

IPS-Nathan Lectures  
Dealing with an Ambiguous World – Lecture III: ASEAN & US-China Competition in Southeast Asia by  
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# **IPS-Nathan Lectures**

**Dealing with an Ambiguous World**

**Lecture III:**

**ASEAN & US-China Competition in Southeast  
Asia**

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The first two lectures in this series dealt with broad trends. This lecture will examine how those trends are playing out in Southeast Asia and analyse the impact of US-China competition on ASEAN, the organisation's ability to cope with the resulting pressures, and some of the factors underlying the day-to-day clamour over disputes in the South China Sea (SCS) which have emerged as something of a proxy for the larger strategic adjustments that are playing out between the US and China across East Asia. Since I am going to be cutting close to the bone of our own region, I ought to make explicit what should already have been obvious to all but the most determinedly obtuse: in this entire series of lectures I am speaking for no one but myself.

In my last lecture I argued that the chief priorities of both the US and China are internal and both therefore want to avoid war or serious conflict as they seek a new *modus vivendi* with each other. At the same time neither will cease to pursue their interests. On a global scale, China is not a clearly revisionist power. But Beijing wants to reclaim something of its historical centrality in East Asia. The US has emphasised that it intends to remain an East Asian power. The strategic challenge for China is therefore how to shift the US from the very centre of the East Asian strategic equation and occupy that space, but without provoking responses from the US and Japan that could jeopardise Chinese Communist Party (CCP) rule. For the US the strategic challenge is how to accommodate China, while reassuring friends and allies that it intends to hold its position without stumbling into conflict.

The SCS is not the only issue in US-China relations; it is perhaps not even the most important issue in their relationship. But the SCS is today the issue where the parameters of US-China competition and their interests are most clearly defined. Like it or not, the region will draw conclusions about American resolve and Chinese intentions from the SCS issue which will also shape perceptions of ASEAN.

Continental Asia shades into mainland Southeast Asia which in turn dribbles into archipelagic Southeast Asia, the islands of which are strung along crucial sea-routes linking the Pacific and Indian Oceans. India and China have both profoundly influenced Southeast Asia, but in recent history, the latter more than the former. The notion of China as a nation-state with defined borders is relatively new. Throughout its long history, “China” has meant different things at different times. What is now Yunnan in Southwest China was perhaps only firmly considered Chinese in the late Qing dynasty. More often than not, power and control ebbed and flowed without consideration for what are now national boundaries. China’s border with Myanmar was not definitively demarcated until 1960; its land borders with Laos and Vietnam not until 1991 and 1999 respectively; and the trijunction between Laos, China and Vietnam not until 2006.

Borderlands and strategic sea-routes are always contested, US-China competition is only the most recent manifestation. The interests of major powers have always intersected in Southeast Asia which was once dubbed “the Balkans of Asia”. In the 19<sup>th</sup> century, failure to manage the resulting pressures led to colonial rule. Thailand remained independent as much due to luck and the need of the colonial powers for a buffer state, as it was due to Thai diplomatic adroitness. In Indochina, nationalist independence struggles became entangled with Cold War rivalries which in Southeast Asia were far from cold. In 1967, this historical backdrop was vivid in the strategic consciousness of the newly independent states of Southeast Asia. A major factor leading to the formation of ASEAN was the common interest of the non-communist states of Southeast Asia, all of whom faced threats from externally supported communist insurgencies, in preserving maximum autonomy in the midst of major power competition. Whatever our other differences, and they were great, we realised if we did not hang together we would hang separately.

ASEAN is a mechanism for managing external pressures and preserving the autonomy of its members by ensuring at least a modicum of cohesion, order and

civility in our relationships in a region where none of this was to be taken for granted. The Cold War is of course long over. But this remains ASEAN's fundamental and enduring purpose. ASEAN's declared goal of establishing a "Community" across the three pillars of political and security cooperation, economic integration and socio-cultural cooperation are in a sense as important as means towards this fundamental end as they are ends in themselves.

Southeast Asia is an extremely diverse region. Diversity simultaneously makes regional cooperation both very necessary and very difficult to achieve. ASEAN is an inter-state organisation which must work by reconciling national interests. The diversities of Southeast Asia are moreover not just of political systems or levels of economic development. Such differences could, at least in principle, converge. The key diversities of Southeast Asia are visceral differences of race, language and religion which define core identities and shape the domestic politics of ASEAN member states. They inevitably colour their calculations of national interest and inter-state relations. It not easy to imagine such primordial factors ever being erased. The potential nexus between the domestic politics of ASEAN member states, intra-ASEAN relations and the interests of external powers in ASEAN is thus a possibility that can never be discounted and must be continually managed. The dangers of such a nexus were underscored by the 1963 -1966 *Konfrontasi*, an undeclared war waged by Sukarno's Indonesia against Malaysia and Singapore. *Konfrontasi* was driven by Indonesian domestic politics, the dynamics of which led Sukarno to toy with a Beijing-Jakarta "Axis" as a counter to western forces. This was averted by a failed communist coup in Indonesia, the bloody aftermath of which quickly took on anti-Chinese overtones. Of course the region today presents a very different environment, thanks in no small part to ASEAN. But the general challenge of managing diversity has not gone away. I doubt it ever will.

ASEAN therefore must, and can only, work by consensus and despite the Charter that came into force in 2008, largely informally. Any other mode of decision-making

risks rupture with unpredictable consequences. The basic consensus on which ASEAN rests is a consensus on always having a consensus: even if it is only a consensus on goals that we know full well cannot be realised or can only be partially realised. Its corollary is the principle of non-interference in the internal affairs of other members. Better to agree only on a form of words or set aside areas where consensus cannot be reached or avert our eyes from the disagreeable, than disagree openly because who knows where disagreement may lead us? The downside of working by consensus — the unavoidable price we pay for having any sort of regional mechanism — is an unfortunate tendency to privilege form over substance which all too often morphs into self-delusion and wishful thinking.

Nowhere is this clearer than in ASEAN's approach towards regional security. Since 1971, ASEAN has been formally committed to establishing a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia. ZOPFAN was based on the superficially attractive but entirely delusionary notion that regional security could best be secured by excluding the major powers from the affairs of Southeast Asia. Inconvenient questions such as how the major powers could be persuaded to show such forbearance and what to do if they refused were ignored. Curiously, ZOPFAN enthusiasts apparently failed to notice that at least one major power, China, is geographically contiguous to Southeast Asia, cannot therefore be excluded from the region, and in 1971 was still actively supporting communist insurgencies in Southeast Asia as well as the war in Vietnam.

ZOPFAN sat uneasily with the demands of the Cold War which made simplistic notions of neutrality or non-alignment dangerous, as Sihanouk's Cambodia and Souvanna Phouma's Laos discovered at grievous cost. The Cold War instead impelled a search for balance. Not "balance" necessarily directed against one major power or another, but balance conceived of as a state of major power equilibrium that would enable ASEAN members to positively engage all major powers without getting embroiled in their quarrels. Neutrality or non-alignment could be safely

pursued only within such equilibrium. Conditions that facilitate equilibrium cannot be established by simply lying low and hoping for the best. An ostrich thinks it is safe; but head in ground and rear in air is a posture that only invites trouble. Facilitating equilibrium requires taking a positive stand on sometimes sensitive issues. This is true for formal US treaty allies like the Philippines and Thailand, as it is for Singapore which was and remains formally non-aligned but maintains close defence and security ties with the US and, prior to its withdrawal east of Suez, with the UK which maintained military bases in Singapore as part of the American-led global security system. So vital were these ties that Singapore's first Foreign Minister, the late S. Rajaratnam, almost walked out of the 1967 Bangkok meeting discussing the establishment of ASEAN before an eleventh hour compromise was reached by declaring that foreign bases in Southeast Asia were "temporary".

The ASEAN members who supported ZOPFAN either found some obscure satisfaction in striking virtuous postures while hitching a free-ride, or had other reasons for doing so. For Singapore the most crucial "balance" was not against communism or any major power, but the balance which supplements our own national efforts to maintain deterrence in our immediate neighbourhood and keeps our neighbours honest. ZOPFAN was in line with Indonesia's preference for conditions that would facilitate "regional solutions to regional problems" which is to be understood as Indonesian solutions. Indonesia seems to believe that its size entitles it to a privileged position in major power calculations. To some extent this may be true, but only to a far lesser extent than Jakarta fondly believes. The major powers are happy, for their own reasons, to nurture the illusion.

The formation of the ASEAN Regional Forum (ARF) in 1994 marked a significant, if ill-understood, shift of security concept away from ZOPFAN. The ARF has often been derided as a talk-shop. The criticism is not unjustified, but also beside the point. ZOPFAN regarded the major powers as illegitimate intrusions into Southeast Asia, at best tolerated as a necessary evil but not encouraged. This sometimes

placed Singapore in an awkward position. So long as ZOPFAN with its implicit premise that regional problems should be dealt with only by regional states remained the only official ASEAN security concept, it gave our neighbours a political lever to use if they wished to pressure us for whatever reason. This was manageable but a distraction and an unnecessary irritant in already complicated bilateral relationships.

The ARF is a forum explicitly dedicated to discussions on regional security, created by the sovereign choice of all ASEAN members who have, again by their sovereign choice, invited all the major powers to discuss regional security and other issues affecting Southeast Asia. Whether anyone realised it or not, this was a shift from ZOPFAN. The fundamental purpose of the ARF is to entrench this shift in how regional security is conceptualised and to encourage and legitimise the interest of major powers in Southeast Asian security. After ARF, who can now reasonably or credibly argue that the major powers have no legitimate interest in the security of Southeast Asia?

It has had some effect. In 1990, when Singapore concluded a Memorandum of Understanding with the US for very limited use of our facilities by a small logistics unit of the 7<sup>th</sup> Fleet, our neighbours reacted with an outrage worthy of nuns who have discovered a pimp in their cloister. That the outrage was hypocritical — our neighbours too had their own quiet defence ties with the US — did not make it any less of a nuisance. But in 2005, when Singapore and the US signed a Strategic Framework Agreement that was far wider in scope than the 1990 MOU, there was nary a whimper. The same was true of the enhanced bilateral Defence Cooperation Agreement with the US announced in 2015. The broadening of ASEAN's concept of regional security also opened the way for the participation of major powers in other ASEAN-led forums such as the East Asia Summit (EAS) as well as the ASEAN Defence Ministers Meeting Plus (ADMM-Plus).

I do not want to claim too much for the ARF. Clearly there were other and perhaps more important reasons for the change of attitude, Chinese behaviour and internal political changes in our neighbours among them. In any case, the shift towards a more realistic concept of regional security is incomplete. ASEAN wasted an inordinate amount of time negotiating the 1995 treaty establishing a Southeast Asian Nuclear Weapon Free Zone (SEANWFZ). SEANWFZ is supposed to be a component of ZOPFAN. It came into force in 1997.

All NWFZs provide only false comfort: the security assurances they provide are useless because under any circumstance when the use of nuclear weapons becomes probable, any treaty will be just a piece of paper. These make-believe games of arms control give those inclined to play them only the sensation of being involved in grave matters of war and peace. They are harmless so long as they are not taken too seriously and nothing vital is compromised. The SEANWFZ Treaty was concluded only after difficult and protracted negotiations reached agreement on Article 7 of the treaty, which allows visits to and transits through Southeast Asia by foreign naval vessels and military aircraft. The understanding is that we will not ask if any are carrying nuclear weapons and will not be told if we are foolish enough to ask.

Three Nuclear Weapons States (NWS) – the UK, France and Russia – have made acceptance of reservations a condition for their accession to SEANWFZ even though the Treaty explicitly forbids reservations. This was entirely predictable. If the US and China have as yet made no reservations, it is undoubtedly because the other three NWS have done their dirty work for them. One Russian reservation gives Moscow the right to unilaterally determine if any ASEAN member is in breach of SEANWFZ. This effectively abrogates Article 7 and sets a very undesirable precedent. If ASEAN accepts the reservation, it could one day be used to pressure us to object to the US presence. Indonesia and a few other ASEAN members are keen to have the NWS sign on, seemingly believing that the accession of the NWS even with reservations

that could undermine the regional balance, somehow demonstrates ASEAN's "centrality". Was this an attempt to keep alive the essential idea behind ZOPFAN? Perhaps. But the penchant to privilege form and regard ASEAN diplomacy as a type of psychotherapy designed to promote self-esteem rather than advance interests was clearly also at play.

I have emphasised these hard truths about ASEAN because 49 years after its formation, they are still not sufficiently understood. I do not mean to suggest that ASEAN is useless. Far from it. There has been no war between its members. We have so far leveraged on our relationships with major powers to our advantage, while avoiding becoming embroiled in their conflicts. These are not insignificant achievements. They are the foundation of the region's growth and development. None of this was to be taken for granted given the parlous state of Southeast Asia in 1967.

ASEAN strengths and weaknesses are two sides of a single coin. Suharto's Indonesia, in contrast to Sukarno's Indonesia, accepted decision-making by consensus. This was a crucial factor that enabled ASEAN to survive where earlier attempts at regional organisation failed. The weaknesses did not matter too much as long as the international structure was clear. There was never much doubt about how the original five non-communist ASEAN members, joined by Brunei after 1984, should position ourselves within the Cold War structure. During the Cold War, China was a de facto member of the US led anti-Soviet alliance and made common cause with ASEAN against the Soviet-backed Vietnamese occupation of Cambodia. In the SCS, China fought South Vietnam over the Paracels in 1974 and fought a unified Vietnam in the Spratlys in 1988, but neither incident really concerned ASEAN very much. Maintaining ASEAN unity and working with China to respond to Vietnam's invasion of Cambodia, which seemed the first step to realising Hanoi's boast that it intended to bring "genuine independence" to all of Southeast Asia, were more immediate concerns. Even if some eyebrows were quietly raised at China's actions

in the SCS and over its 1979 “lesson” to Vietnam, differences could be set aside for another day.

But once the clarity of the Cold War structure began to blur in the late 1980s, ASEAN unity loosened. Indonesia regarded itself as a privileged interlocutor with Vietnam and opened direct negotiations with Hanoi on a Cambodia settlement, barely paying lip-service to the common ASEAN position. After the Cold War, ASEAN’s limitations have become more salient. ASEAN’s expansion to include all 10 states of Southeast Asia has made arriving at consensus more difficult. There was greater room for debate and disagreement over how to position an expanded ASEAN vis-à-vis China and the US; less incentive to reconcile national interests with regional interests. If ASEAN’s resistance to the Vietnamese occupation of Cambodia was the apotheosis of ASEAN’s regional security role, the unprecedented failure of the 45<sup>th</sup> ASEAN Foreign Minister’s Meeting in 2012 to issue a Joint Statement — due to the stubborn refusal of the Cambodian Chair to consider any text on the SCS that might in the slightest way offend Cambodia’s Chinese patron — was surely ASEAN’s nadir. Prime Minister Hun Sen subsequently described Cambodia’s support for China as a “strategic choice”.

Since the fiasco in Cambodia, ASEAN has managed to cobble together statements of principle on the SCS. Statements are useful but only in a limited way. They represent the lowest common denominator of consensus but do not erase substantive differences of interest, modify behaviour or change facts on the ground.

The SCS disputes place ASEAN in the midst of US-China competition. The US and China as well as other major powers acknowledge “ASEAN Centrality” and certainly give the appearance of courting ASEAN. I have lost count of the number of ASEAN-China Summits and other high level meetings with China. The US has held five Leaders-level meetings with ASEAN, of which the Sunnylands meeting in February

this year is the latest and first standalone Summit. The US and China both now describe their relationship with ASEAN as “strategic”; the adjective lacks precise definition but is clearly intended to make us feel important. Since 2013, China’s “2+7 Cooperation Framework” has served as an ambitious and very generous blueprint for developing relations with ASEAN. The US is more strapped for cash than China but has done what it can to pony up as well.

Before our heads are completely turned by the flowers and candy and public displays of affection, the reality of our situation will be clear if we remind ourselves that before “ASEAN Centrality” became our term of choice, we used to speak of “ASEAN being in the driver’s seat”. The person in the driver’s seat is sometimes only the chauffeur. We should not allow the mantra of “ASEAN Centrality” to mesmerise us into believing that we are in full control. The US and China use ASEAN-led multilateral forums as a secondary means of engaging each other. Their most important interactions are always going to be bilateral. It is of course nevertheless in our interest to encourage the US and China to participate in ASEAN forums. This gives us at least a *soupcou* of influence where we would otherwise have none. But it would be prudent not to forget that ASEAN is as much an arena as an actor and that ASEAN-led forums work best only when they do not work too well. The major powers then find them occasionally useful to advance their interests but are assured that they cannot frustrate their most vital designs. If any ASEAN process looks like becoming inconveniently effective, the major powers will not hesitate to divide ASEAN as China did in 2012.

The most important factor in ASEAN-China relations is the obvious disparity of size and power. Small countries destined by geography to live on the periphery of big countries are always going to experience a degree of anxiety. Big countries have a responsibility to reassure which China has only partially fulfilled. This is not for want of trying or lack of instruments. Trade and investments are not just mutually beneficial commercial transactions but also juicy diplomatic carrots that Chinese

diplomats dangle before ASEAN. Aid is a diplomatic tool that China has lavishly deployed, particularly in mainland Southeast Asia. Several ASEAN countries have readily accepted Chinese largesse and naturally it would be foolish for any country to scorn the economic opportunities that China offers. Taken in totality, ASEAN-China relations are positive. But how a big country deals with small countries over sovereignty disputes will always cast the darkest shadows over relations because the possibility of securing sovereignty by superior force can never be discounted and China has not shied away from doing so.

It would be tedious to recount every instance of China's use of force or unilateral assertions of sovereignty backed by the threat of force in the SCS. In 2012, China established Sansha City under Hainan Province with jurisdiction over the disputed Paracels and Spratlys Islands as well as Macclesfield Bank. The following year it promulgated the Hainan Fishing Regulations which was an assertion of domestic law over contested areas. China has since become more aggressive in enforcing what it considers its domestic rights in the SCS. Since 2013 China has begun an ambitious programme of land reclamation in the SCS, has constructed various kinds of structures on the new artificial islands and deployed military assets on some of them. China has argued that it was not the first to reclaim land or deploy military assets in the SCS. This may be true but is irrelevant. The speed and scope of China's reclamation dwarfs anything any other claimant has done and the actions of a major power will always convey a different signature than that of small countries. China's argument that the infrastructure it has built is a common good for the benefit of all users of the SCS hardly seems intended to be believed.

China continues to engage ASEAN on a Code of Conduct (COC) for the SCS but in a barely convincing way. Progress has been glacial and Chinese diplomats often hold discussions on the COC hostage to ASEAN refraining from taking positions on the SCS that displease China. On occasion, Chinese diplomats even seem to have perversely gone out of their way to accentuate rather than assuage anxieties. Once,

after our Prime Minister spoke on the SCS at an ASEAN Summit, a senior Chinese diplomat told one of my younger colleagues that “silence is golden”. If he meant to suggest that we were not entitled to a view on an important issue that affects our interests, he only undermined the credibility of China’s claim to “peaceful development”. This was not an isolated incident nor has Singapore been particularly singled out. China routinely attempts to pressure ASEAN members, with varying degrees of success, not to raise the SCS in ASEAN-led forums or not to support other countries who do so.

The general attitude that such attempts illustrate is not confined to the SCS issue but sometimes is on display even in seemingly trivial matters. Some years before I retired, one of my counterparts from an ASEAN country that was then holding the ASEAN Chair told me that the Chinese Ambassador to his country had forced him to shift an ASEAN leader attending a Summit out of a hotel that had already been allocated to that ASEAN delegation, so that then-Premier Wen Jiabao could stay there. The Ambassador insisted on this although the hotel allocated to Premier Wen was of equal quality. Did Premier Wen know where he was staying? Would he have cared if he had known? But the episode certainly left a deep impression on my counterpart and no doubt on the ASEAN delegation that was forced to move as well.

I could go on recounting similar stories. Every ASEAN diplomat who has dealt with China has a fund of such anecdotes. But I think I have said enough to make the point. Chinese diplomats often profess bewilderment that China’s generosity towards ASEAN has not evoked gratitude or assuaged mistrust and pretend to ascribe this to malignant external influences. I do not think that Chinese diplomats are more inept or disingenuous than the diplomats of other countries. Their behaviour is, I think, better understood as illustrating the passive-aggressive style and the positing of false dilemmas to force acceptance of China’s inherent superiority as the natural normative order of East Asian international relations — or at least Southeast Asian international relations because I doubt that Japan will ever accept the Chinese notion

of regional order — that I described as characteristic of Chinese diplomacy in my last lecture.

Chinese diplomacy constantly hammers home the idea that if bilateral ties or ASEAN-China relations suffer because ASEAN stubbornly insists on speaking up on the SCS even when our mouths are stuffed with delicious Chinese cake, or because the Chinese Premier has to stay in one hotel rather than another, or if some date they propose for a meeting cannot be agreed because it is inconvenient for ASEAN, it is our fault and ours alone. China does not merely want consideration of its interests. China expects deference to its interests to be internalised by ASEAN members as a mode of thought; as not just a correct calculation of ASEAN interests vis-à-vis China but “correct thinking” which leads to “correct behaviour”. Foreign policy calculations are subject to continual revision; correct thinking is a permanent part of the sub-conscious. This differentiates Chinese diplomacy from the diplomacy of other major powers and represents a melding of Westphalian diplomatic practice with ancient Chinese statecraft. The very triviality of the behaviour China sometimes tries to impose underscores the cast of mind it seeks to embed in ASEAN through an almost Pavlovian process of conditioning. It does not always work. It can be counterproductive. But it works often enough and well enough with at least some ASEAN members for China to persist.

Edward Luttwak has written of what he termed China’s “great power autism”. This is probably true but not peculiar to China — all great powers are to some degree “autistic” where their interests are concerned — but this is an inadequate explanation if “autism” implies lack of awareness. China is certainly aware of the cost of its actions. Significantly the first “2” in the “2+7 Framework” China set up for ASEAN-China relations is “deepening strategic mutual trust” which acknowledges the existence of a trust deficit. President Xi Jinping himself has emphasised the need to “increase mutual trust” with Southeast Asia, among other occasions in his speech at

this university last year. This again suggests that he knows that the present level of trust is inadequate.

ASEAN has begun to push back against China's assertiveness. Some ASEAN claimants including Vietnam have moved closer to the US and Japan to balance China. At its last Summit with ASEAN, two out of three of China's proposals — the cookies that China regularly doles out at such events — failed to gain acceptance and one was accepted only after delay. Indonesia, a non-claimant state, has expressed concern over the impact of China's claims on its Exclusive Economic Zone (EEZ) in the Natunas and signalled its intention to deploy some of its most advanced military assets there. But whatever their concerns, there is a limit to which an ASEAN member can tilt towards the US.

No one can ignore or shun China. Vietnam is the prime example. Quite apart from the SCS disputes, Vietnam has a long and troubled history with China, but a senior Vietnamese official once told me, "Every Vietnamese leader must be able to stand up to China and get along with China. If anyone thinks this cannot be done at the same time, he doesn't deserve to be a leader". That China and Vietnam are two out of only five remaining communist systems is an additional link. The current muddle in Malaysia over whether or not Chinese vessels had intruded into its waters – one Minister said yes but another contradicted him – perhaps illustrates the multiple and contradictory forces at play in ASEAN. In any case, whatever costs in relations with ASEAN that China may have to pay for its assertiveness in the SCS may not be considered unbearably high by Beijing as compared to the interests at stake.

What are those interests? I doubt that control over resources of any kind figures very prominently in China's calculations on the SCS. Resources could be shared without prejudice to claims of sovereignty as China has itself suggested, although its own actions do not make any such agreement likely in the immediate future.

We can dismiss too the possibility that China is trying to strengthen its legal case. China does not even acknowledge that many areas contested by ASEAN claimants are in dispute. In his Singapore lecture, President Xi categorically asserted that “The South China Sea islands have been China’s territory since ancient times.” Uncertainty over what China’s “9-dash line” signifies has added to regional and international concerns. But China has said that it will not recognise the decisions of the Arbitral Tribunal on the case the Philippines brought against it under UNCLOS even though that would at least clarify the legal status of the “9-dash line”. Chinese diplomats have on occasion even argued that it is not in ASEAN’s interest that China should clarify its claims. I do not think that China considers the SCS disputes a legal matter, although it has on occasion employed the vocabulary of international law in support of its position. But that is not the same thing as recognising a legal dispute and it has not been consistent in doing so. As I pointed out in the last lecture, China has recently relied more on history to justify its claims.

Military planners must prepare for all contingencies but I doubt that China’s actions in the SCS are primarily intended to gain military advantage vis-à-vis the US. In the event of a war with the US, the artificial islands and the military assets on them will be vaporised within minutes and will not affect the outcome in any significant way. In any case, as I argued in my last lecture, war between the US and China is highly improbable. Beijing has carefully kept each of its actions in the SCS below a threshold that would compel even the most reluctant of US administrations to respond kinetically. The US has made clear that while its alliance with Japan covers disputed islands in the East China Sea, the same does not apply to its alliance with the Philippines and disputed territories in the SCS. War in support of America’s principal East Asian ally, Japan, is credible even if unlikely; war over tiny islands, reefs and atolls would be absurd.

Even in scenarios short of war, I doubt that China really considers the deployment of military assets on these artificial islands a serious deterrent to freedom of navigation

operations of the kind the US conducted last year and earlier this year. The US may become a little more cautious — it has never been reckless — but it will not stop operating in the SCS. Military assets that are unlikely to be used are at best a weak deterrent. If for example the People's Liberation Army sinks a US naval vessel or shoots down a US military aircraft, the US will certainly retaliate. This will confront the Chinese leadership with a very invidious choice: a token or ineffectual response will expose the hollowness of the CCP's legitimating narrative of having led the "Great Rejuvenation" of China which will at least complicate if not jeopardise the CCP's hold on power; but escalation risks being forced to follow the highly jingoistic Chinese public opinion the CCP has cultivated down a path that Beijing does not really want to travel because it leads to the same outcome as the first choice. The Chinese leadership will strenuously avoid being placed in such a situation.

China's use of history to legitimate CCP rule and justify sovereignty claims gets us, I think, to the crux of the matter. For the past century the legitimacy of any Chinese government has depended on its ability to defend China's sovereignty and preserve its borders. But what are those borders? Can the CCP meekly accept the borders imposed on a weak China that has now, to use Mao Zedong's phrase, "stood up" under communist leadership? China is not reckless but the CCP must at least give the appearance of recovering lost territory. Revanchism is an intrinsic part of the story of China's "Great Rejuvenation".

The lands lost to a weak China include what are now parts of Siberia and the Russian Far East, Mongolia, Hong Kong and Macau, Taiwan as well as the Paracels and Spratlys in the SCS. Siberia and the Russian Far East and Mongolia are now beyond recovery. Hong Kong and Macau reverted to Beijing's rule almost 30 years ago. The US has made clear it will not support independence for Taiwan. Without US support, independence is impossible. With that core concern assuaged, Beijing can multiply the economic threads binding Taiwan to the mainland and bide its time, confident that irrespective of internal changes and how the people of Taiwan regard

themselves, Taiwan's long-term trajectory cannot run counter to China's interest. Changing the status quo is not an immediate possibility but is no longer an urgent issue, although China still eyes Taiwan's Democratic Progressive Party distrustfully and will never entirely forgo the option of forceful reunification.

That leaves the SCS territories to put some credible shreds of meat on the bare bones of the CCP's version of history as it navigates a second and more difficult phase of reforms and tries to manage social and labour unrest at a time of moderating growth and a future when slower growth will be China's "new normal". The very insignificance of the territories in dispute in the SCS may well be part of their attraction to Beijing for this essentially domestic political purpose. The costs and consequences of chest-thumping and acting tough in the SCS are minimal. Deterrence or its lack works both ways. If the Chinese cannot deter the US from operating in the SCS because the risks of doing so are too high to be credible, by the same token neither can the US deter or reverse Chinese activities in the SCS. China is not going to dig up the artificial islands it has constructed and throw the sand back into the sea or give up what it says was Chinese territory since "ancient times". Critical statements by the US, Europe or other countries from around the world calling on China to respect international law — even Botswana has issued a statement on the SCS — can be brushed aside. On the SCS the only opinion that really matters to the CCP is that of its own people. In the SCS, the CCP can declare victory without taking unacceptable risks.

It was also no accident that the deployment of surface-to-air missiles on Woody Island in the Paracels was revealed shortly after the conclusion of the US-ASEAN Sunnylands Summit. While the artificial islands are inconsequential in military terms, they are a potent reminder to ASEAN that China is a geographic fact whereas the US presence in the SCS is the consequence of a geopolitical calculation. This is an idea that China never tires of seeding in ways subtle or direct. The implications of this idea should not be exaggerated; nor can they be shrugged off as entirely invalid

either. Until relatively recently, the US took a somewhat hands-off approach to disputes in the SCS. When China first clashed with ASEAN over Mischief Reef in 1995, it took some persuading to get the US to declare a position of principle. Moreover, it is I think, a geopolitical calculation that, despite all the media hullabaloo and tough talk including by the President himself, engages no US interest that is fundamentally irreconcilable with Chinese interests.

American and Chinese interests are not symmetrical. The SCS is more important to China than to the US. If I am correct that the SCS issue is ultimately connected to the legitimacy of CCP rule, it is an existential issue for China; a “core interest” although China now denies it has applied that term to the SCS, no doubt in order to avoid unduly exciting us natives. The US takes no position on the merits of the various claims of sovereignty but defines its interests in terms of upholding international law and Freedom of Navigation (FON). These are important interests but not on the same level as the basic underlying Chinese interest. FON and the integrity of international law are certainly not existential interests threatening the survival of the American system. I doubt that they are even interests that the US must defend at all costs.

China argues that it has never and will never interfere with FON. China’s position is not without credibility as far as merchant marine traffic is concerned because it too is a trading nation. The US riposte is that there is a fundamental difference between FON as a right enshrined in United Nations Conventions on the Law of the Sea (UNCLOS) and FON granted by the leave and favour of a major power, and that China’s disregard for international law with regard to its SCS claims casts doubt over its commitment to uphold FON. This is true. But what the US glosses over is that it is not party to UNCLOS and given the state of congressional politics, is not very likely to become party to UNCLOS in the foreseeable future. Instead, the US says it considers UNCLOS largely customary international law and abides by it on that basis.

One does not have to be an extreme sceptic to suspect that this may be an ingeniously plausible way of misdirecting attention from the possibility that the US too upholds FON by its leave and favour: as a choice the US has made on the basis of a particular calculation of American national interests and not an obligation it must honour irrespective of whether calculations of interests change. It seems to me, for example, that some of the operational activities for the Proliferation Security Initiative that the US suggested after 9/11 — which included intercepting and searching vessels on the high seas — were significant derogations of FON as generally understood, abandoned only when other countries found them too much to swallow. I do not want to press the point too far. But it does not seem unreasonable to conclude that ultimately there may be less differences between the Chinese and American positions on FON than immediately meets the eye. A country may have more trust in one major power than the other, but this is a matter of preference not law.

In strategic terms, the US wants to be able to operate in and through Southeast Asia and deploy its navy from its west coast through the Pacific to the Indian Ocean and Persian Gulf and back without impediment. This is an important interest, but is it a vital interest? Possibly. But who can stop it? This is a contingency that military planners must think about for extreme scenarios but is not particularly useful for understanding day-to-day international relations. In any case, to try to stop the US could be a *cacus belli* and China does not want to risk war. What remains are differences between the US and China over what military activities short of hostilities can legitimately be conducted outside territorial seas in a country's Exclusive Economic Zone (EEZ). I wonder whether the current differences are less the result of fundamentally opposed concepts than they are a reflection of disparities in capabilities that one day will be narrowed.

China has historically been primarily a land power but is now in the process of turning itself into a maritime power as well. The PLA Navy (PLAN) has begun to

operate in distant waters, albeit still only sporadically. Of particular note for Southeast Asia were: China's deployment of a surveillance ship off the coast of Hawaii during the Rim of the Pacific Exercise (RIMPAC) in 2014 (PLAN had participated by invitation in RIMPAC but the surveillance ship was not part of the exercise); a PLAN exercise the same year in the eastern Indian Ocean between Australia's Christmas Island and Indonesia during which the Chinese Navy transited through the Sunda and Lombok Straits; and the transit of Chinese naval vessels through American territorial seas off Alaska in 2015.

These deployments were depicted by the media as China flexing its new naval muscles and that was probably part of China's intention. But what I think was more interesting was the Chinese Ministry of Defence's statement on its RIMPAC surveillance ship deployment. It said: "The People's Liberation Army naval ships' operation in waters outside the territorial seas of other countries is in line with international law and international practice". This could have been a statement by the spokesman of the US 7<sup>th</sup> Fleet about its operations in the SCS. And indeed the Commander of the United States Pacific Command at that time described the deployment of the surveillance ship as "an acceptance by the Chinese of what we've been saying to them for some time, [which] is that military operations and survey operations in another country's EEZs, where you have national – your own national security interest, are within international law and are acceptable ... a fundamental right that nations have."

As capabilities converge so do concepts; as concepts converge so may interests. At present, the basic common interest of both the US and China in the SCS is to minimise the risk of conflict by accident while continuing to assert what each considers their rights. They have begun to elaborate codes of conduct for unplanned encounters at sea and in the air and implement them. This is of course good news and to be welcomed, but in the long run not necessarily entirely unequivocal good news.

In my last lecture, I argued that China is unlikely to be foolish enough to try and match US military capabilities in every theatre of operations but that it is probably inevitable that a more equal naval equation will eventually develop in the SCS. When this occurs we should not assume, given the fundamental asymmetry of US and Chinese interests in the SCS, that the *modus vivendi* they may then reach in Southeast Asia must necessarily be in ASEAN's interests. Dealing with US-China competition is difficult but at least leaves open the possibility of manoeuvre. Dealing with US-China agreement — an implicit *de facto* agreement if not an explicit *de jure* agreement — may be even more uncomfortable. There will be less room to move and when major powers strike a deal they generally try to make lesser beings pay the price.

Of course such an eventuality is still a long way off and indeed may never come to pass. But it would be prudent to look past the loud trading of accusations and counter-accusations by the two sides and the kind of analysis put out by the more excitable sort of media and academic commentator, and think about what may currently seem unthinkable. Before you dismiss the possibility of US-China collusion as a paranoid fantasy, understand that stranger things have happened. At the International Conference on what was then called Kampuchea held at the UN in 1981 the US took China's side against ASEAN on whether or not the Khmer Rouge should return to power when the Vietnamese withdrew. ASEAN wanted elections but the US supported the return of a genocidal regime. Did any of you imagine that the US once had in effect supported genocide? The Assistant Secretary of State for East Asia at that time saw the relationship with China as the paramount US interest and even threatened the Singapore Foreign Minister at that time, S Dhanabalan, that there would be "blood on the floor" if we did not change our position.

I hope the US understands that such concerns lurk not very far beneath the surface in East Asia where memories are long. Since the "Nixon shock" of 1972, Japan has periodically worried about being "passed" by its principal ally. If China has a

responsibility to constantly reassure the small countries on its periphery, the US as “off-shore balancer” has a parallel responsibility and a more complex one. To the countries of Southeast Asia, the American porridge is always going to be too hot or too cold; countries will always fear the US entangling them in its quarrels with rivals or being left to deal with other major powers without adequate support. It will be difficult for the US to persuade us that the porridge is just right. Such are the burdens a Great Power must shoulder.

But of late the US has itself added to these burdens. One such occasion was when a red line was drawn with a swaggering flourish, but then faded to pink and finally disappeared in the chaos of Syria. It was immensely damaging and will not be easily forgotten, particularly since I think the episode betrayed a certain mood in the American body politic that is on display in the on-going primary campaigns and will outlast the current administration.

Modern Southeast Asian history can be understood as a quest for autonomy in which process the formation of ASEAN was a crucial step. But so can modern Chinese history also be understood as a search to restore the autonomy lost in the 19<sup>th</sup> century and early 20<sup>th</sup> century. ASEAN and China have no choice but to live with each other. We are not enemies but as I earlier argued, relations between big and small neighbours cannot but be uneasy. Where the balance of autonomies will be eventually struck between ASEAN and China is the central issue in the relationship that will in turn determine the extent to which the regional architecture remains open and inclusive. This is one aspect of the uncertainty and ambiguity that my first lecture argued are the most salient characteristics of the post-Cold War world. To reach and maintain an acceptable balance requires ASEAN to meet what I described in that lecture as the basic strategic challenge of our times: avoiding being forced into invidious choices and keeping open the maximum range of options.

Meeting the challenge is as much an intellectual matter as it is one of politics, economics or military capability. The late Malcolm Fraser, a former Australian Prime Minister, wrote a book in which he argued that the alliance with the US had become a strategic liability for Australia. It is true that across East Asia, American friends and allies face something of a dichotomy between economic calculations of interest in which even a slower growing China looms large, and security calculations of interest in which the US will remain the key factor for the foreseeable future. Please note that I used the word “dichotomy” not “dilemma”. Trade and investment are not favours China bestows upon the region. China needs the region as much as the region needs China, and as my last lecture argued, the parameters of US-China competition are narrower and less stark than sometimes assumed. It is thus difficult but not impossible to balance the two sets of interests. But we cannot do so if we concede that a dilemma exists. To recognise a dilemma is to accept the very mental framework that Chinese diplomacy seeks to impose on the region and foreclose options. This was Fraser’s fundamental intellectual error that led to his entirely fallacious conclusion.

If the former leader of a staunch US ally can fall into such a mental trap, how much more difficult will it be for a disparate group of countries to avoid doing so? But we should not adopt a fatalistic attitude because that is the essential trap. To recognise error is the first step in avoiding it. And we are not without some advantages.

The small countries of Southeast Asia have lived in the midst of competition by larger powers for many centuries even before they were states in the modern sense of the term. To promiscuously and simultaneously balance, hedge and band-wagon is embedded in our foreign policy DNA. Not only do we not see any contradiction in doing so, this is an instinctive response honed by centuries of hard experience. But this instinct is today at some risk of being dulled in at least some members of ASEAN in whom the struthious delusions of ZOPFAN and SEANWFZ seem alive and well. We must recognise that the SCS is today the principal arena where

complex mind games to condition mental frameworks in ASEAN members are underway. To take positions necessarily entails some risk. But to merely lie low and keep silent or only use words that are intended to be devoid of meaning on an issue as important as the SCS compromises autonomy, surrenders options and hence only invites greater risks.

As I have earlier indicated, the most important of these mind-games relate to the US presence in the SCS. Unfortunately, China understands ASEAN better than the US and knows far better how to work with ASEAN, which is a polite way of saying manipulate our weaknesses: the proclivity to privilege form and woolly thinking on regional security. What the US knows or has learnt about ASEAN has to be largely relearned every four years. Whatever its other virtues — and I must say they are not particularly evident so far during this election cycle — the American political system is something of a liability in Southeast Asia where its peculiarities are not as well understood as some Americans may believe and thus taken too seriously.

In this respect, the Obama administration's use of the metaphor of a "pivot" or "rebalance" to describe its approach towards the region was in my view inappropriate. A "pivot" swings in different directions; what "rebalances" one way could well move in another. The metaphor raises expectations that are almost bound to be disappointed because as the only global power, the US is always going to have responsibilities in other regions that it cannot ignore. What should have been emphasised instead was the essential continuity of the US presence in East Asia over many administrations of both parties. But the political imperative of distinguishing one administration's policies from another even when the differences are minimal is in-built into the American political system and we will just have to live with it.

Some commentators seem to regard a US-led Trans-Pacific Partnership (TPP) as part of an American containment strategy and in competition with a China-led Regional Comprehensive Economic Partnership (RCEP) that is, presumably, a Chinese break-out response to the TPP. This is arrant rubbish. All the East Asian members of the TPP are also in the RCEP and some have bilateral FTAs with both China and the US. I spent a considerable part of my last lecture describing US-China interdependence and why it is as impossible for the US to contain China as it is for China to completely displace the US from East Asia. What is at stake is not whether it will be an American Southeast Asia or a Chinese Southeast Asia but where the balance of relative influence will lie and whether the regional architecture will be relatively open or relatively exclusive, and I stress the word “relative”.

Of course, even slight shifts in the balance of influence in the regional environment can make a major difference to small countries. The many projects planned or being implemented under the ASEAN-China “2+7 Cooperation Framework”, China’s investments in infrastructure such as railroads under President Xi Jinping’s vision of “One Belt, One Road”, as well as burgeoning trade and other economic ties are binding southwest China and Southeast Asia into one economic space. This is certainly a development opportunity that is not to be rejected. But as national boundaries become hazy, old historical patterns are being re-established in new ways and Westphalian concepts of inter-state relations may be modified. There surely will be political and strategic and not just economic implications. The framework within which we calculate our interests could narrow. This is the geopolitical significance of the ASEAN Economic Community. Economic integration is an imperative not just for economic reasons but to encourage calculations of national interests by ASEAN member states with our own frameworks rather than become overly dependent on Chinese frameworks.

But economic integration is always politically difficult and the next phase of ASEAN economic integration which aims at establishing a common market and production

platform will be more complicated than the first. The easy things have already been done. The domestic politics of ASEAN members is becoming more uncertain. Thailand and Malaysia are poised on the cusp of systemic change. Indonesia has yet to reach a stable post-Suharto internal equilibrium and is still an incoherent system seized with a somewhat petulant economic nationalism. There is significant uncertainty about the policies of the new Myanmar government because it has no experience of governance and the military apart, inherits weak institutions. The Philippines has presidential elections in a few months and is not renowned for policy continuity. I sense buyer's remorse in Laos and Cambodia over the present level of integration commitments. In Singapore, some opposition parties are trying to cast doubt over open economic policies particularly with regard to foreign labour. In any case, we should not deceive ourselves that even under ideal circumstances for integration — and our circumstance are far from ideal — ASEAN can adequately cope alone.

This is particularly true in mainland Southeast Asia. To give but one example, China has built seven dams in the upper reaches of the Mekong River and reportedly plans 21 more. This is a permanent new geopolitical fact, analogous to artificial islands in the SCS, which the five ASEAN members through which the Mekong flows cannot ignore. Recently, China announced that to relieve drought in Thailand, Laos and Cambodia, it would release more water from its dams on the Mekong. There is an old Chinese proverb: "When drinking water, think of the source". Balance at sea must be matched by balance on land. The US Lower Mekong Initiative is a useful political symbol of commitment but substantively paltry by comparison to what China has put on the table and symbols only take you so far. What Japan has initiated for infrastructure development in Southeast Asia is far more substantive and significant. But unlike balance at sea, to reach balance on land will take more than the efforts of one or two countries.

I believe there is a need for a broader and more coordinated effort for infrastructure development projects in mainland Southeast Asia. One possibility is public-private partnerships by multinational consortiums of companies from the US, Japan, Australia, the ROK and India. This would considerably broaden the range of options for mainland Southeast Asia, prevent the entrenchment of a fatalistic mind-set and serve as a crucial complement to the maritime capability building programmes some of these countries have started for ASEAN. Chinese participation in such consortiums is not to be ruled out. As China's growth moderates, there will be many demands on state coffers and the scale and ambition of what China has planned cannot be undertaken by China alone as Beijing itself realises. This was the rationale for the Asian Infrastructure Investment Bank (AIIB) and it was a strategic mistake for the US and Japan to have stayed out of it. Fortunately it is not an irreversible mistake. Collaboration with China by the US and its allies in the AIIB for infrastructure development is desirable to take the starkest zero-sum edges off strategic competition in Southeast Asia and perhaps expose false dilemmas as just that: false.

Ladies and gentlemen, I could go on elaborating on the complexities of Southeast Asia which have no easy or obvious solutions but I think I have depressed you enough for this evening. My next lecture on the "myth of universality" will deal with one prevalent but false mental framework and the resulting wounds countries inflict on themselves and others, always of course with the noblest of intentions, but which I hope Singapore can avoid.

Thank you.

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