



The
Economist

A special report on China's place in the world

In the balance

Their wealth depends on China, their security on America. Which way should Asian countries face?

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IN HIS book "The Rivals", Bill Emmott, a former editor of this newspaper, quotes a senior Indian foreign-service official on the subject of India and China. "The thing you have to understand", he says, "is that both of us think that the future belongs to us. We can't both be right."

When economists and businesspeople look at China's rise, they see a blessing in which everyone stands to gain from everyone else's prosperity. The country has become the chief trading partner for most parts of the region—even if the West is an important source of final demand. As China becomes richer, it will become a market for the rest of Asia, just as the region will become a bigger market for China.

Alas, security does not work that way. When two countries do not really trust each other, greater security for one undermines the security of the other, as that Indian official revealed. In a troubled continent like Asia, countries therefore look to America to save them from an increasingly powerful China—to "the water far away" for protection from "the fire nearby".

Naturally, Asian countries want to have it both ways: to resist China's power but to continue trading with it; to benefit from American security but without sacrificing Chinese commerce. This is a difficult trick to pull off, and if relations between America and China become harder to manage over the next decade or so, as looks likely, the region will sit uncomfortably between two poles. The lesser powers could even add to the tension between the two giants.

That would frustrate China, which has been at pains in recent years to reassure its neighbours by doing the right thing, as well as by soft-soaping them with all the talk about a "peaceful rise". It has, for instance, gone out of its way to settle its border disputes—and on notably generous terms. Taylor Fravel, of the Massachusetts Institute of Technology, concluded that in settling 17 of its 23 territorial disputes China usually agreed to take less than half of the contested land. It has also usually been generous in economic diplomacy, signing a series of free-trade agreements across Asia. "In the space of a decade", according to Marc Lanteigne, of Victoria University in Wellington, New Zealand, "China has transformed itself from a sceptic of liberalised and preferential trade into one of their strongest proponents."

China has joined multinational groupings (even, in the Shanghai Co-operation Organisation, helping to found one). It is now a member of more than 50 intergovernmental and over 1,000 international non-governmental outfits. You can find Chinese delegates at the ASEAN Regional Forum, ASEAN Plus Three, the ASEAN Defence Ministers' Meeting and APEC—and that is only the meetings starting with A. Asian states hope that, like Gulliver, China can be bound by these regional threads.



That is to put a lot of faith in multinational forums, however. Criticising diplomats for trying to talk peace might seem harsh, but Asia has too many regional assemblies. The Japan Centre for International Exchange counted 277 multilateral intergovernmental meetings about security in 2007 alone.

Nick Bisley, of La Trobe University in Australia, who has studied Asia's regional-security groups, concludes that this seeming abundance is really a mask for mistrust, as each Asian country tries to shop in its own favoured forum. Meetings can be superficial and leaders tend to shy away from taking real, binding decisions. Being in the media spotlight does not help. Asia's various forums and treaties "looks more like a list of cats and dogs than a coherent and predictable framework for the future", writes Gary Schmitt of the American Enterprise Institute in Washington.

Part of the trouble is that these forums have to purge a lot of bad blood. Although China gets on better with its 14 neighbours now than it has done for centuries, it still fully trusts none of them—and vice versa. Relations with Japan have never got over the imperial occupation. Since 1949 China has skirmished with Russia and fought the UN in Korea and India and Vietnam.

Naval battles

In addition China has pressed its sea claims with a vehemence that it has mostly avoided in land-border disputes, perhaps because fish and mineral riches are at stake. In the past 36 years China has skirmished over the Paracel Islands with Vietnam (1974); over the Spratly Islands with Vietnam (1988) and the Philippines (1994); with South Korea over Socotra Rock (2006); and with Japan over the Okinotori Islands (2004) and the Senkaku/Diaoyu Islands (most recently, 2010).

With so many neighbours pulling in so many different directions, Beijing's foreign policy faces inevitable contradictions. When North Korea sank the *Cheonan*, China had to choose between security and its increasingly close ties to South Korea. In siding with the North, it sent a damaging signal to the South that it was unwilling or unable to control its ally. Likewise, Chinese relations with India are complicated by what happens in neighbouring countries. Not only does India mistrust China in Pakistan, but it vies with it in places such as Nepal and Sri Lanka that it sees as within its own sphere of influence.

How, then, do Asian countries cope with China's strength and the shortcomings of multinational organisations? They are slowly but steadily buying weapons as they get richer. In its defence white paper last year Australia worried aloud about a powerful China and suggested renewing and doubling its submarine fleet as well as designing a more capable "future frigate". Vietnam has ordered six Kilo-class submarines from Russia. Earlier, Singapore bought two Swedish Archer-class submarines and Malaysia and India between them bought eight French Scorpène-class submarines.

Japan, too, has been arming itself in a roundabout way. Although its official defence budget is only 1% of its GDP and over the past decade has shrunk by over 3% in nominal terms, in real terms it has fallen by more like 1%. Japan has also been shifting resources towards its navy, which is still more than a match for China's. And Richard Samuels, of the Massachusetts Institute of Technology, has shown that the Japanese coastguard, financed outside the defence budget, now has a fleet of ships and rules of engagement that are laxer than those of the self-defence forces.

As well as arming themselves, Asian countries have drawn closer to the United States. This was on dramatic display at the ASEAN regional forum in Hanoi in July. In a piece of choreography that infuriated China, ASEAN members complained one after the other about the heavy-handed way their neighbour was asserting a claim over the South China Sea. The statements culminated with Hillary Clinton, America's secretary of state, underlining how her country would intercede to ensure safe passage through international waters.

Progress has been made bilaterally, too. In August Vietnam and America began high-level

military co-operation, with a meeting in Hanoi. Vietnamese officials have been aboard the aircraft-carrier *USS George Washington* off the Vietnamese coast. American naval ships have docked in Vietnam, which has agreed to repair American Sealift Command vessels. It seems longer than 35 years ago that the two countries were at war.



So-so about Uncle Sam

Yet there is nothing straightforward about looking for security to America—Asia's least distrusted power, as Lee Kuan Yew, Singapore's "Minister Mentor", has described it. Sometimes countries have to overcome obstacles at home. During George Bush's presidency, India and America cemented their new entente with a deal to work together in nuclear power. Yet even that degree of intimacy stirred up domestic opposition from left-wing Indians. A fully fledged defence agreement with America to contain China does not seem on the cards for now. India would not relish a junior role and it prides itself on its non-alignment.

Nor would it wish completely to cast out China—a rival, yes, but also an ally on such things as climate change and global economic issues. Besides, as Rahul Roy-Chaudhury of the IISS points out, Indian politicians are disconnected from the armed forces. Without an effective national security council in which to make its case, the navy has only slowly been able to convince the government that China may become a threat.

The Indian services can mount impressive operations, but in a new book on the country's military modernisation Stephen Cohen and Sunil Dasgupta argue that they also suffer from inter-service rivalry, poor procurement and a lingering suspicion of the use of armed force (which from independence was associated with British colonial rule).

Or take South Korea, a long-term American ally, which has veered from security to economics and back again. Under President Roh Moo-hyun the country peeled off from America in an attempt to demonstrate its independence as an Asian power with increasingly close economic links to China. In 2007 Roh won America's agreement that from 2012 South Korea would once again have command of its own forces in the event of a war. He also supplied the North when America cut off energy aid. However, his successor, Lee Myung-bak, has wrenched policy towards American security once more. He has delayed the transfer of wartime command to 2015 and taken a hard line on North Korea.

In Japan different factions exhibit all these tendencies and more. Parts of the governing Democratic Party of Japan have sought to move Japan closer to China. Parts of the Liberal Democratic Party, now in opposition after decades in government, resent the presence of 36,000 American military personnel in bases dotted across the country. Others are so wedded to pacifism that the Americans wonder if the Japanese would actually turn up if they were needed. And yet others harbour doubts whether Japan can always count on America. To many Japanese, the row over the Senkaku/Diaoyu Islands has shown how prickly China can be. After the coastguard arrested the fishermen, China cancelled meetings, gummed up Japanese trade and stopped exports of rare earths. Japanese diplomats were pleased that Mrs Clinton spoke out in their support. Yet MIT's Mr Samuels thinks America needs to reassure Japan, its most vital ally in

Asia. If Japan appeared to doubt it, America would see all of its Asian alliances suffer.

The calculation for China is different. Its efforts to cultivate its neighbours have produced only mixed results. Economic ties buy a certain amount of goodwill, but much of the region rushes off to America at the first sign of trouble. As China's appetite to assert itself grows, that could easily become a source of dissatisfaction, which would feed the superpowers' mutual mistrust. Either way, America and China are likely to compete to win the loyalty of the region. That, too, could poison the most important relationship of all—the one between China and America.

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