Pacific is necessary for Europe's continued economic, social and political well-being.³⁶⁸

The EU has strengthened its partnerships with countries and multilateral institutions such as Japan, ASEAN, Singapore, India, Australia and Indonesia. These are some of the same partner countries prioritized by the US, complementing Washington's efforts to expand its relations with Indo-Pacific states that embrace at least the market economic aspects of a liberal rules-based order. However, Europe's strengthening of its Asian links proceeds from an independent position prioritizing multilateral institutional cooperation and comprehensive free trade agreements. This deviates from recent US priorities of bilateral negotiations and ad hoc institutional frameworks. This is not necessarily a drawback, but could be utilized as a division of labor, focusing on the complementarity of efforts that are carried out with the same common fundamental objective of preserving a liberal market economic and democratic world order governed by the rule of law. European policies in between US-Chinese strategic competition highlight the possibilities and limitations of transatlantic cooperation in the Indo-Pacific at a time of rising Chinese influence.

6.4. US-CHINA RIVALRY IN THE SOUTH CHINA SEA

China has expanded its strategic presence in the South China Sea. The country's shift to a more assertive regional diplomacy involves manifesting its territorial claims in the South China Sea and building up contested islands and reefs to consolidate its claims. China has never clarified the precise extent of its claim. However, maps of the so-called nine-dash line covering approximately 85 percent of the area are frequently put on display by official agencies of China. This implies that China claims sovereignty over most of the South China Sea. Consecutive Chinese leaders have made repeated references to China's long-term aspiration to restore an area that it considers historic Chinese space. Xi Jinping has

³⁶⁸ A detailed account of Europe's Indo-Pacific policy can be found in L. Odgaard (2019), "European Engagement in the Indo-Pacific: The Interplay between Institutional and State-Level Naval Diplomacy", *Asia Policy*, 14: 4, pp. 129-159.

honored this tradition repeatedly. In 2018, he said that China could not lose even an inch of the territory left behind by its ancestors.³⁶⁹ By 2018, China had established a robust presence of combatant, law enforcement and support ships as well as airstrips in the features it occupies in the Paracels and the Spratlys.³⁷⁰ Complementing these efforts, China has rolled out its Belt and Road Initiative (BRI). Beijing has made significant inroads into the US alliance system with economic investments, assisting Southeast Asian countries in advancing trade and development through infrastructure projects such as railway construction in Myanmar, Laos and Thailand. Most conspicuously, the rapprochement between China and the Philippines since 2015 has called into question Manila's commitment to its US ally.

The US has responded by stepping up its presence in the South China Sea, as indicated by its enhanced military assistance and two carrier visits to Vietnam since 2018, and the transfer of aircraft mission systems from the US to Malaysia. In addition, the US has encouraged allies and strategic partners such as Japan and India to enhance their presence. Japan is regularly conducting exercises with US allies such as the Philippines, and it equips Manila with surveillance capabilities such as patrol vessels. Together with Japan and Australia, the US has launched its alternative to the BRI, the Blue Dot Network (BDN), in November 2019. BDN is intended to facilitate private investments in the global need for infrastructure projects that meet standards of transparency, sustainability and development. Under the Trump administration, the US has also gradually strengthened its freedom of navigation operations, routinely conducting non-innocent passages within twelve nautical miles and overflying the airspace of features occupied by China to indicate that the South China Sea is international waters and the airspace above it international. The strategic rivalry has produced a confrontational and uncompromising atmosphere with regular interception incidents at sea and in the air involving the US and Chinese navies, coast guards and paramilitary forces that engender risks of escalation.

369 T. Gibbons-Neff & S. L. Myers (2018), "China Won't Yield 'Even One Inch' of South China Sea, Xi Tells Mattis", *New York Times*, June 27, <https://www.nytimes.com.2018/06/27/world/asia/mattis-xi-china-sea.html>.

370 Asia Maritime Transparency Initiative (AMTI) (2018), "Accounting of China's Deployments to the Spratly Islands", *AMTI Brief*, Washington, D.C.: Center for Strategic and International Studies (CSIS), May 9 and 18, <https://amti.csis.org/accounting-chinas-deployments-spratly-islands/> and <https://amti.csis.org/china-lands-first-bomber-south-china-sea-island/>.

6.5. EUROPE'S NAVAL DIPLOMACY IN THE SOUTH CHINA SEA

In the EU's maritime strategy published in 2014, the rule of law and freedom of navigation are listed as being in the EU's strategic maritime interests.³⁷¹ The EU's action plan for the maritime strategy encompasses promoting the dispute settlement mechanisms of the Law of the Sea, implementing binding decisions of the International Tribunal for the Law of the Sea, and establishing mechanisms for maritime confidence-building measures.³⁷² The EU's global strategy for foreign and security policy from June 2016 remains at the level of generalities. It reiterates that the EU will uphold freedom of navigation, stand firm on the respect for international law, including the law of the sea and its arbitration procedures, and encourage the peaceful settlement of maritime disputes. The EU states that it will help build maritime capacities and support an ASEAN-led regional security architecture.³⁷³

The EU's South China Sea policy reflects deep internal divisions in Europe. The UK, Germany and France want to make it clear that Beijing must uphold international law as China seeks a bigger global role. However, countries such as Hungary and Greece, which want to attract Chinese investments, are unwilling to criticize China in such direct terms. Moreover, countries such as Croatia and Slovenia have their own maritime disputes and are worried about setting precedents by coming out too strongly against China. Due to internal divisions in the EU on how far to go in criticizing China's behavior, the Union does not devise activities in support of the EU's general policy. Instead, the general policy commitment has been followed up by a growing number of EU member states that have coordinated and cooperated on manifesting a European presence in the South China Sea.

Since 2014, French naval vessels have regularly patrolled the South China Sea and made port calls in regional states, and the UK has been France's main European partner in these efforts.³⁷⁴ In 2016, France deployed a frigate to sail through the South China Sea with personnel from the US and from other European countries on board, such as Denmark,

371 European Commission (2014), "European Union Maritime Security Strategy: Responding Together to Global Challenges: A guide for stakeholders", Brussels: European Council, https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/leaflet-european-union-maritime-security-strategy_en.pdf.

372 Council of the European Union (2014), "European Union Maritime Security Strategy (EUMSS) – Action Plan", December 16, 17002/14, para. 1.6, https://ec.europa.eu/maritimeaffairs/policy/maritime-security_en.

373 European Union (2016), "Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy", p. 38, http://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf.

374 E. Brattberg, P. Le Corre and E. Soula (2018), "Can France and the UK Pivot to the Pacific?", *Carnegie Endowment for International Peace*, July 5, <https://carnegieendowment.org/2018/07/05/can-france-and-uk-pivot-to-pacific-pub-76732>.

Italy, and Germany. In 2017 and 2018, the UK also sent helicopters and navy vessels to conduct operations in support of freedom of navigation. The naval diplomacy with several European countries contributing, including the four major powers – France, the UK, Italy and Germany – allows Europe to get around internal disagreement on how far to go in practice in challenging China far from Europe’s shores. Groupings of EU member states that take action allow Europe to demonstrate support for core values shared with the US and its allies, but from an independent position based on European interests and worldviews.

The Europeans have refrained from sailing within twelve nautical miles of disputed features in the area. In this way, Europe has avoided challenging the Chinese presence in an area full of international legal grey zones to make sure that Europe stays in line with universally recognized international law. This contrasts with the US navy, which routinely sails and conducts exercises within twelve nautical miles of Chinese-occupied features. In 2017, the French-led operation in support of freedom of navigation was combined with a port call in Shanghai in China to demonstrate that the actions were not directed against China. Subsequent operations have omitted port calls in China. This reflects growing European dissatisfaction with continued Chinese militarization in the South China Sea and with China’s plans to negotiate a code of conduct for the area without including third countries such as European states. This exclusivity constitutes a potential challenge to the European and US view that the South China Sea is international waters. The China-ASEAN process contributes to fears that a prospective code of conduct will include restrictions on the free movement of military vessels and aircraft.

6.6. US-CHINA RIVALRY IN THE INDIAN OCEAN

China has equally expanded its strategic presence in the Indian Ocean. In 2017, China opened its first permanent naval base at the site of the US-built naval pier in the port of Obock in Djibouti. As in the South China Sea, Beijing mixes economic and military interests, establishing railway connections to neighboring Ethiopia and water pipelines.³⁷⁵ China has approached the Seychelles as another likely partner. Chinese navy ships already stop for supply and rest facilities in the ports of the Seychelles. The BRI has accompanied China’s entrance into the Western Indian Ocean, opening up trade connectivity, and deepening investment and industrial cooperation with two Memoranda of Understanding signed in September

375 J. D. Durson (2016), “China’s rising near this key US war base: Here’s how we push back”, *Defense One*, July 26, <https://www.defenseone.com/ideas/2016/07/US-china-djibouti/130221/>.

2018.³⁷⁶ Together with Kazakhstan, Pakistan is a test case for the BRI. The flagship project is the China Pakistan Economic Corridor (CPEC), and the main projects are expansion of the port in Gwadar and of Pakistan's energy, road and railway infrastructure.³⁷⁷ Bangladesh has been an official partner of China's BRI since 2016 and has received the second highest amount of BRI funding after Pakistan. The Chattogram sea port and its adjacent maritime area has been an integral part of the maritime BRI.³⁷⁸ Despite massive domestic internal resistance against China's Myitsone Dam project, in 2019 Myanmar confirmed that it embraces the BRI. In 2018, China agreed to build a deep sea port in Kyaukpyu along the Bay of Bengal.³⁷⁹ In Sri Lanka, China has built the Hambantota port through BRI funds. Faced with a cash shortage, the Sri Lankan government handed over the port and adjacent land to China Merchants Port Holdings for 99 years.³⁸⁰ The Maldives signaled a more critical stance towards China and a recommitment to India as a main economic and strategic partner with the election in April 2019 of President Ibrahim Mohamed Solih. However, this development does not alter the general pattern of Chinese strategic and economic dominance of the developing rim states of the Indian Ocean.³⁸¹ All of these countries also have extensive military-strategic relations with China. Beijing is a major weapons provider, and it conducts training and education of national forces. Together with access to critical infrastructure, China's economic and strategic partnerships allow it to realize its Indian Ocean strategy of open seas protection of its interests. China's military presence is minor for now. The Chinese escort task force, the 35th of which was dispatched 28 April 2020 to the Gulf of Aden on anti-piracy duties, is the only permanent Chinese presence. Submarine

376 B. Bonnelame (2018), "Seychelles and China sign agreements as president of island nation continues visit", September 3, <http://www.seychellesnewsagency.com/articles/9678/Seychelles-and-China-sign-agreement-as-president-of-island-nation-continues-visit>.

377 D. S. Markey and J. West (2016), "Behind China's Gambit in Pakistan", *Expert Brief*, New York: Council on Foreign Relations, May 12, <https://css.ethz.ch/content/dam/ethz/special-interest/gess/cis/center-for-securities-studies/resources/docs/The%20Stakes%20in%20the%20China-Pakistan%20Economic%20Corridor%20-%20Council%20on%20Foreign%20Relations.pdf>.

378 N. M. Sarker (2019), "New Government in Bangladesh: Implications for China-Bangladesh Relations", *modern diplomacy*, January 19, <https://moderndiplomacy.eu/2019/01/19/new-government-in-bangladesh-implications-for-china-bangladesh-relations/>.

379 P. Venkataraman (ed.) (2018), "China to build port in Myanmar, third in India's neighbourhood", *News 18, India*, November 9, <https://www.news18.com/news/india/china-to-build-port-in-myanmar-third-in-indias-neighbourhood-1934401.html>.

380 L. Zhou (2019), "Sri Lanka rejects fears of China's 'debt-trap diplomacy' in belt and road projects", *South China Morning Post*, April 22, <https://www.scmp.com/news/china/diplomacy/article/3007175/sri-lanka-rejects-fears-chinas-debt-trap-diplomacy-belt-and>.

381 V. Mishra (2018), "China is Moving into the Indian Ocean", *The National Interest*, April 14, <https://nationalinterest.org/feature/china-moving-the-indian-ocean-25380>.

deployments have so far been scant and unsuccessful.³⁸² However, Beijing has set up the infrastructure for a future large-scale presence.

The US response has been to push into China's traditional waters in return. Washington's military stronghold is its naval base on the British island of Diego Garcia, which hosts an anchorage and a port housing a US navy support force, a flotilla of navy prepositioning ships with army and marine corps equipment, barracks, an airfield, separate US air force detachments supporting Pacific air forces and air mobility command flights, an air force satellite relay and a powerful telescope to keep track of spacecraft. The naval facilities are important for US plans to counter a growing Chinese fleet in the Indian Ocean. As part of a wider expansion, the US Navy is building up its own carrier fleet to twelve ships, anticipating future Chinese deployments of carrier groups in areas such as the Indian Ocean.³⁸³ The US has also strengthened its relations with India, routinely conducting port visits and exercises, focusing on anti-submarine warfare training, information sharing and coordination between maritime patrol aircraft and ships. India and the US have also signed a strategic pact which allows the Indian navy access to US naval bases across the Indian Ocean.³⁸⁴

6.7. EUROPE'S NAVAL DIPLOMACY IN THE INDIAN OCEAN

The EU does not have a common policy position in the Indian Ocean. However, it has initiatives that provide platforms for the initiatives of member states. The Indian Ocean is included in the EU's Naval Force programme, which was established in 2008 and is called the European Union Naval Force ATALANTA (EU NAVFOR). The programme has a mandate until 2020. It is tasked with protecting vessels of vulnerable shipping such as the World Food Programme, deterring, preventing and repressing piracy and armed robbery at sea, monitoring fishing activities off the coast of Somalia, and supporting other EU missions and international organizations working to strengthen maritime security and capacity in the region. EU NAVFOR's areas of operation cover the Southern Red Sea, the Gulf

382 M. Pubby (2019), "Chinese submarine movements in the Indian Ocean down, Pakistan Navy remains choked in", *The Economic Times*, April 25, <https://economictimes.indiatimes.com/news/defence/indian-battle-ship-take-part-in-chinese-navys-biggest-fleet-review-pakistan-gives-it-a-miss/articleshow/69019513.cms>.

383 D. Axe (2019), "Diego Garcia: Why This Base Is About To Get Much More Important to the U.S. Military", *The National Interest*, February 26, <https://nationalinterest.org/blog/buzz/diego-garcia-why-base-about-get-much-more-important-us-military-45682>.

384 R. Edens (2018), "India crafts its own 'string of pearls' to rival China's naval jewels in the Indian Ocean", *South China Morning Post*, March 23, <https://www.scmp.com/comment/insight-opinion/article/2138327/india-crafts-its-own-string-pearls-rival-chinas-naval-jewels>.

of Aden and a large part of the Indian Ocean, including the Seychelles, Mauritius and the Comoros.³⁸⁵ The programme provides the EU with a defence aspect to its policies in the Indian Ocean that makes it easier to establish links with strategic partners such as India that go beyond the EU level, involving EU member states. Unlike the US, the EU shares India's and China's perspective that the Indo-Pacific is linked to Africa and the Middle East.

In 2019, Europe's naval diplomacy in the Indo-Pacific centered on the Indian Ocean, complementing the broad partnership agreements entered into by the EU as well as its perspective on the Indian Ocean, the Middle East and Africa as closely integrated regions. The capabilities that formed part of the operations were much larger than before. France again took the lead by deploying the aircraft carrier *Charles de Gaulle* as well as four support ships. With Britain embroiled in Brexit in 2019 and 2020, France has been flying the flag for Europe, engaging a rotating cast from the UK, Portugal, Denmark and Italy as well as from Australia and the US. Of the European vessels, a Danish frigate stayed with the carrier group the longest, until the North Indian Ocean. The carrier group sailed from Toulon in France through the Red Sea, the Arabian Sea and the Bay of Bengal. It passed through the Strait of Malacca and ended the tour in Singapore, in time for then US Secretary of Defense Shanahan's presentation of the US's Indo-Pacific strategy and the Chinese defense minister's response to the US. The carrier group's tour involved participation in Operation Inherent Resolve against the Islamic State of Iraq and Syria (ISIS) in the Eastern Mediterranean, the Ramses exercises with Egypt and a port call at the French base in Djibouti. The French part of the carrier group also participated in the bilateral Varuna exercises with India and La Perouse, a series of military exercises with vessels from the US, Australia and Japan in the Bay of Bengal. It was the first time that the four navies had conducted exercises exclusively together.

A carrier group is the most muscular expression of power projection capabilities far from national shores. While Paris does not want the deployment of the carrier strike group to be seen as France ganging up with the US against China, it can be interpreted as a means by which France seeks to counterbalance growing Chinese influence. France's reluctance to present itself as part of a united front against China can be explained by France's European agenda. The EU sees China as both a partner and a competitor, and France is playing a leading role in building an independent European military force due to dwindling faith in US security guarantees towards Europe and a more conciliatory policy towards China.

385 European Union External Action (2008), "EU NAVFOR Somalia", <https://eunavfor.eu/mission/>.

At the same time, France is a close military partner of the US and while France is still working on expanding the contributions of other European countries to Indo-Pacific military deployments, it has no interest in alienating Washington. France walks a tightrope between working with the US and its partners to give Europe a defense footprint that is taken seriously while sticking to the European policy of maintaining cordial relations with China.

France is not just flying the flag for Europe, but is also nurturing national interests. It is a major arms producer, and exercises with countries such as Egypt and Australia during deployment are useful opportunities for France to showcase arms such as fighter aircraft and submarines. In addition, France is a resident power in the Indo-Pacific, which gives Paris a vested interest in pushing back against growing Chinese influence. French Indian Ocean bases in La Réunion and Mayotte add to the network of military assets that France has an interest in defending.

As China's navy is developing at a rapid clip, the French-led naval diplomacy is well-received in Washington, which is looking for partners willing to adopt hard power responses to China's growing presence. It may not be able to match China in firepower, but Europe's emerging independent defense profile in the Indo-Pacific is also not easily written off as signaling without consequence. By joining forces with like-minded Indo-Pacific partners at the political, economic and defense levels, together they form a formidable force that influences Sino-US rivalry.

6.8. CONCLUSION

The South China Sea and the Indian Ocean have become principal arenas for US-Chinese strategic competition as China seeks to replace the US as the dominant power in the Indo-Pacific. Europe influences US-China strategic competition, demonstrating support for core liberal values shared with the US, but from an independent position that allows Europe to take into account specific regional and national interests and worldviews. This active role is found even on issues such as Indo-Pacific security and defense policy, where Europe was largely absent until the mid-2010s because of internal disagreements. In these areas, Europe has worked out a division of labor whereby the EU designs general policies and establishes political and institutional links that are translated into initiatives on the ground by groupings of member states.

Paradoxically, the EU has become more active in the Indo-Pacific than ever at a time when it is facing serious internal and external challenges.

Brexit, growing authoritarianism and migration are all issues that have caused great turmoil between the EU member states on how to secure the future of the Union as a coherent international actor based on a commitment to liberal democracy, market economy and the rule of law. From across the Atlantic, Washington has opened trade disputes with the EU, ignored European interests in the Intermediate-range Nuclear Forces Treaty, and complains about free-riding European military forces. Beijing is proceeding with the implementation of its BRI across Europe despite the EU's reservations concerning China's global development strategy. However, these challenges have made the European member states aware that they can only exercise sovereignty by cooperating and by clarifying European interests in between US-Chinese strategic rivalry. Although the EU supports the continued pre-eminence of the US alliance system in the Indo-Pacific, it also signals that undue provocation of China by operating in the grey zones of international law is not in Europe's interest when trying to preserve the legal and institutional institutions of a liberal world order. The transatlantic bond remains strong on the objective of opposing China when it behaves in ways that indicate that Beijing appears to be undermining the existing order, such as its actions regarding a code of conduct in the South China Sea. However, Europe is also beginning to part company with the US on issues where Washington is seen as unnecessarily confrontational, for example by conducting exercises within twelve nautical miles of Chinese-occupied features in the South China Sea. As Europe begins to focus more on designing policies that promote its own interests and worldviews, we will see an increasing willingness to deviate from key US policies.

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7. CHINA'S QUEST FOR GLOBAL PRIMACY: PROLIFERATION, DETERRENCE AND ECONOMIC STATECRAFT

Morgane Farghen³⁸⁶

7.1. INTRODUCTION

The fall of the Berlin Wall in October 1989 unleashed an extravagant wave of optimism leading many to the idea that – following the collapse of the USSR and the subsequent end of the Cold War – the world order had entered a post-modern era. Many Western analysts believed that the Clausewitzian understanding of international relations, based on the centrality of strong nation-states and the use of force, had become obsolete. A Western world vision celebrating the triumph of liberalism, the end of the nation-state, the acceleration of globalization, and the rise of multilateralism became the leading paradigm of the post-1989 world. Thirty years later, it seems that such an interpretation has proved rather idealistic. It has been increasingly juxtaposed with the way that key state actors have resorted to force, while the practice of power and coercion on the world stage has evolved dramatically since the end of the Cold War. A series of nuclear crises, foregrounded at times by territorial disputes in a context of renewed strategic competition for global primacy, demonstrates that the post-modern paradigm has become increasingly irrelevant, even if its

³⁸⁶ With contributions by Bertrand Viala, Strategic Consultant.

main proponents in the Western liberal democracies try with persistence to keep it at the core of foreign-policy doctrines.³⁸⁷

This chapter analyzes in depth how the strategic competition in a renewed geopolitical environment has unfolded from the regional arena to a global scale. In particular, the chapter explores three key arenas: 1) Nuclear proliferation on the Korean Peninsula and North Korea's nuclear program; 2) Concerns about proliferation in the Middle East and Iran's strategy of nuclear armament; and 3) China's own attempts at redefining strategic order through its assertive foreign policy as well as national economic statecraft.

7.2. NUCLEAR PROLIFERATION ON THE KOREAN PENINSULA

After fifteen years of proliferation, the North Korea nuclear program is more than just a means of keeping the regime alive. It has become a vehicle for challenging the established nuclear distribution and for disputing the international rules-based order, and, in that regard, the non-proliferation regime as one of its main pillars. In fact, hardly a month goes by without a fresh round of provocations and tensions. July and August 2019, for instance, saw, successively, the resumption of North Korea's missile tests and the implementation of new US-ROK military exercises. As recently as June 2020, North Korea blew up an inter-Korean liaison office, and threatened to employ nuclear weapons against the US. By rejecting the "status quo", North Korea intends to make it clear to the world that it is challenging the legitimacy of the current order.³⁸⁸ The future of the NPT (the Treaty on the Non-Proliferation of Nuclear Weapons), and the strategic order the treaty has contributed to preserving, are at stake.

After years of strategic patience in the context of seemingly ever-progressing nuclear proliferation marked by a rapid change in the nature of the nuclear threat and Pyongyang's increasingly bellicose military stance, Washington has decided to revise its approach.³⁸⁹ The US has now shifted to a more demanding and offensive nuclear policy, mixing both incentives and coercion. Donald Trump, an anti-conformist US president, has also brought new options to the table. Engagement with North Korea through unconventional and experimental top-down diplomacy, conducted in a series of summits in Singapore and Hanoi and a working-level meeting

387 M. Farghen & B. Viala (2019), *From 1989 to 2019: The End of the Liberal Illusions of Postmodernism. About The Resilient Pertinence Of Geopolitics*, Asia Nuclear Initiative.

388 M. Farghen (2019), *Be Old And Bold: The North Korea Nuclear Crisis Will Not Get Fixed With A Conformist Approach*, Asian Nuclear Initiative.

389 G. Rachman (2019), "The Asian strategic Order Is Dying", *The Financial Times*, July 8.

in Stockholm, has failed so far, leading to disappointing and non-conclusive results. Although the negotiations relieved the tensions that had reached a peak during the first year of Trump's tenure, and the testing moratorium contributed to further appeasement of the situation, North Korea has been procrastinating and diverting the process. It has officially committed to denuclearizing, but has refrained from setting a clear agenda, and remains reluctant to accept the conditions for a complete, verifiable and irreversible denuclearization (CVID).

As a signatory to the NPT, and a self-declared defender of multilateralism, China could play a more constructive role on the Korean Peninsula, but Beijing's convenient non-committal stance scarcely hides the reality of its strategic interests. China officially backs the US-led diplomatic efforts to pursue denuclearization but, in reality, having North Korea maintain its nuclear capabilities would be a better outcome for Beijing.³⁹⁰ To that end, China initially proposed to "freeze" North Korea's capabilities, before Washington and other traditional nuclear states imposed "denuclearization" as a key objective. Eager for relief from US sanctions, North Korea has failed to meet American expectations, resulting in recurring cycles of failing diplomacy. Behind the scenes, China has supported North Korea's intentional lack of engagement, without being held accountable. China prefers the longstanding alternative of a reunification of the peninsula on its own conditions to the short-term prospect of a potential collapse of the hermit regime.

North Korea's nuclear proliferation confirms that the established strategic order is being challenged. Disputes relevant to the NPT and its main components show that the treaty regime is on the verge of collapsing and it is difficult to foresee what could replace it. Hiding behind North Korea is a sleeping giant that has now awakened. China is standing on its feet and is ready to shake the region and the entire world order. In the guise of a cooperative stance on denuclearization, China's real strategic objective is to oust the US from its immediate neighborhood. China's ultimate aim is to define a new strategic order in which it plays a dominant role. The negotiation process on the peninsula has been its best leverage thus far, as China can count on its already massive political and economic influence in the region. On the peninsula, China has even offered defense and deterrence to North Korea through the Sino-North Korean Mutual Aid and Cooperation Friendship Treaty. The result is now a more volatile and hence dangerous geopolitical landscape.

The strategic order is therefore crumbling, but the usual challenging powers, such as North Korea, are not the only ones responsible for this

390 M. Farghen (2019), *On China's Rise And The Question Of Power*, Asian Nuclear Initiative.

dramatic change.³⁹¹ Although in liberal circles much of the blame has recently been placed on Trump's America, other countries within the liberal sphere have also contributed to the gradual loss of legitimacy of the post-World War II international order. In an ultra-polarized Western sphere, between liberal progressives and national conservatives, the question of how far to go in pressuring North Korea in the first place, and whether or not to impose sanctions on China, have been particularly divisive elements of the strategic debate.

How to address China is therefore the centerpiece of the peninsula's strategic puzzle, but it has also become a new cornerstone in relations between the Western liberal states. The North Korea nuclear issue, as it relates to China, has become one variable in conflictual transatlantic relations. As proliferation is raging against the backdrop of China's rising power and expansionism, traditional approaches assumed by the West are both limited and self-defeating. The Europeans seem to be willing to remain stubbornly conformist, while Washington expects them to be bolder. At stake are the Non-Proliferation Treaty and its continued existence.

Two distinct approaches within the West are thus colliding without generating either positive or constructive outcomes. As a result, the perspective of successful denuclearization is fading without providing any credible options to maintain arms control. By implication, deterrence is becoming the key variable in power relations, encompassing diplomatic, security and economic dimensions. As North Korea has resumed its missile tests and reconciled with its old habit of diplomatic blackmail, China is taking advantage of the negotiations to better promote its strategic aims. As a result, the perspective of negotiating arms control has become less credible. Instead, determining how deterrence works in this new context is topping the agenda.

Indirectly, a redefinition of deterrence may also raise the cost of China's support for Pyongyang. Rebalancing this bilateral relation is key to reversing the current dynamics in the region. As an anti-China sentiment is growing among Western elites, the mood has shifted from arms control to utter deterrence. In this context, the American withdrawal from the INF (Intermediate-Range Nuclear Forces) Treaty is offering new leverage to pressure China. And the potential new nuclear deployments following the demise of the INF in Asia will result, for China, in increasing the costs of its unwillingness to cooperate. The potential spread of US nuclear deployments in Asia is making it clear to China that its current policy may prove counterproductive.

391 M. Farghen (2018), "A New Definition of the Power Balance in the Peninsula. How the US was Sidelined in the Post-Olympic Truce Talks", *Défense nationale*.

In this strategic turmoil, *European* liberal democracies and their regional institutions have become, once again, the weakest link in the arena. Due to the nature of their governance and values, they are easily bullied and targeted by less scrupulous regimes. A significant step in the depreciation of their strategic autonomy and resilience was brought about by the simultaneous cyber-attacks attributed to North Korea or its strategic partners that took place in December 2019, targeting *the Los Angeles Times*, the European Commission, and an association in Seoul in charge of dealing with refugees.³⁹²

Liberal democracies therefore bear considerable responsibility for the perpetuation of the current negative and counter-productive cycles in international negotiations. By focusing too heavily on their policy differences and by showing that their will to negotiate with Pyongyang was higher than Pyongyang's own, they have reinforced the regime's belief that it could count on the leniency of liberal Western capitals to obtain concessions that would not be forthcoming from the reluctant US. By praising arms control rather than denuclearization, they have encouraged North Korea's belief that it could expect a compromise on denuclearization if it was patient. Western capitals have lost track of what this crisis management was about.³⁹³ As a result, they ended up paying a high price for it. Conflicts within the West have ended in the US's Western allies being targeted by US tariffs the same way as China and North Korea, all the while remaining vulnerable to potential cyber-attacks from these two countries. By rejecting a more offensive diplomatic approach to crisis management, the Western liberal nexus has become a stake for a more defiant North Korea.

When North Korea acts, China is never far away, as the two share a security and defense treaty. As tensions and pressures in Asia have taken a dramatic turn, Western capitals face a new dilemma: should they keep their distance from the ongoing strategic competition, without any guarantee of being immune to becoming the target of future attacks, or should they endorse a more offensive stance? If the quest for dialogue fails to bring any hope of tangible progress, then coercive diplomacy may offer new options and leverages. Whatever their decision, they had better consider Washington's strategic solitude favored by an extremely polarized domestic political landscape – a dynamic which extends to Europe and Asia through the liberal nexus. This polarization has contributed to promoting the conditions for the reversal of the balance of power on the

392 M. Farghen (2019), *The Huawei Case: Beyond Spying, A Test For Defence And Deterrence And A New Imponderable Variable In Upcoming Negotiations On The Peninsula*, Asian Nuclear Initiative.

393 M. Farghen (2019), *The North Korea Nuclear Crisis: The Magnifying Glass of All The Pathologies of A Declining West*, Asian Nuclear Initiative.

peninsula. Despite the campaign of maximum pressure, North Korea feels comfortable enough to threaten the United States. Pyongyang even seems undeterred by potentially increasing US pressure. With North Korea's latest threats to restore nuclear tests and long-range missile launches if Washington does not make amends for "betrayal", some experts are now considering a "maximum pressure 2.0" doctrine.³⁹⁴

The most problematic trend is that the traditional Western powers have failed to restore moderation through diplomacy. Meanwhile, contrary to what it pretends, China has not been defending the Non-Proliferation Treaty, supporting North Korea instead in an uninhibited fashion while trying to impose its own model of governance at the United Nations level. Chinese foreign policy has become more assertive, and aggressive. Resorting to coercion has become commonplace even with economic partners. Instead of easing Beijing into the position of a moderate state that was a victim of an erratic American strategy, the North Korea nuclear crisis – along with other crises in China's neighborhood, in Hong Kong and in the South China Sea – has shed a more realistic light upon the true nature of the regime in Beijing. For EU members, the nuclear crisis on the peninsula, as well as other crises in China's periphery, cannot be understood as a solely Trumpian dilemma. From a political, economic, technological and military perspective, China has again become a defining power. The redefinition of China's foreign policy, its quest for primacy and the means it dedicates to reaching those aims, make it a strategic competitor/rival in the making for other nations, and the way it deals with current crises is therefore alarming.

Against this backdrop, strategic competition is the best analytical framework for understanding the way Great Powers interact with one another, on the peninsula as well as in other regions. China is on a quest for global primacy.³⁹⁵ By unveiling this goal, China has set the conditions for strategic competition, which unfolds globally and intensifies conflicts in localized areas, including the peninsula. The latter has become a central stage for the new power struggle. As the region has become more combustible, nuclear capabilities remain the most disputed stake.

394 D. Maxwell (2019), "Maximum Pressure 2.0: How To Turn The Tables on North Korea", December 9, *Military Times*.

395 D. Albright (2019), *Understanding And Dealing With North Korea's Nuclear Weapon Capabilities*, Asian Nuclear Initiative.

7.3. PROLIFERATION IN THE MIDDLE EAST: THE CASE OF IRAN

Two theaters, one paradigm: while proliferation is raging on the peninsula, the Middle East has become the second theater for renewed concerns about proliferation, in a mirror game that also aims at redefining the world order with China as the new master chief.

The interconnectedness and the parallels that can be drawn between the two regions are of course inherent to the interdependence of world affairs and the local involvement of global powers. Despite obvious cultural, economic and geopolitical differences, similarities in the way proliferation scenarios are unfolding are striking. First, in both regions an increasingly strong and at times equally confused anti-Western narrative has arisen, at times targeted solely at the US and at times encompassing both the EU and the US. The nature of the anti-Western narrative is based in both regions on the extensive use of neo-colonial and anti-imperialist arguments, legitimizing a strong defiance towards any multilateral talks and alliances. The West, meanwhile, has been divided over the merits of the now nearly defunct Joint Comprehensive Plan of Action (JCPOA) as a resilient effective tool capable of preventing nuclear proliferation, ahead of addressing Iran's persistent missile tests and destabilizing actions on its periphery. The renewal of tensions has resulted in the consolidation of an opposite strategic and tactical nexus that stretches from Russia to Iran and also encompasses China and North Korea. In the midst of tensions, China has formally called for better coordination between different stakeholders.

In these troubled times, the road to hell is often paved with good intentions, and the EU's benign attempts to mitigate the risks of escalation into conflict seem to have emboldened Iran, and North Korea as well for that matter. Instead of preventing the escalation of tensions, the approach has positioned the EU and the major European powers at the center of Iran's (and North Korea's) strategy to counterbalance US pressure. After Paris promoted the creation of the INSTEX (the Instrument in Support of Trade Exchanges) mechanism to bypass US sanctions,³⁹⁶ Tehran rewarded it with diplomatic blackmail consisting of threats to restart its nuclear program if sanctions were not relieved. Instead of being praised for playing the role of mediator, the EU, spearheaded by France, has become an instrument for a new, very "21st-century" kind of interstate conflict under the conditions of US-China strategic competition.

The latest episode in this dramatic deterioration in the international security landscape was the killing of General Suleimani, Commander of the Iranian Forces, and the series of reprisals that followed. Despite

³⁹⁶ See also Chapter 9 in this report.

the context – in which the EU was also threatened by Iran following the process kickstarted by France, Britain and Germany to trigger the dying JCPOA dispute resolution mechanism – the EU insisted on remaining distanced from the US's tough posture towards Teheran. Even though Teheran's threats targeted them, the Europeans still pin their hopes on finding a middle way by resisting another deal to replace the JCPOA³⁹⁷. True enough, the stakes are high since the probable end of the JCPOA, rendered likely by the recent eruption of tensions, will motivate Iran to pursue its strategy of nuclear armament development.

The fact that the JCPOA had nearly been devoid of any relevance following the US withdrawal should indicate that a multilateral tool can achieve some credibility and constraining capacity only if backed by a power credible in the eyes of the stakeholders. As a matter of fact, Iran had already started scaling back its commitments since May 2019. The recent move by Iran threatening to quit the NPT if the JCPOA dispute is referred to the UN should come as no surprise. In such a context, Turkey, another key country in the region that will be directly impacted by Iran's self-release from the counterproliferation constraints, has already regularly stated its willingness to acquire nuclear military capacities. It is up to the Europeans to decide whether, as laudable as it might be, focusing on increasingly irrelevant multilateral tools still remains a credible option to contain nuclearization and proliferation and, if so, what demonstration of strength might be required from them to add credibility to their position.

For decades, the strategic value of the Republic of Iran for China was mostly limited to energy, as the former has the largest energy reserves in the region. China has initiated upstream and downstream joint ventures with Iran, banking operations and a backed-loans policy, while its national oil companies are boosting the flow of energy resources from Iran. Critically, the political implications of China's energy gaining strategy, the potential for conflict, and the repositioning of major powers vis-à-vis Iran will give China a unique vantage point in the future. It is also an epicenter for US-China rivalry.³⁹⁸ China's call to deepen coordination with North Korea and Iran, two major sensitive states, raises new questions about the operational dimension of the security and military relationship and how far it goes. Would China provide defense and deterrence for Iran as it already does for North Korea? Or how far does the coordination go

397 P. Wintour (2020), "European States trigger dispute mechanism in Iran nuclear deal", January 14, *The Guardian*, <https://www.theguardian.com/world/2020/jan/14/european-states-trigger-dispute-mechanism-iran-nuclear-deal>.

398 Z. Khan and C. Guo (2017), "China's Energy Driven Initiatives with Iran: Implications for the United States", Center for Global Studies, Shanghai International Studies University.

between the three of them, particularly when it comes to cyber defense and cyber-attacks?

7.4. REDEFINING STRATEGIC ORDER: CHINA'S ASSERTIVE FOREIGN POLICY AND NATIONAL ECONOMIC STATECRAFT

The unresolved nuclear disputes on the Korean Peninsula and the Middle East have profound consequences that go far beyond the question of nuclear distribution. Against the backdrop of strategic competition between an ascendant challenging power and a declining established power, they reflect a fight for a new hierarchy on the international stage and set the conditions for a complete rebalancing of power. In parallel with the dispute over denuclearization on the peninsula, in the context of nuclear and missile proliferation, the strategic competition/rivalry between China and the US has taken a global turn.

Self-affirmation and a quest for primacy are manifesting as expansionism and strongly worded assertiveness. In the face of a more demanding and offensive US, China has turned to resistance. Strategic competition has expanded to all realms – diplomatic, economic and military. Instead of persuading China to assume a more cooperative stance, economic tensions between Washington and Beijing have escalated into a trade war. Meanwhile, China is expanding its territory in the South China Sea through a successful tactic known as “creeping expansionism”, which relies on strategic moves that are not confrontational individually, but which, taken together, reshape the geography to its own advantage. China is also working to maintain and capitalize upon its already attained positions. Militarization and sanctioning are now the new norms of China’s active defense policy. Lately, the building of a military harbor in Cambodia has brought to light the military dimension of China’s regional expansionism.

In Washington, the Kissinger consensus that had prevailed over the past decades, where the US facilitated China’s rise in return for Beijing’s acknowledgement of the US as the hegemon, is dead and buried.³⁹⁹ The US has duly added tariffs and economic pressure to its strategic toolbox vis-à-vis China. In the South China Sea, the new strategy has taken the form of a declared will to “push back” China’s expansionism and militarism. The exercise of pressure has restored deterrence alongside a renewed economic envelope as an incentive, as the main components of a novel strategic equation. This repositioning of deterrence in foreign policy has

³⁹⁹ Rachman (2019).

opened a new chapter in both the history of the US–China relationship and the balance of power.

Even if China cannot be held responsible for instrumentalizing each and every anti-US or anti-Western dispute, it is important to note that its soft power has been effective in spreading its world vision on a global scale. After a three-decade-old foreign policy defined under the auspices of a “low profile”, and a new leadership with the nomination of Xi Jinping as president, China has redefined its national ambitions and readjusted its strategic goals to pursue global primacy. The allocation of numerous impressive loans and foreign direct investments was set to be key in establishing the New Silk Road, and its pending effect, the rejuvenation of the “China Dream” (a formula borrowed from the imperial past to justify President Xi Jinping’s new mandate). The great rejuvenation of China encapsulated in the formula envisions a world in which China would restore its central position, without offering reassurances on how far the Chinese influence would accept compromises with other states and organizations if a conflict of interests arose.

China may have its own strategic goals and interests both on the Korean peninsula and in Iran, but at a time of expansionism and neo-imperialism, China’s nuclear trajectory cannot be separated from its national economic statecraft. China has again become a defining power for Western deterrence, and loans and FDI have become a key variable in protecting sovereignty. The speech by French President Emmanuel Macron on Defense and Strategy on 7 February 2020 was a major landmark in articulating this new strategic reality. None of the liberal states could ignore the influence of loans and FDI in reshaping the strategic order and redefining the balance of power. Recent years have seen the rise of China’s global ambition and Beijing’s partly successful attempt at expanding its sovereignty over new territories via the development of large-scale infrastructure in airspace, subterranean space, oceanic space as well as cyberspace. This extension of sovereignty has been supported by a strong political doctrine aimed at positioning China at the top of the international hierarchy of global powers. It has been served by a development of commercial and technical capabilities initiated in the 1970s and updated recently in the “Made in China 2025” plan released in 2015. The ten-year plan aims at updating China’s manufacturing sector and enabling it to take a leadership position in 10 identified priority industries with electric vehicles, ICT, AI, biotech and advanced robotics among the top sectors of IR4 (Industrial Revolution 4.0).⁴⁰⁰ The plan is to consolidate China’s

400 This includes the Internet of Things (IoT), Big Data, artificial intelligence, robotics, autonomous vehicles, 3D etc.

already top-level position in the global supply chain and further expand it to a position of domination.

The rise from the status of an emerging nation to that of a superpower able to dominate and shape parts of the global supply chain has been supported, first and foremost, by competence and leverage acquisition, using FDI and lending strategies extensively. As of 2018, China had concluded 130 BITs (Bilateral Investment Treaties) and 21 agreements with investment provisions, and had become fully integrated into the global financial system, including on stock exchanges and in multilateral institutions such as the World Bank, from which Beijing obtained (in December 2019) a highly contested aid plan amounting to over USD 1 billion annually through June 2025.⁴⁰¹ Beijing's complex international financial governance has enabled China to gain influence in multilateral institutions, foster regional cooperation with, for instance, ASEAN countries and acquire technologies and key assets. The debates concerning the creation of China's sovereign wealth fund, the China Investment Corporation (CIC),⁴⁰² are illustrative of the central role played by financial mechanisms in China's strategy of expanding its influence. Serious concerns already emerged in the US in 2009 when the CIC expanded its sovereignty holdings with the acquisition of stakes in energy and natural resources companies. As early as December 31, 2009, the US Security and Exchange Commission (SEC) reported that the CIC had holdings in 82 US entities, raising the issue of inward FDI for the US Congress.

The other pillar of China's strategy aimed at consolidating its increasingly dominating economic position and extending its influence, and tangentially its economic sovereignty over non-Chinese assets and territories, has been its lending and loan policy. The BRI investment schemes launched in 2013 are unique tools in that they mix elements of territorial sovereignty expansion with financial and commercial leverage. The BRI was presented as a tool to foster local development and regional integration. China has been able to sell its BRI scheme in spite of high interest rates, up to 6.5% for Sri Lanka for example, partly due to its attractive rhetoric of mutual interest and cooperation, the non-politicization of its lending policies, and great attention to local considerations for international and regional cooperation. With ASEAN countries, this has been in the shape of the 2018 China-ASEAN Free Trade Agreement, which came into effect in October the same year. Interestingly enough, it was not impacted by the earlier example of Sri Lanka in 2017, when it was forced

401 B. Viala (2019), Strategic Intelligence Consultant. Mirror Games: Iran, North Korea and Nuclear Proliferation. What It Teaches Us About the New World Order, September, ASNI.

402 The CIC was established in 2007 by the State Council, China's ruling executive body.

to hand over its Hambantota port to a Chinese state company on a 99-year lease, due to the government's inability to repay a ballooning debt.

Despite and probably because of its global success and policy consequences, China's lending and FDI have been raising increasing concern given the implications for the sovereignty of other governments. The recent policy debate with India over China's BRI plan in Pakistan shows that these plans have strong territorial and sovereignty-related implications. Similarly, other analysts mention that the implementation of the Maritime Silk Road (MSR), a branch of the BRI, is of great concern for ASEAN member states as it supports China's influence in South East Asia.⁴⁰³ Similarly, Italy's entry into China's BRI generated a reaction from the then EU Budget Commissioner Gunther Oettinger, who warned that the "autonomy and sovereignty of Europe" must not be endangered.⁴⁰⁴ The acquisition of Germany's top robotics firm KUKA in 2018 by China's MIDEA raised considerable concern about the sovereignty of the country's future plans for Industry 4.0. Proponents of the move justified it by pointing to the fact that KUKA had already opened its first Chinese plant in 2013.

In such a context of increasing defiance and criticism, China's priority is now to protect and/or redirect its outbound investment. A 2018 Backer McKenzie report⁴⁰⁵ states that increasingly protectionist attitudes via tougher regulations and scrutiny in Europe and the US, initiated as of 2017, contributed to a decrease in Chinese outbound investment into these two markets: "New investment activity has fallen dramatically in sectors that are being scrutinized by regulators on both sides". This demonstrates an increasing level of mistrust about the added value and implications of these funds. By attempting and partly succeeding in maximizing its use of global financial networks, predominantly to its own national advantage, Beijing has also sown the seeds of stronger demands for economic sovereignty. If this issue has been taken seriously in the US for over a decade, the EU and its governments seem to have become aware of such concerns only recently. The challenge remains for the Europeans, in this new decade, to be able to establish the right industrial, financial and technological capacity and to align their aims accordingly.

403 As mentioned by Yang Yue and Li Fujian in their book *The Belt and Road Initiative: ASEAN Countries' Perspectives*, World Scientific, 2019.

404 B. Viala, *Multilateralism's Swan Song: A Challenge For The XX1st Century*, Asian Nuclear Initiative (ASNI), November 2019.

405 See M. Farghen (2019), "Hong Kong 2019: the tale of an unfolding crackdown. How China holds everyone hostage", September. Paris: ASNI.

7.5. CONCLUSION

To conclude, geopolitics has not vanished. It has merely expanded into a globalized and complex space. Nuclear and ballistic proliferation modified the strategic landscape in Asia. In spite of their calls for a multilateral approach to deal with the issue, China (and Russia) do not act against proliferation and try instead to impose their views and interests. In the meantime, the resurgence of imperial ambitions has merged with a renewal of territorial expansionism and the building up of military capacity. These trends are redefining geography and presenting new threats for liberal democracies. In a global and increasingly unstable space experiencing a major redistribution of power, two conflicting interpretations of order exist, one defended by Western countries, the other propounded by China. These visions reflect major differences in terms of values, and thus look to generate long-term confrontations. In such a context, diplomacy and legal standards no longer possess the capacity to adjust to new powerful historical changes. They lose their relevance as they fail to contain new forms of violence. The current context of competition/rivalry, one that will undoubtedly prove resilient, will see the emergence of two types of powers, weak and strong. Weak powers will favor diplomacy, open door policies and norms to the detriment of strategy, alliances and deterrence policies. Strong powers will have developed assertive policies. They will have anticipated the quest for offshore deployment options and have instrumentalized their interdependence to better assert themselves. Contrary to weak powers, they will have integrated armament dynamics and will have planned the acquisition and development of weapons in a pre-emptive manner.

In such an emerging environment, developing relations with China implies a redefinition of foreign policies to have these relations enter a more mature era. The sole force of the market should not be the only criterion to design strategies to the detriment of any other requirement and at the cost of immense vulnerabilities. For Western capitals, the problem is two-sided: in the short term, if they do not focus on asserting themselves and adopt a fighting posture, others will and will do so on their own terms. As the strategic competition unfolds in the diplomatic realm, they will sooner or later be forced to adjust to the policies of others accordingly. Up to now, China has rarely been held liable for anything, but this may change. From spying and stealing data to supporting proliferation, abrogating the status quo in Hong Kong, and disturbing stability in the South China Sea, the point is not to mimic or adjust to the US's strategic choices but to make sure that the Europeans have a voice in the new emerging

global context. In the mid-term, the emerging decade is set to witness the reshaping of the concept of sovereignty along the lines of the China-US feud. Understanding sovereignty in the 21st century requires monitoring how either party will shape, reorganize or simply cancel current forums of international cooperation and how they will build new sets of alliances. In parallel with the expected development of military programs, priorities are not only to be set on the visible and usual aspects of coercion and power on which the effective exercise of sovereignty depends, but also on the ability to hold a dominating position in the global supply chains in the key areas of AI and Big Data, which are set to be the main drivers of defense and security.

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8. US-CHINA ECONOMIC RELATIONS: FROM ENGAGEMENT TO COMPETITION

Deborah McCarthy

8.1. INTRODUCTION

This chapter critically assesses how relations between the US and China in the economic sphere have evolved from strategic engagement to competition. It first analyzes the underlying assumptions, beliefs, and drivers for the US's diplomatic engagement with China during the past decades, and then examines the strategic shift from engagement to competition under the current Trump administration. The chapter thereafter proposes vistas for a way forward, arguing for the need to re-engage with China in concert with key allies.

8.2. THE ERA OF ENGAGEMENT

Since the Nixon years, the United States has pursued a policy of diplomatic engagement with China, building a complex web of bilateral and multilateral discussion frameworks, agreements and understandings on issues of critical interest to the United States.⁴⁰⁶

On the economic side, deeper US engagement with China was predicated on the assumptions that: 1) it would open the Chinese market to US companies and 2) bring benefits and choices to Chinese citizens leading them, in turn, to pressure the government to maintain a more open

⁴⁰⁶ There is no consensus on the definition of diplomatic engagement. For an excellent review, see E. Resnick (2001), "Defining Engagement", *Journal of International Affairs* 54, no. 2, pp. 551-66. For this chapter, we will define engagement as "the attempt to influence the political behavior of a target state through the comprehensive establishment and enhancement of contacts with that state across multiple issue areas."

economy. The US granted China Most Favored Nation (MFN) Status beginning in 1980, extended Permanent Normal Trade Relations (PNTR) in 2000 and supported China's membership in the WTO in 2001. US-China trade jumped from US\$125 billion in 2001 to over \$700 billion in 2017.⁴⁰⁷ China duly became the largest US merchandise trading partner, the biggest source of US imports, and the third-largest US export market.

The strategy of economic engagement was also based on the fundamental belief that the United States could shape China's future, help it "reform" its state-managed economic system and adopt Western norms for economic interchange. As the size of the US economy continued to far exceed that of China, the approach also reflected the firm conviction that the norms of the post-World War II liberal economic order were the correct and only standard.

President Obama came into office aiming to establish a pragmatic and effective relationship with China.⁴⁰⁸ The Administration believed that a prosperous China actively engaged as a stakeholder in the global economy was in the interest of the United States. Together with President Hu Jintao, President Obama launched the US-China Strategic and Economic Dialogue (S&ED) in April 2009 with the aim of establishing regular senior-level talks across the whole range of interests of the two countries. A third component, the Strategic Security Dialogue, was added in 2011.

US priorities in the Economic Dialogue included: 1) pressing China to move to more market-oriented exchange rate practices and away from competitive devaluations of the Chinese renminbi, which favored Chinese export; 2) boosting US exports and opening new sectors of the Chinese economy to US investment; and 3) pushing China to modify its legal and regulatory framework to reduce discrimination against US firms, increase IP protection and obtain commitments to abide by a broad series of international standards.

The currency discussions were particularly acrimonious between 2009 and 2011, as the global economy emerged from the financial crisis. The US current account deficit was ballooning, there were extensive debates in the G20 and other fora on competitive devaluations, and the US Congress was pressuring the Administration to take action in response to Chinese currency manipulation. As the US pushed for China to appreciate its currency, China accused the US of pursuing loose monetary policy which, among other things, decreased the value of China's large holdings of US

407 J. P. Meltzer and N. Shenai (2019), "The US-China economic relationship: A comprehensive approach", Brookings Institution and American Enterprise Institute Policy Brief, <https://www.brookings.edu/research/the-us-china-economic-relationship-a-comprehensive-approach/>.

408 B. Obama (2009), National Security Strategy, https://obamawhitehouse.archives.gov/sites/default/files/rss_viewer/national_security_strategy.pdf.

dollars and government securities. The administration spent considerable time responding to China's concerns but studiously avoided naming China a currency manipulator.

The second priority of the s&ED was to boost US exports and open up China to US investment. The export push was driven by the Obama National Export Initiative, which aimed to double global US exports in five years. On investment, much time was spent chipping away at multiple obstacles, particularly in the services sector. Discussions were also launched to negotiate the first Bilateral Investment Treaty (BIT) using a new US model that provided protection against technology transfers and competition from State-Owned Enterprises, among others. The BIT was also perceived as a means of drawing Chinese investment into the United States since, as part of the Administration's 2011 Commitment to an Open Investment Policy, the US expanded efforts to bring in foreign investment by paying special attention to China. This included launching a special subnational dialogue between governors of US states and governors of key Chinese provinces on two-way investment opportunities. Chinese FDI flows into the US rose from \$4.9 billion in 2011 to \$46.5 billion in 2016.⁴⁰⁹

A third priority was to push China to modify its legal and regulatory framework to reduce discrimination against US firms, increase IP protection and obtain Chinese commitments to abide by established international standards. Some agreements were reached⁴¹⁰ through dogged persistence although, as noted by Campbell and Ratner, the US "fought tooth and nail for small, incremental concessions."⁴¹¹

Outside of the s&ED, the Administration supported greater Chinese participation and cooperation in multiple economic forums including the G-20, APEC and the OECD. Examples include the establishment of the special OECD China-Development Assistance Committee to discuss development policies and practices and the addition of the renminbi to the IMF SDR basket 2016.

The engagement strategy did not preclude enforcement efforts. The United States set up a new interagency trade enforcement unit to address unfair trade practices and pursued, with success, multiple trade enforcement efforts against China in the WTO.⁴¹² In many instances, other

409 The US-China Investment Hub, <https://www.us-china-fdi.com/us-china-foreign-direct-investments/fdi-data>.

410 For a sample list, see the 2016 U.S.-China Strategic and Economic Dialogue Joint U.S.-China Fact Sheet - Economic Track, <https://www.treasury.gov/press-center/press-releases/Pages/jl0484.aspx>.

411 K. M. Campbell & E. Ratner (2018), "The China Reckoning: How Beijing Defied American Expectations", *Foreign Affairs*, vol. 97, Issue 2, pp. 60-70.

412 Office of the United States Trade Representative archive (2015), "FACT SHEET: The Obama Administration's Record on Trade Enforcement", <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2015/january/fact-sheet-obama-administration%E2%80%99s>.

countries joined the disputes. The US also took steps to stymie Chinese cyber hacks, issuing an executive order which allowed the Department of the Treasury to apply sanctions for “cyber-enabled activities that create a significant threat to the national security, foreign policy, or economic health or financial stability of the United States.”⁴¹³

Nor did the engagement strategy preclude encirclement of China. The Obama Administration strengthened alliances in the Indo-Pacific and negotiated the 12-nation Trans-Pacific Partnership (TPP) to link the nations of Asia into a new 21st-century trading network. It also launched the Transatlantic Trade and Investment Partnership (TTIP) with the EU to establish, among other things, new higher standards for the protection of IP, labor and the environment.

Across these efforts, the Obama administration sought to establish mechanisms to address the unfair competitive advantages of Chinese State-Owned Enterprises (SOEs) that receive preferential treatment by the Chinese government. Both within the trade discussions, through the BIT talks as well as at the OECD,⁴¹⁴ the US sought to develop international standards for SOEs.

There has been criticism of the lack of concrete results of the Obama economic engagement policy with China, despite the signing of multiple agreements and understandings on a wide range of issues from standards to climate change and the very profitable presence of US business in the country.

There is less recognition of the fact that the S&ED and earlier dialogues not only integrated China into the global economic system but were also a means of: 1) exchanging detailed information on macroeconomic developments, industry trends as well as upcoming changes in laws and regulations; 2) allowing US companies, through US government representatives, to formally and directly present their views to the Chinese authorities; and 3) working in coordinated action with China in multilateral fora such as the G20 and APEC.

413 B. Obama (2015), “Executive Order -- ‘Blocking the Property of Certain Persons Engaging in Significant Malicious Cyber-Enabled Activities’”, The White House Office of the Press Secretary, April 1, <https://obamawhitehouse.archives.gov/the-press-office/2015/04/01/executive-order-blocking-property-certain-persons-engaging-significant-m>.

414 OECD Guidelines on Corporate Governance of State-Owned Enterprises, <https://www.oecd.org/corporate/guidelines-corporate-governance-soes.htm>.

8.3. THE SHIFT TO COMPETITION

Under the Trump administration, there has been a strategic shift from engagement to competition with China.⁴¹⁵ As stated in the 2018 National Security Strategy, “China (and Russia) challenge American power, influence, and interests, attempting to erode American security and prosperity.”⁴¹⁶

The Administration affirms that the engagement strategy failed as China did not commit to the liberal Western order or reform its political system. In addition, as articulated by Vice President Pence in a speech at the Wilson Center in October 2019, the shift has been driven by the underlying assumption that China’s rise was funded and enabled by the United States, to its detriment. China’s rise, he noted, was the result of “the greatest transfer of wealth in the history of the world ... much of this success driven by American investment in China.” Quoting President Trump, he added, “We rebuilt China over the past 25 years.”⁴¹⁷

As a result, the Administration has adopted tactics to reduce Chinese exports to the United States through tariffs and bans, increase screening of Chinese investment in the United States, label China a currency manipulator, and push back regionally on Chinese economic influence.

To address unfair Chinese trade practices, the Administration has chosen to pursue unilateral measures under Section 301 of the Trade Act of 1974 and bilateral negotiations, largely ignoring the WTO settlement process, which it perceives as ineffective and too lengthy.

In March 2018, the Administration began a Section 301 investigation in response to Chinese forced technology transfers, unfair practices on IP, and cyber intrusions into US networks to gain business information. Subsequently, the Administration increased tariffs by 25% on \$250 billion of imports from China and threatened to boost tariffs on nearly all remaining products from China (valued at \$300 billion) if no trade agreement was reached by December 2019.⁴¹⁸

The Administration also placed an increasing number of Chinese firms, including Huawei, on the US Department of Commerce’s Bureau of Industry and Security’s Entity List, making them subject to specific license

415 Initially, the Administration restructured the Strategic and Economic Dialogue (S&ED) into four different talks: the Diplomatic and Security Dialogue, the Comprehensive Economic Dialogue, the Law Enforcement and Cybersecurity Dialogue, and the Social and Cultural Dialogue. But the process rapidly broke down. The first was held once in November, 2018. The Economic Dialogue was superseded by the ongoing trade discussions and the last two have not met since 2017.

416 Seal of the President of the United States (2017), “National Security Strategy of the United States of America”, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

417 Remarks by Vice President Pence at the Frederic V. Malek Memorial Lecture, October 24, 2019, <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-frederic-v-malek-memorial-lecture/>.

418 In return, China increased tariffs (at rates ranging from 5% to 25%) on \$110 billion worth of imports from the United States.

requirements for the export, re-export, and/or in-country transfer of controlled items. In October 2019, the US Department of Commerce added 28 Chinese companies and agencies to a list of firms banned from doing business in the United States, with a focus on entities specializing in artificial intelligence, machine learning and digital surveillance. Separately, the Administration banned federal agencies from buying equipment and services from certain Chinese companies, including Huawei.⁴¹⁹

To address growing national concerns about Chinese and other foreign exploitation of investments in the United States, new legislation (The “Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA)”) was passed, significantly expanding the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS), including on foreign investments in critical infrastructure and businesses maintaining sensitive personal data. The Administration is also examining a plan to limit Chinese company listings on US stock exchanges and US pension plan investments in Chinese securities.

In August 2019, the Administration branded China a currency manipulator for the first time in 25 years, after China allowed its currency to drop two percent following US threats to levy additional tariffs.⁴²⁰ As the declaration carries no penalties, the Administration is also considering a rule whereby the US could impose countervailing duties on imports from countries deemed to be artificially undervaluing their currencies.

The Administration has also sought to push back on Chinese regional economic influence by launching the International Development Finance Corporation to compete with China’s Belt and Road Initiative, and warning countries of the pitfalls of Chinese investment and development finance.

The shift from engagement to competition has had broad bipartisan support. For years, there has been general concern over predatory Chinese economic practices including IP theft, hacking, forced technology transfer and China’s efforts to privilege its national champions. According to the August 2019 Pew survey on US perceptions of China, 60% of Americans have an unfavorable opinion of the country, the highest level in 14 years.

In foreign policy security circles as well, there is growing agreement that a number of the assumptions on which engagement was pursued were incorrect. While some questioned the approach all along and warned

419 B. S. Glaser & K. Flaherty (2019), “The Trade Deal Falls Through”, *Comparative Connections*, Volume 21, Issue 2, <http://cc.pacforum.org/2019/09/the-trade-deal-falls-through/>.

420 The move came despite a finding in the Treasury’s May semiannual report to Congress on the foreign exchange policies of major trading partners that China was not manipulating its currency, a position reinforced by the IMF confirmation in July that the renminbi was not undervalued.

of increased competition, others have recently concluded that a change of approach is required.⁴²¹

While there is debate about whether the past US engagement strategy really aimed at the liberalization or democratization of China,⁴²² there is little debate that China today, under President Xi Jinping, has become a more nationalistic, state-controlled and closed system that seeks dominance in key industries, to shape new rules of interchange and offer an alternative model for developing countries.

Despite the general support for a more robust response to China's predatory economic practices, it can be argued that the US Administration's approach is NOT making the US more competitive but is merely confrontational.⁴²³ In an era of global power competition, the Administration is not enhancing the competitiveness of the United States but is, in fact, weakening its international position.

For one, the large US current account deficit is NOT due to the merchandise trade imbalance with China. Rather, it is primarily the result of US *domestic* policies, including large government deficits, high levels of consumption and a low national savings rate. Moreover, for 2019, the federal budget deficit was projected to increase by a whopping 26 percent to \$1 billion due to tax cuts and increased government spending.

Second, the US tariffs on Chinese goods have cost the US export markets. The US merchandise trade deficit with China continues to rise (8 percent in 2017 and another 11 percent in 2018).⁴²⁴ The overall Current Account grew from \$449 billion in 2017 to \$489 billion in 2018.⁴²⁵ As a result of the US China tariff disputes, the IMF estimates that global trade growth has decreased to its lowest level since 2012.⁴²⁶

Third, the tariffs have increased costs for US consumers and, with the consequent uncertainty for investment, US GDP for 2020 is expected

421 Campbell & Ratner (2018), pp. 60–70. See also A. Friedberg (2018), “The Signs Were There”, *Foreign Affairs*, vol. 97, Issue 4, pp. 186–187 and K. M. Campbell & J. Sullivan (2019), “Competition Without Catastrophe”, *Foreign Affairs*, vol. 98, Issue 5, pp. 96–110.

422 A. I. Johnston (2019), “The Failures of the ‘Failure of Engagement’ with China”, *Washington Quarterly*, Volume 42 Issue 2, p. 4. See also T. Christensen, & P. Kim (2018), “Don’t Abandon Ship”, *Foreign Affairs*, vol. 97, Issue 4, pp. 188–189.

423 Campbell & Ratner (2018), p 7.

424 Trade statistics are reported on a gross basis. Much of China's exports consist of foreign-produced components (i.e. Apple iPhone parts), delivered for final assembly in China. On a value added basis, the US bilateral trade deficit with China would be smaller. See https://www.usitc.gov/special_topic_value_added_measurement_trade.htm.

425 US Trade Representative. US-China Trade Facts. <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>. Bureau of Economic Statistics (2019), <https://www.bea.gov/news/blog/2019-03-27/us-current-account-deficit-increases-2018>. As a percentage of US GDP, the deficit increased to 2.4 percent from 2.3 percent.

426 IMF World Economic Outlook (2019), <https://www.imf.org/en/Publications/WEO/Issues/2019/10/01/world-economic-outlook-october-2019#Chapter%201>

to be from 0.3 to 1 percentage point lower than it would otherwise be, depending on the estimate.⁴²⁷

Fourth, to finance its continued current account deficit, the US needs, among other things, to attract investment and borrow more. Yet FDI to the United States is decreasing. It dropped 40 percent from 2016 to 2017 and a further 8 percent in 2018.⁴²⁸ On borrowing, China has for some years been the largest foreign owner of US debt. As of December 2018, China held \$1.1 trillion, 17.9% of all foreign investment in US federal debt.⁴²⁹ While it is unlikely that China would take steps to use this as leverage in the current trade dispute and any large-scale sell-off would lead to losses, it is a card they have played before. As the Administration continues to accuse China of currency manipulation in an effort to reduce the deficit,⁴³⁰ China is likely to raise concerns about the safety and value of its large holdings.

Fifth, attempts to decouple the US from China ignore the realities of global supply chains today. US companies recognize that global operations mean working with China. While the Administration has sought to discourage companies from investing in China and even threatened to force them to return, US foreign direct investment (FDI) flows into China have dropped only slightly from \$14 billion in 2017 to \$13 billion in 2018.⁴³¹ According to the 2019 AmCham Shanghai survey of US companies, China continues to be profitable for most companies, although US-China trade tensions are creating uncertainties.

Sixth, the Administration is seeking to protect US industries rather than develop them. It has used bans and export controls with no concurrent efforts to increase government investment in R&D, or to foster public-private initiatives in key technologies to make the US more competitive.

Lastly, the US has not integrated its current foreign assistance, trade and investment programs to engage more effectively with developing countries and its influence has declined: in 2006, the US was the principal

427 K. Russ (2019), "What Trump's Tariffs Have Cost the US Economy", EconoFact and PBS, October 11, <https://www.pbs.org/newshour/economy/making-sense/what-trumps-tariffs-have-cost-the-u-s-economy>.

428 Organization for International Investment, Foreign Direct Investment in the United States (2019), <https://oii.org/report/fdi-in-the-united-states-quarter-two-2019>. Although China is not among the top investors in the United States, it too has reduced its holdings in the country. Chinese FDI flows in 2018 were only 5 billion dollars, 8 percent below the previous year and 45 percent below the 2016 level. While the drop is due in part to Chinese capital controls, it is also the result of the new US FIRMMA Act, <https://www.us-china-fdi.com/us-china-foreign-direct-investments/data>.

429 Congressional Research Service, Foreign Holdings of Federal Debt (2019), July 26, <https://fas.org/sgp/crs/misc/RS22331.pdf>.

430 D. Ikenson (2019), "Trump and Bipartisan Majority in Congress Complicit in Chinese Currency Canard", *Forbes*, August 6, <https://www.forbes.com/sites/danikenson/2019/08/06/trump-and-bipartisan-majority-in-congress-licit-in-chinese-currency-manipulation-canard/#1c9eb71145e1>.

431 Cumulative US FDI in China (at historical cost) still exceeds cumulative Chinese FDI in the US by a factor of two (\$276 billion vs \$148 billion). See <https://www.us-china-fdi.com/us-china-foreign-direct-investments/data>.

trade partner for over 130 nations. By 2016, that number had dropped to 76.⁴³² Foreign assistance has stagnated with yearly battles between major cuts proposed by the Administration and Congressional replenishments. While the new US Development Finance Corporation (USDFC) is a step in the right direction and will enable higher US investment in developing countries, its capitalization is small (\$30 billion) in comparison with the estimate of annual \$110 billion outlays by China on investment and construction projects in the Belt and Road Initiative.⁴³³

8.4. THE WAY FORWARD

The US is more likely to shape China's actions if it works in concert with allies and partners both within current organizations and in initiatives to shape new norms and standards. In particular, joint or concurrent action in the WTO, international investment issues and development finance could help modernize trade rules, better support US business and leverage the combined weight of major like-minded donors.

While cumbersome, the WTO nevertheless continues to provide the principal global set of rules for trade that can be used to push back on Chinese economic practices. By pursuing a primarily bilateral trade agenda with China, the US is foregoing the power of leverage. The US, the EU, Japan, Australia, Canada, Mexico and South Korea combined account for 40 percent of Chinese exports and have much greater bargaining power.⁴³⁴

Building broader support for key US WTO proposals including the reform of the system whereby countries, such as China, self-declare themselves developing countries (thereby enabling them to adhere to weaker standards) would be important. Likewise, providing strong vocal US support for actions, such as the 2018 EU complaint against China for forcing European countries to transfer technology, would also increase pressure on China.

Like the US, France, Germany, the UK and others have moved to tighten inbound investment screening with an eye on China. As transatlantic investment flows will also be affected, consultations on new legal norms and on trends in Chinese investment would help decision-makers as they

432 D. Runde, R. Bandura & O. Murphy, (2018), "Renewing US Economic Engagement with the Developing World", Center for Strategic and International Studies, <https://www.csis.org/analysis/renewing-us-economic-engagement-developing-world>.

433 C. Joy-Perez & D. Scissors (2018), "The Chinese State Funds Belt and Road but Does Not Have Trillions to Spare", American Enterprise Institute, <https://www.aei.org/research-products/report/the-chinese-state-funds-belt-and-road-but-does-not-have-trillions-to-spare/>.

434 W. Cutler (2019), "Strength in Numbers", Asia Policy Society Institute Issue Paper, April 2019, <https://asiasociety.org/policy-institute/strength-numbers>.

refine legislation. Similarly, the US would be more effective in shaping the implementing regulations of the new Chinese investment law to the benefit of US companies if it worked with other key investing countries such as Germany and the Netherlands. Likewise, in addressing the challenge of China's Belt and Road Initiative, joint efforts would be more effective. As stated by Campbell and Sullivan "rather than fight China at every turn – on every port, bridge, and rail line – the United States and its partners should make their own affirmative pitch to countries about the kinds of high-quality, high-standard investments that will best serve progress."⁴³⁵

Much attention has been paid to the creation of the Asian Infrastructure Investment Bank and the New Development Bank by China. This has fogged the reality that official development assistance flows continue to be dominated by the US and other member countries of the Development Assistance Committee of the OECD, and that the new banks are small and therefore have not drastically altered control in the Multilateral Development Banks (MDBs).⁴³⁶

Yet many low-income countries are turning to China for infrastructure financing in the absence of MDB concessional financing. A significant contribution for infrastructure by the US and other like-minded donors to the current replenishment drive for the World Bank IDA (International Development Association) would give low-income countries more sustainable choices and cover major financing needs.⁴³⁷

8.5. CONCLUSION

There is general agreement that a number of the assumptions underlying the long-standing US strategy of engagement with China were flawed and that the era of great power competition with China has arrived. However, the current US Administration's approach of seeking, via coercive bilateral means, to force China to adhere to current norms and to rebalance economic power is not making the US more competitive.

Ironically, by ignoring allies and some of the key institutions that form the basis of the current system, in order to push China to adhere to the rules, the US both risks undermining the very order it is defending and reducing US influence in shaping new 21st century rules. By pulling

⁴³⁵ Campbell and Sullivan (2019).

⁴³⁶ BRIC countries' representation has risen only by an estimated 0.8 percentage points since the two banks were established. See R. Ray (2019), "Who Controls Multilateral Development Finance?", Boston University Global Development Center, Working Paper 026, <http://www.bu.edu/gdp/files/2019/04/GEGI-WP-R-Ray-2019-Power-Weights.pdf>.

⁴³⁷ N. Lee (2019), "Infrastructure and IDA 19: A priority or Not", Center for Global Development, September 3, <https://www.cgdev.org/blog/infrastructure-and-ida19-priority-or-not>.

out of the Trans-Pacific Partnership, for example, the US lost a valuable seat at the negotiating table on new norms, including on the operations of State-Owned Enterprises, a key element of China's economic model.

Given the relative decline in US economic power,⁴³⁸ joint efforts with key allies, such as the EU, to apply current norms and develop new ones reflective of power shifts and modern economic interchange are even more important.

Cutting back on regular senior face-to-face meetings across the broad spectrum of US-Chinese economic interests both ignores the reality that China now plays a very important role in global power and that the US and Chinese economies are closely linked. The lack of engagement also limits the US ability to obtain information, more effectively argue for the interests of US companies and leverage the relationships built over years, including the tens of thousands of the brightest Chinese students who have studied in the US.

Seeking to isolate and weaken China is not an effective strategy. Rather, the US should leverage the joint strength of allies and partners to shape modern rules for open economic interchange and to seek to deepen China's linkages to them. Competition is now a given. Engagement should be a strategic choice.

438 As measured on a Purchasing Power basis, China's share of global GDP stood at 18.3 percent in 2017, while that of the US dropped to 15.3 percent, <https://fas.org/sgp/crs/row/RL33534.pdf>.

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9. WASHINGTON'S NEW ECONOMIC COERCION AND GEOPOLITICAL COMPETITION: THE EUROPEAN VIEWPOINT

Clara Portela⁴³⁹

9.1. INTRODUCTION

International affairs analysts have long predicted that, in a world where large-scale inter-state war has ceased to be viable, great power confrontation will be fought in the economic domain. Rather than seeking a major war, states will just seek the fruits of that war by other means.⁴⁴⁰ Accordingly, increased attention is being devoted to geo-economics, understood as the exercise of power via economic instruments to advance geopolitical objectives. Pointing to the primacy of the US in this domain, observers warn of Washington's superior ability to make use of economic and financial tools. In particular, the status of the US dollar as the world's reserve currency and primary medium of exchange enables Washington to isolate the target from the global financial system.⁴⁴¹ Scholars note that global networks of information and finance, asymmetrical in that some of their nodes are far more connected than others, are being increasingly leveraged for strategic advantage.⁴⁴² Sanctions have long been identified as a means of global geopolitical positioning.⁴⁴³

439 The author is grateful to Dr Patricia Garcia-Duran for useful comments on a previous version of this chapter. All remaining errors are author's own.

440 P. Porter (2019), "Advice for a Dark Age: Managing Great Power Competition", *Washington Quarterly*, vol. 42, no. 1, pp. 7-25.

441 N. Gould-Davies (2020), "Russia, the West and Sanctions", *Survival*, vol. 62, no. 1, pp.7-28.

442 H. Farrell, & A. Newman (2019), "Weaponized Interdependence: How Global Economic Networks Shape State Coercion", *International Security*, vol. 44, no.1, pp. 42-79.

443 B. Taylor (2010), *Sanctions as Grand Strategy*, IISS, London.

In recent months, Washington's economic coercion has indeed taken center stage. Following its 2018 withdrawal from the Iran nuclear deal – the Joint Comprehensive Plan of Action (JCPOA), Washington re-imposed sanctions on Iran. The following year, the US enacted sanctions on Russia and Cuba with extraterritorial consequences.⁴⁴⁴ The growing volume of sanctions imposed under the administration of President Donald Trump has led some observers to speak of “overuse”.⁴⁴⁵ According to a major law firm, in 2018 the US blacklisted nearly 1,500 people, companies and entities, nearly 50 percent more than in 2017, which was the second-highest year on record.⁴⁴⁶ The number of new designations dropped by half in 2019, but the almost 800 listings still represented the third highest figure since 2001.⁴⁴⁷

What is most intriguing about these sanctions is that they diverge from the classical definition of economic sanctions as foreign policy instruments. Economic sanctions are understood as the interruption by one state of trade and finance with another country in pursuance of security policy goals. In the post-Cold War era, this practice has evolved into the targeting of individuals and entities, blocking their assets and banning transactions with them. Members of the World Trade Organization (WTO) are allowed to deviate from treaty obligations under a security exemption enshrined in Article XXI of the General Agreement on Tariffs and Trade (GATT). Among the various exemption clauses contemplated in the GATT, Art. XXI appears to be the most relevant to the present cases as it stipulates that the Treaty's contents do not prevent any of its parties from taking any action ‘in time of war or other emergency in international relations’ or ‘in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security’. The security exemption is characterized by the ample margin of manoeuvre it reserves for member states in adopting security policies that hinder trade flows, to the point that it has been called ‘self-judging’.⁴⁴⁸ The WTO issued its first panel ruling ever delineating the scope of the security exception of Art. XXI in 2019, on a dispute between Russia and Ukraine over sanctions.⁴⁴⁹

How does Washington's geo-economic dominance and its increasingly diverse sanctions palette play out in the current global environment,

444 S. Lohmann (2019), “Extraterritorial U.S. Sanctions”, *SWP Comment* no. 5, SWP.

445 Politi, J. (2020), “Trump administration leans on sanctions to shape foreign policy”, *Financial Times*, 30 January.

446 Gibson, Dunn & Crutcher (2019), “2018 Year-end sanctions update”, 11 February.

447 Gibson, Dunn & Crutcher (2020), “2019 Year-end sanctions update”, 23 January.

448 R. Alford (2011), “The Self-judging WTO Security Exemption”, *Utah L. Rev.*, no. 3, pp. 697-759.

449 See World Trade Organisation (2019), DS512: Russia – Measures Concerning Traffic in Transit, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds512_e.htm.

characterized by intensifying competition between the US and great powers like China? And most specifically, how does this affect Europe and its relations to Washington? This chapter presents an overview, and outlines the place and prospects for Europe in the midst of an environment of geopolitical competition.

9.2. THE PRESENT: SECONDARY SANCTIONS

The EU is directly impacted by the extraterritorial effects of US sanctions against third countries like Iran, Russia or Cuba.⁴⁵⁰ Secondary sanctions are used to exert influence on EU firms: they punish European entities which engage in dealings with third states under Washington's sanctions. Even though secondary sanctions are not embraced or enforced by EU member states, European firms are compelled to comply with them.

The employment of secondary sanctions is not new. The extraterritorial application of US sanctions elicited a significant transatlantic crisis in the late 1990s when the US Congress passed the Helms–Burton Act (short for Cuban Liberty and Democratic Solidarity Act). This bill allows US citizens with claims to property expropriated by Cuban authorities to sue foreign companies and individuals exploiting such property. Their executives and shareholders, as well as their immediate families, are denied entry to US territory. By means of the enactment of a 'Blocking Statute', the EU prohibited European firms from complying with US measures. While tensions were eventually resolved thanks to then President Clinton's exemption of European companies, the crisis re-emerged following Washington's withdrawal from the JCPOA and its re-imposition of unilateral sanctions with extraterritorial effects. The tightening of the US sanctions regime on Iran was followed by the expiry of the waiver exempting EU firms from the effects of the Helms–Burton Act. Most recently, the US Senate approved new legislation targeting Nord Stream 2, an oil pipeline connecting Russia and Germany, which brought construction works to a standstill in the last days of 2019.⁴⁵¹ The Obama administration made extensive use of secondary sanctions, particularly in the Iran context.⁴⁵² However, the magnitude of the extraterritorial effects of sanctions was not visible at the time because US and EU policies were aligned,⁴⁵³ while currently they are increasingly out of step.

450 V. Sinkkonen (2019), "Sanctions and US Foreign Policy in the Trump era: A Perfect Storm", *FIIA Briefing Paper* 269, FIIA, Helsinki.

451 A. Rettman (2019), "US halts building of Germany-Russia pipeline", *EUobserver* 21 December.

452 P. Harrell, (2019), "Trump's use of sanctions is nothing like Obama's", *Foreign Policy*, 5 October.

453 C. Portela (2017), "The Triumph of Teamwork", *Peace Policy Newsletter*, no. 23, Kroc Institute, Notre Dame.

9.3. FRAMING A RESPONSE

In response, Brussels reactivated its Blocking Statute. Outside the purview of the EU, France, Germany and the UK created a channel for transactions with Iranian entities, the Instrument in Support of Trade Exchanges (INSTEX). Belgium, Denmark, Finland, the Netherlands and Sweden have already initiated their accession process. Membership is also open to non-EU countries such as Norway.⁴⁵⁴

However, neither of these instruments has proved satisfactory so far. INSTEX did not process its first transactions until early 2020. For its part, the Blocking Statute places companies in a difficult situation as they are forced to choose between complying with US or EU legislation. The modest effectiveness of EU-framed responses is largely due to private sector willingness to comply with US sanctions in order to maintain access to the US market and avoid fines by the US Treasury agency, the Office of Foreign Assets Control (OFAC). This is particularly true for banks, which need access to the US financial market in order to conduct US dollar-denominated operations. The detachment of the financial environment from the control of governmental or supranational agencies makes them unwieldy. In situations in which EU sanctions are defined in more narrow terms than US sanctions, European firms tend to ‘overcomply’.⁴⁵⁵ Even if the EU has no restrictions in place, European companies are still likely to adhere to Washington’s measures.⁴⁵⁶

Far from being a merely economic issue, the extraterritorial effects of US sanctions constitute a major geopolitical challenge for Brussels. This has also had considerable repercussions for other US allies, such as Canada. How the EU positions itself in this regard may have ramifications for its commitment to the multilateral approach and for the already strained transatlantic partnership. Reflecting the preoccupation with the extraterritorial effects of US sanctions, Commission President Ursula von der Leyen exhorted Valdis Dombrovskis, Commissioner for an Economy that Works for People, to improve EU resilience to the extraterritorial effects of foreign sanctions, asking him “to develop proposals to ensure Europe is more resilient to extraterritorial sanctions by third countries” in order “to support our economic sovereignty”.

454 Ministry of Foreign Affairs of Denmark (2019), “Joint statement on joining INSTEX by Belgium, Denmark, Finland, the Netherlands, Norway and Sweden”, November 29.

455 C. Portela (2016), “How the EU Learned to Love Sanctions”, in M. Leonard (ed.), *Connectivity Wars*, European Council on Foreign Relations, London, pp. 36-42.

456 I. Aula (2020), “Secondary Sanctions”, in N. Helwig, J. Jokela & C. Portela (eds.), *Sharpening EU Sanctions Policy for a Geopolitical Era*, Office of the Prime Minister, Helsinki, pp. 99-104.

Three broad scenarios on how the EU may position itself vis-à-vis attempts at economic coercion can be outlined. These responses are loosely based on the categorization undertaken by Steven Lobell, Neil Jesse and Kristen Williams, who classified attitudes towards the global hegemon and its challengers into strategies of accommodation and resistance.⁴⁵⁷ Each of them carries different implications for the EU's geopolitical positioning.

A purely passive attitude would see the EU accepting the costs implied. However, degrees are possible. A strategy of accommodation does not necessarily equate to inaction. It could see the EU opposing US policies discreetly and seeking to persuade the US administration to dispense waivers to specific firms of its allies, following the model applied until the recent reversal of this policy.

Alternatively, the EU could protest the illegality and unacceptability of Washington's economic coercion at international fora. Attacking the legitimacy of the hegemon is considered a strategy of resistance.⁴⁵⁸ In our case, it would however not go beyond the declaration of opposition. Contesting the illegality of US action in international fora is a practice that has already been witnessed in the context of the United Nations General Assembly (UNGA). In the explanation of the vote on the UNGA resolution condemning the US embargo on Cuba, which is adopted annually by an overwhelming majority, EU members express their rejection of the extraterritorial effects of the measures, which they consider illegal.⁴⁵⁹ This explanation contrasts with that of most countries from the Global South, which denounce the use of economic coercion *in toto* and call for the lifting of the embargo in solidarity with Havana. Stepping up efforts to contest the extraterritorial effects of sanctions would dovetail with the EU's commitment to upholding the multilateral system, and display some continuity with the establishment of INSTEX.

The open expression of disagreement could be complemented with additional measures. One such measure entails the activation of means of contestation, such as arbitration or judicial channels. An obvious avenue is the establishment of a panel at the WTO, an option resorted to when the US Congress passed the Helms-Burton Act. In the event, the dispute was resolved thanks to US President Clinton's issuance of waivers for

457 S. Lobell, N. Jesse & K. Williams (2015), "Why do Secondary States Choose to Support, Follow or Challenge?", *International Politics* 52(2), pp. 146-162.

458 *ibid.*, p. 152.

459 EEAS, "EU Explanation of Vote: Resolution on the embargo imposed by the USA against Cuba", New York, 7 November 2019. For the resolution, see "Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba", A/RES/61, <https://undocs.org/en/A/RES/61/11>.

European firms.⁴⁶⁰ However, the option of calling a WTO panel hardly appears practicable today: Firstly, the breadth of the security exception under GATT Art. XXI augurs dim prospects of success. When the WTO agreed to establish a dispute settlement panel to review the EU's complaint about the Helms-Burton law in 1996, the Clinton administration indicated that the US would refrain from taking part in the proceeding, arguing that Helms-Burton is based on foreign policy rather than commercial concerns and therefore should not be judged in the WTO. The US position on the matter is unlikely to be different today, despite the fact that the recent panel ruling on Ukraine confirmed the broad scope of the XXI exception. Secondly, the possibility of redress in the event of a negative outcome is unavailable due to the US blockade on Appellate Body nominations.⁴⁶¹ Thirdly, in view of the strained situation to which the WTO is currently subject, the issuing of a panel ruling likely to be disregarded by the US would constitute 'the last nail in the organization's coffin'.⁴⁶²

An alternative consists of responding to US action by replicating Washington's approach activating similar means.⁴⁶³ France's Economy and Finance Minister Bruno Le Maire recently proposed the establishment of a European agency comparable to the US Treasury's Office of Foreign Asset Control (OFAC), an entity endowed with far-reaching competences and staffed with a two hundred-strong workforce.⁴⁶⁴ This could be matched with a reorganization of decision-making structures at the national level to bring together elements of tariff alteration and decision-making in security policy, facilitating the connection between both areas.⁴⁶⁵

9.4. A POSSIBLE FUTURE: TARIFFS AS SANCTIONS

Equally worrying is the increasing employment of tariffs to obtain foreign policy objectives, although this practice has not affected Europe so far. The recurrent use by the Trump administration of tariffs for goals other

460 K. Gerke (1997), "Unilateral Strains in Transatlantic Relations", *PRIF Report 47*, Peace Research Institute Frankfurt, Frankfurt am Main.

461 T. Miles (2018), "U.S. blocks WTO judge reappointment as dispute settlement crisis looms", Reuters, 27 August.

462 P. Joannin (2019), "Quelles réponses européennes à l'extraterritorialité américaine?", *Question d'Europe* 501, Institut Robert Schuman, Paris, 4 February.

463 E. Geranmayeh & M. Lafont Rapnouil (2019), "Meeting the Challenge of Secondary Sanctions", in M. Leonard & J. Shapiro (eds.), *Strategic Sovereignty: How Europe Can Regain the Capacity to Act*, European Council on Foreign Relations, Berlin.

464 France24 (2018), "France urges Europe to push back against 'unacceptable' US sanctions on Iran", 11 May, <https://www.france24.com/en/20180511-iran-france-usa-europe-business-push-back-against-unacceptable-sanctions-nuclear-trump>.

465 J. Hackenbroich & M. Leonard (2019), "Verteidigen wir Europa!", 7 August, *Die Zeit* Nr. 33/2019; M. Leonard & J. Shapiro (2019), *Strategic Sovereignty: How Europe can regain the capacity to act*, London: ECFR.

than commercial defence departs from – if not contravenes – the use foreseen under the WTO framework as it conflates trade with security policy. President Trump threatened to impose a five percent tariff on all imported goods from Mexico unless it stopped the flow of undocumented immigrants across their common border.⁴⁶⁶ Shortly after, he threatened to raise tariffs on Guatemalan products in order to encourage its leadership to halt the transit of US-bound migrants.⁴⁶⁷ These threats were successful in eliciting the concessions they aimed for. In June 2019, barely a few weeks after the threat was issued, the US and Mexico agreed to stave off tariffs on Mexican goods in return for concessions on immigration.⁴⁶⁸ Similarly, Guatemala concluded an agreement with the US whereby asylum seekers having transited through Guatemala on their way to the US would be returned to the country. Guatemalan President Morales admitted having caved in to Washington’s pressure. On the eve of the signature of the agreement in July 2019, President Morales justified his decision stating: “Thanks to the negotiations, it was possible to fend off dramatic sanctions for Guatemala, many of which are geared to hit the economy hard, like taxing remittances sent daily by our siblings, as well as the imposition of tariffs on our exports and of migration restrictions.”⁴⁶⁹

In contrast to classical economic sanctions, the re-imposition of tariffs is not contemplated as a foreign policy sanction. This is not to say that tariffs had not been subject to any political uses before – they certainly had.⁴⁷⁰ Under the current WTO framework, which sets ceilings on tariffs applicable to non-military products, they have traditionally been used in two distinct ways.

Firstly, tariffs are used as measures of commercial defence, which can be raised under the current WTO framework in order to respond to unfair practices such as dumping or subsidies, or to cope with an unexpected surge of foreign goods. Under these scenarios, the increase of tariffs beyond the stipulated ceilings obeys purely commercial considerations and can be effected only on a temporary basis, although the state wishing to adopt the measure must adhere to a number of rules.

466 A. Karnie, A. Swanson & M. Shear, (2019), “Trump Says U.S. Will Hit Mexico With 5% Tariffs on All Goods”, *New York Times*, 30 May.

467 A. Laborde & J. Elías (2019), “Trump amenaza a Guatemala con aranceles para que acepte más solicitantes de asilo”, *El País*, 23 Julio.

468 M. Pengelly (2019), “Trump calls off tariffs after US-Mexico deal but Mnuchin says threat remains”, *The Guardian*, 8 June.

469 Original: “Por medio de las negociaciones también se evitan sanciones drásticas para Guatemala, muchas de ellas orientadas a golpear fuertemente la economía, como gravámenes a las remesas que diariamente envían nuestros hermanos, así como la imposición de aranceles a nuestros productos de exportación y restricciones migratorias”.

470 Leading scholar David Baldwin classified the politically-motivated increase of tariffs as a sanction. See D. Baldwin (1985), *Economic Statecraft*, Princeton University Press, Princeton, N.J.

Secondly, trade privileges offered to developing countries under the generalized scheme of preferences (GSP) could be withdrawn following the activation of pre-agreed conditionality clauses. The US and the EU operate similar schemes, alongside other advanced economies. Under this scheme, most products from developing countries are granted unilateral tariff reductions or duty-free access to the markets of the GSP-granting economy. Such preferences are subject to conditions that include respect for fundamental rights, and may be withdrawn when severe and systematic breaches occur.⁴⁷¹ Both the US and the EU have withdrawn preferences from Belarus and Myanmar in the past, and the EU recently suspended preferences for various Cambodian products on account of democratic backsliding in the country.⁴⁷² As the preferences constitute a voluntary reduction of duties which is not contractually based, the withdrawal merely re-establishes normal trade flows. Therefore, it is not technically regarded as a sanction, although its effects are comparable to those of economic sanctions.⁴⁷³ Similarly, the US has previously contemplated withdrawing most-favoured-nation (MFN) treatment from third countries on account of their poor human rights record.⁴⁷⁴ Washington repeatedly contemplated withdrawal of MFN status from China,⁴⁷⁵ and suspended it from Romania shortly before socialist rule ended.⁴⁷⁶ However, the Central American examples do not correspond to any of the standard options reviewed.

9.5. CONCLUSION

This brief survey of the effects of recent US sanctions practice on Europe and Central America confirms the different treatment received by each of the regions in question. While Central American neighbors are threatened with tariffs to compel their cooperation in halting a transnational phenomenon, European allies are penalized with secondary sanctions for

471 For the text of the EU GSP regulation, see: Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R0978&from=EN>.

472 European Commission (2020), "Trade/Human Rights: Withdrawal of Cambodia's preferential access to the EU market" - Factsheet, 12 February, https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc_158631.pdf.

473 C. Portela & J. Orbie (2014), "Sanctions under the EU's Generalised System of Preferences (GSP): Coherence by accident?", *Contemporary Politics*, vol. 20, no. 1, pp. 63-76.

474 The MFN status was renamed "permanent normal trade relations" (NTR) in US practice.

475 S. Chan (2018), "Principle versus Profit: Debating Human Rights Sanctions", *Human Rights Review*, vol. 19, no.1, pp. 45-71.

476 J. Hufbauer, G. Schott & K. Elliott (2007), *Economic Sanctions Reconsidered*, 3rd edn., Institute for International Economics, Washington D.C.

their lack of endorsement of US sanctions against Washington's targets. In these two regions, the readiness and the capability to respond are vastly at variance. US sanctions policy in Latin America tends to diverge from that applied elsewhere: Washington is almost the only actor that imposes sanctions against Latin American targets, and it does so more frequently than in any other region in the world.⁴⁷⁷ What our brief survey shows is that the quality of restrictions applied to them also differs. While the Southern neighbors of the US appear to have resigned themselves to pressure, acceding to Washington's demands without resistance, Europeans are slowly waking up to the fact that the privileged treatment they received in the past is waning, and that the vitality of the transatlantic partnership is increasingly in question. All in all, the interlocutors of the US find themselves in an uneasy situation: While none of the remedies available appears promising, failing to frame any sort of response incurs the risk of encouraging comparable behavior in future. Contestation of US policy could see the activation of legal means such as the WTO dispute settlement system. However, responses that emphasize opposition to US measures risk remaining futile while aggravating transatlantic tensions. By contrast, taking the opposite approach of replication, which would mark a U-turn in EU foreign policy, might undermine the international regime and discredit the EU as a supporter of multilateralism.

This state of affairs carries implications for geo-political competition. The manipulation of tariffs to obtain foreign policy goals recently witnessed in US relations to Central American countries may have been the "testing ground" for sanction measures that Washington could apply elsewhere. If so, what is the likelihood that the EU might be targeted with similar tools? Despite the rather unusual character of US sanctions on Latin America, the recent use of raising tariffs to achieve non-trade political objectives may spill over to US policy vis-à-vis other regions like Europe. It can also be replicated by other global powers, notably China and Russia. While the employment of sanctions by these powers remains sparse and is normally limited to their periphery, they may be tempted to extend their use beyond their respective neighborhoods. They could be encouraged to target Europe because Washington's policy relaxed global inhibitions about the employment of tariffs as a means of obtaining foreign policy goals. In addition, European helplessness in the face of such attacks may invite such use. China and Russia are already under sanctions imposed by the EU, one of the most prolific sanctions senders in the world. Beijing has been under a European arms embargo since the Tiananmen Square

477 I. von Borzyskowski & C. Portela (2018), "Sanctions Cooperation and Regional Organisations", in S. Aris, A. Snetkov & A. Wenger (eds.), *Inter-organisational Relations in International Security: Cooperation and Competition*, Abingdon: Routledge.

events, while Moscow has been at the receiving end of EU sanctions since its incursions into Ukraine in 2014, and already has sanctions against the EU in place. Beijing and Moscow could feel legitimized to employ the same tools piloted by Washington vis-à-vis the EU. The US may, intentionally or not, lead by example, and the 'atypical' may end up becoming 'typical' in the not too distant future.

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