How times change. Only a few years ago the East Asian region was known primarily for its astounding, historically unprecedented economic growth. The idea that the world’s center of economic gravity was shifting inexorably eastward and that we were about to enter an Asian century seemed set to become more than a journalistic cliché. Now, however, the picture looks less rosy. Not only is Asia’s economic dynamism currently less assured, but the region as a whole has also become synonymous with strategic uncertainty and danger, rather than peace and progress.

There are good reasons for thinking that such views may also prove to be overstated and alarmist. That is not to say they are without foundation, however, as recent events in the South China Sea remind us. On the contrary, as strategic tensions ratchet up and increasing amounts of military hardware are dispatched to the region, the chances of conflict—even if unwanted and unintended—can only grow.

Two countries are central to the unfolding of this geopolitical drama: the United States and China. The key question for policy makers and scholars alike is whether the seemingly pacifying impact of economic interdependence will prove more decisive than what had seemed, at least until recently, the rather old-fashioned logic of great power politics. Given the economic importance of East Asia generally and China in particular, the salience of this question could hardly be greater.

One might think that the benefits of economic development have been so blindingly obvious in East Asia that policy makers would need little convincing about the rewards of international commerce and continuing stability. But policy is not made in a political vacuum. Few places are as constrained by their past as East Asia. Even the United States’ relationship with the region has important “path-dependent” qualities that help explain why the territorial disputes that are currently consuming the region remain so intractable.

Therefore, if we want to understand the impact of the US “pivot to Asia,” announced by President Barack Obama in 2011, we need to start with a little history. Not only does the region’s history help explain why some issues are so contentious, it also offers some clues as to what may happen in the future. The jury may still be out on Asia after the pivot, but nevertheless there is some illuminating evidence to consider.

**Status Seeker**

It’s not surprising that history looms large in East Asia. After all, the region has had more of the recorded variety than anywhere else. For all but the period known to the Chinese as the “century of humiliation” (from the First Opium War in 1839 to the founding of the People’s Republic in 1949), when European and Japanese imperialism overturned the existing order, China has been at the center of what we would now describe as East Asia for thousands of years. So great was its influence and standing in the region that other states such as Korea, Vietnam, and even its great regional rival Japan ritually acknowledged its dominance via the tribute system. Any country that fell so precipitously from such a lofty height might feel bruised and aggrieved.

There is little doubt that this is precisely how Chinese leaders and the overwhelming majority of China’s people do feel. Consequently, much of Beijing’s evolving foreign policy is about restoring what most Chinese see as the country’s rightful place at the center of regional, if not global affairs.
This is what makes the resolution of the current standoff in the South China Sea so difficult: China’s leaders cannot easily compromise without losing face and undermining their credibility.

Recognition of China’s status as a peer state by other major powers, especially the United States, is a central goal of Beijing’s foreign policy. Indeed, it is hardly an exaggeration to suggest that despite the fact that the Chinese foreign policy–making community is far more diverse and complex than it used to be, it remains obsessed with countering “American hegemonism” and all that it represents.

It’s not hard to see why. Although the United States may not have been responsible for China’s dynastic collapse and descent into civil war, Washington largely shaped the international context into which China reemerged as a major power. Only a few decades ago China was an impoverished agrarian economy with relatively little influence on international events. Even when China did act, as in the Korean War, the impact was generally negative and only reinforced its image as a destabilizing regional presence.

The United States, by contrast, is seen—especially by American policy makers and scholars—as “the indispensable nation” (in the words of former Secretary of State Madeleine Albright), without which the entire East Asian region might descend into chaos. The rather self-serving nature of this interpretation of history has not escaped Chinese scholars. They often draw attention to American participation in the wars in Korea and Vietnam, not to mention assorted and seemingly endless conflicts in the Middle East. From a Chinese perspective, the United States looks like a belligerent and decidedly foreign presence in a region China has traditionally considered its own.

Viewed from Beijing, another very disagreeable feature of American hegemony—or leadership, as most observers in the United States prefer to call it—is the series of alliances established on China’s doorstep in the aftermath of World War II. The so-called “hub and spokes” alliance relationships with the likes of South Korea, Japan, the Philippines, and Australia are a constant source of irritation to China. They also serve as an enduring reminder of the fact that China enjoys no such relationships and has few, if any, real friends.

This is not to say that China doesn’t have a big stake in the existing order. On the one hand, the US alliance with Japan has effectively nullified much of the latter’s potential strategic threat to the region, even if this has come at the cost of having American military bases uncomfortably close to China itself. On the other hand, China’s economic rise—along with the rest of East Asia—simply cannot be understood without recognizing the crucial historical role played by the United States as a market, a source of aid, and the notional guarantor of an open economic order.

The key questions now are about America’s willingness or capacity to continue playing this role, and about China’s willingness to accept it. The answers will determine what the East Asian region, and possibly the world, will look like in the twenty-first century.

**Unprecedented Ties**

China and the United States have a relationship like no other. Given that they are the two biggest economies in the world, as well as the most consequential geopolitical actors, this was perhaps inevitable. Yet what really sets the relationship apart from all previous great power relations and rivalries is not simply that they are very different states and economies, but that they are nonetheless so deeply interconnected. There is simply no historical precedent for this kind of simultaneous difference and dependence.

When the United States rather belatedly replaced the United Kingdom in the mid-twentieth century as the leading hegemonic power on earth, in some ways that change represented a passing of the baton of liberal international leadership rather than a fundamental transformation of the existing system of governance. While many of the institutional mechanisms and organizations of the global system that reemerged after World War II may have been significantly different from the rather thin institutional architecture that existed under British dominance, the commitment to a broadly liberal order remained in place. Crucially, the United States and the United Kingdom remained allies despite the change in their relative international standing.

When the United States was confronted by the Soviet Union at the beginning of the Cold War, by contrast, this represented an existential threat to the international order Washington did so much to create in the postwar period. The Soviet Union presented a very different model of political and economic organization, but it also remained largely isolated from the rapidly revived and expanding capitalist economies driving the interconnected processes that would eventually be subsumed under the rubric of “globalization.”
China’s rise represents a different sort of challenge for the United States than anything it has faced before. There are three key features of China’s reemergence that merit emphasis and which in combination set it apart. First, it is becoming increasingly clear that China does present a real threat to America’s presumed strategic dominance of the Asia-Pacific region. It is largely this reality that motivated the pivot.

Second, while China’s version of capitalism is very different from the sort found in the United States and promoted by key global organizations such as the International Monetary Fund, Beijing is not proposing a return to central planning. On the contrary, China has benefited enormously from its reintegration into a global capitalist order designed in large part by the United States. Indeed, from an American realist perspective, one of the ironies of US postwar hegemony is that it has been too successful in entrenching capitalism as the default policy for economic development. The creation of formidable economic competitors in Europe and East Asia has been one consequence of this success.

The third distinctive feature of China’s rise flows directly from the fact that China and the United States are bound together by unprecedented levels of economic interdependence that potentially constrain the actions of both parties despite their escalating geopolitical rivalry. What former US Treasury Secretary Lawrence Summers has described as the “balance of financial terror” is based on the massive circulation of goods and capital between them.

Simply put, China has accumulated trillions of American dollars in return for its manufactured exports. Even China’s manic infrastructure development cannot productively absorb all this money, especially when combined with high levels of domestic savings. Consequently, much of it is obligingly recycled to the United States, where it is reinvested in notionally safe assets like Treasury bonds.

Both sides benefit from a deep, symbiotic interdependence that rather paradoxically sees China underwriting America’s hegemonic status. The reason this relationship is potentially terrifying, of course, is what might happen if one side loses confidence in it, or decides to punish the other for one reason or another. The assumption is that both sides realize that they have too much to lose by jeopardizing the relationship and so they will avoid disputes that could lead to war at all costs. This is the logic of economic interdependence. The key question is whether it will actually restrain either China or the United States given the stakes in the disputed Asia-Pacific region.

**Anxious allies**

When Obama made a much-anticipated visit to Australia in late 2011 he used it to announce a major recalibration of American foreign policy. The “pivot,” or what has subsequently come to be described—when it is discussed at all—as a “rebalancing,” was the centerpiece of his address to the Australian Parliament. The setting was entirely appropriate: the United States has no more dedicated or compliant an ally than Australia, and no country has made more direct sacrifices on America’s behalf. In Korea, Vietnam, both Iraq wars, Afghanistan, and even Syria, Australians have always fought alongside the Americans, no matter how remote the conflict.

Generations of Australian leaders have invested political capital in the alliance with the United States since it replaced the United Kingdom as Australia’s principal security partner. But now Australians were feeling nervous and neglected, as were the citizens of many other countries in the region. While the rise of China threatened to upend the strategic status quo that had existed for decades, the United States seemed distracted by far-off conflicts in the Middle East.

One of the principal aims of the pivot was to reassure allies and the perennially anxious Association of Southeast Asian Nations (ASEAN) that the United States, “as a Pacific nation,” in Obama’s words, was determined to “play a larger and long-term role in shaping this region and its future, by upholding core principles and in close partnership with our allies and friends.” The backdrop for setting this lofty goal was what Obama described as the receding “tide of war” in the Middle East. However, extricating America from the conflicts in that region has proved much easier said than done. Washington remains as distracted as it ever was, and its Asian allies are still feeling overlooked and insecure.
Although China’s role was given remarkably little prominence at the time, it is not unreasonable to read the pivot as being all about China. That is certainly the way most observers in China read it. For the first time since the war with Japan more than half a century ago, the United States faces a major, direct challenge from a great power in the Asia-Pacific region. Since Xi Jinping became president, there has also been a significant change in Chinese foreign policy that has done little to allay the anxieties of allies and has made the rebalance even more imperative—especially in the minds of many hardheaded strategists in the United States.

FACTS ON THE WATER

One of the most influential ideas among realist scholars of international relations is that all states struggle for power and preeminence, and rising powers will inevitably challenge declining ones. John Mearsheimer of the University of Chicago gave a very persuasive and alarming rendition of this thesis in the pages of this journal a decade ago. In Mearsheimer’s reading of Asian geopolitics, conflict is inevitable as a dissatisfied China seeks to supplant the United States as the dominant power in the Asia-Pacific region. It’s not necessary to accept this argument in its entirety to recognize that it looks as if it might have something important to tell us about what is currently happening in the South China Sea, for example.

A widely held assumption among many American policy makers and commentators is that the United States can and should counter China’s increasingly aggressive and expansionist behavior. In this context the pivot and the associated build-up of American military power in the region looked like an appropriate and alarming rendition of the United States’s overwhelming military superiority? No one doubts that the United States is still a much more formidable military power than China, but this has not stopped China’s incremental advances. If China is not deterred by the hypothetical possibility of nuclear obliteration at the hands of the United States, what would deter it?

Second, would the United States actually want to risk having to go to war with China over an area that has little resonance with the American public, or even with many politicians? Equally important, would Washington want to risk being dragged into a war by a third party because of its existing alliance commitments? There is a potentially even more combustible territorial dispute between China and Japan in the East China Sea, which has the potential to compel American participation. A failure to back its principal northeast Asian ally in any conflict with China—even if Japan started it—would completely undermine the credibility and value of America’s strategic guarantees the world over.

Third, how much impact and authority does the frequently invoked but less often seen “rules-based international order” actually have? China has made it clear that it intends to take absolutely no notice of the recent decision by the Permanent Court of Arbitration in The Hague, an arm of the United Nations Convention on the Law of the Sea. In a case brought by the Philippines, the court ruled China’s island-building efforts to be unlawful, but powerful states are notorious for thumbing their noses at independent umpires. In this regard, China is simply following America’s lead: Washington, after all, never ratified the potentially autonomy-crimping convention in the first place.

The final point to emphasize about China’s strategic challenge is that it makes a difference who is in charge. Xi Jinping has undoubtedly made a difference to Chinese foreign policy and encouraged greater nationalist fervor at home. That also makes it more difficult for Xi to negotiate a settlement of any dispute without suffering a potentially fatal loss of face. But it also makes a difference who is running the United States. The contrast between the cautious, cerebral Obama and his predecessor George W. Bush is striking. Even if Donald Trump doesn’t become the next president, his candidacy has given friends and putative foes alike a stark
They have nowhere else to go. Even a former foe
tecnic ties with the United States. The reality is that
bant Southeast Asian states to establish closer stra
Chinese policy is encouraging a number of impor
actions in the South China Sea. In the short term,
effects—in a diplomatic sense, at least—that its consequences
are impossible to predict, the real regional action is
likely to occur in the areas of diplomacy and insti
nation as a reliable strategic partner. A number
damage has already been done to America’s repu
ratory visit to Vietnam in May and the subsequent
forcement of just how much things have changed.
The Philippines has also been encouraging the
United States to reestablish the sort of direct
strategic presence that had once been seen as an
acceptable affront to national dignity and sov
ereignty. After ejecting US forces from its bases
in 1991, Manila this year signed an agreement
allowing their return. Again, the reality is that the
Philippines not only finds itself at the sharp end of
the region’s territorial disputes, but it has virtually
no capacity of its own to resist China’s expansion
ist ambitions. As Chinese Foreign Minister Yang
Jiechi rather undiplomatically put it at an ASEAN
regional security forum held in Hanoi in 2010,
“China is a big country and other countries are
small countries, and that’s just a fact.”
There is little doubt that this statement cap
tures something important about the way many
Chinese see their nation and its relationship with
what are frequently seen as rather impertinent
neighboring states that appear not to know their
place or recognize the reality of the contemporary
gopolitical order. In other words, China is back
as the region’s preeminent power and other states
had better get used to it, even if it’s impolitic to say
so in quite such unvarnished terms.

**Institutional Weakness**

China has used its growing economic lever
age to skillfully divide the ASEAN states, making
an effective collective response to the challenge
posed by their giant neighbor less likely. Laos
and Cambodia in particular have directly profited
from China’s attempts to divide and rule, enjoy
increased Chinese aid and investment. At the
very least, China’s policies will be a major test of
ASEAN’s vaunted capacity to provide regional
leadership, and one it looks all too likely to fail
if the recently concluded ministerial meeting in
Vientiane is anything to go by. The reality is that
the group, like others that subscribe to the so
called ASEAN Way of diplomacy—which is based
on consensus, nonbinding agreements, and face
saving—has had little impact on economic and
especially strategic outcomes in the region.
This is an especially significant consideration
for the United States as it somewhat belatedly, and
in some eyes opportunistically, seeks a form of institutional engagement with the region to complement its faltering strategic rebalance. While there are some ready-made organizations that might be expected to provide the same sort of institutionalized hegemonic influence and engagement that the North Atlantic Treaty Organization has made possible in Europe, the reality is, once again, rather different.

The East Asia Summit has potential, no doubt, but it is unlikely to be realized. Its greatest strength is also a weakness. It is very inclusive, bringing together the main Northeast and Southeast Asian nations, as well as the United States, Australia, New Zealand, and India, but this makes cooperation and coherence difficult, especially if China remains unenthused due to the US role. Similar problems afflict what ought to be the most important institution in the region: the ASEAN Regional Forum (ARF), which includes all the region’s most important strategic actors (even North Korea is a member).

In practice, like so many other regional organizations, the ARF is generally conspicuous by its absence. It is incapable of acting effectively lest it upset some of its members and infringe on their obsessively defended sovereignty. Under such circumstances, it becomes easier to understand why China feels comfortable taking part in regional institutions that are unlikely to ever inhibit its regional objectives.

The absence of effective regional institutions means that the geopolitical competition between the United States and China is likely to play out without the constraining influence such organizations can provide, much less the sort of diffusion of cooperative norms that some observers take to be one of ASEAN’s defining contributions to regional stability.

THE LONG GAME

Should we be optimistic or pessimistic about the future of East Asia? That rather depends on who “we” are, of course. On numerous recent visits to China, I have had difficulty finding anyone who does not think that the country’s territorial claims are entirely justified and reasonable, or that time is on the side of the Middle Kingdom as it reestablishes itself at the center of regional affairs.

My own hunch is that China is playing the proverbial long game in the region, inexorably changing the underlying material reality through its island-building efforts and its sheer economic importance to its neighbors. Barring some not inconceivable political or economic calamity in China, its position can only strengthen relative to that of the United States. The question then becomes: Does the United States decisively confront China at some point, or does it accept the inevitable and gradually retreat to its own hemisphere?

Given the reluctance many ordinary Americans and some policy makers feel about an open-ended strategic commitment to intervening in what they see as other people’s problems in faraway places, the chances of retrenchment are growing. This is not the only reason China represents a major long-term challenge to US primacy, however. At the same time that China is increasing its strategic and material presence in the region, it is also beginning to develop an alternative institutional architecture with which to spread its influence and even ideas.

At this stage the project is very much a work in progress and initiatives like the China-sponsored Asian Infrastructure Investment Bank are unlikely to displace the established international institutional architecture in the immediate future. But if we extrapolate from here, the direction of travel looks clear: China’s influence and importance will continue to grow relative to that of the United States in East Asia and beyond. This will clearly take some adjusting to, especially by the United States—a nation accustomed to thinking of itself as having unique historical importance in the international scheme of things.

Despite the fact that China harbors similar pretentions, there is nothing predetermined or inevitable about the consequences of this clash of political cultures, interests, and identities. Institutionalized cooperation is possible and conflict can be avoided. This is still the big lesson of Europe’s postwar experience, even if it is currently at risk of being forgotten.

The challenge now is to create a framework within which great power rivalries can be managed. The foundations of this architecture are potentially in place in East Asia. The difficult part, as ever, is actually making them effective. Both China and the United States could play a decisive and constructive role in achieving this. The history of the first half of the twenty-first century is likely to be shaped by how willing they are to transcend short-term national priorities for a larger sense of the collective interest.