



ICAS BULLETIN

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A Bimonthly Survey of Research and Analysis
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Publications

The Pivot Before the Pivot: US Strategy to Preserve the Power Balance in Asia

Nina Silove

International Security, 40:4, Spring 2016

Silove examines recently declassified US government documents to reassess the United States' "pivot to Asia." She contends that US Asia strategy is misunderstood in three significant ways. Contrary to the assessments of many, the pivot really began in the Bush administration, it is more substantial than is commonly recognized by critics of Obama, and the pivot accepts China's rise as a premise. Silove portrays the US as trying to keep up with China's growing power in the region through internal and external balancing along with creating a more substantial security community in the Asia-Pacific that transcends the "hub and spoke" model. These measures have been taken in order to maintain America's ability to influence China towards further integration with the global economy. Silove regards the "engage or contain" debate to be a distraction from the real dilemma of US strategy, which is the decision whether to maintain preponderance or shift to a bipolar Asia-Pacific security order.

World Order: What Exactly, are the Rules?

Stewart Patrick

The Washington Quarterly, 39:1, Spring 2016

Patrick assesses the notion of international order and its connection to American hegemony, which he distinguishes from “mere dominance.” He describes the pillars of international order and challenges to it presented by nations like China. He concludes that the current set of institutions—with proper reforms and American compromises over things like its attitude towards authoritarian governments—can be sustained. The future order, however, will be less an “American” one and more genuinely pluralistic.

China’s Evolving Strategic Deterrence Concepts and Capabilities

Michael Chase and Arthur Chan

The Washington Quarterly, 39:1 Spring 2016

The authors hold that Chinese views of strategic deterrence include many aspects beyond nuclear deterrence. The article discusses China’s evolving views on strategic deterrence alongside a description of new material capabilities that support Chinese strategy.

China as a Global Investor

David Dollar

Brookings, May, 2016

Dollar argues that Chinese investment practices are challenging global norms and practices in three ways. First, Chinese investment is concentrated in relatively poor governance environments. Second, China generally does not subscribe to global standards of social and environmental safeguards. Third, China is still significantly closed to foreign investment in sectors such as telecommunications, finance, and media. The author identifies tactics that the US could utilize in order to ensure that China adheres to international norms of economic conduct. One prescription is accelerating governance reform in existing multilateral institutions such as the Asian Development Bank, IMF, and the World Bank. This would address the Chinese desire to strengthening the roles of developing countries in these institutions

Perfecting China, Inc.: The Thirteenth Five-Year Plan

Scott Kennedy and Christopher Johnson
CSIS, May 2016

This major report discusses the state of the Chinese economy and the reforms embodied in the Thirteenth Five-Year Plan. The authors contend that while it is widely agreed that a new model of growth is needed for China, the new plan has a greater focus on improving the government's current interventionist approach than on true transformation. They envision that this approach might allow for the escape from the "middle income trap" that China seeks, but at the cost of significant volatility.

For the US, Sailing Around the South China Sea is Not Strategy

Harry Kazianis
YaleGlobal, June 2, 2016

Kazianis argues that China's actions in the South China Sea are steps toward securing military dominance in the region, and that the US Navy's freedom of navigation operations do nothing to discourage further buildup of military capabilities. He recommends the US adopt the practice of "shamefare," which would entail publicizing dangerous Chinese aircraft intercepts and highlighting environmental damage caused by reclamation in the Spratly Islands.

US-China Economic and Security Review Commission Economics and Trade Bulletin

USSC, United States Congress, June 3, 2016

This periodical publication assesses the state of bilateral US-China trade and related issues, including China's fiscal policy and legal issues.

Ambition and Chinese Hostility Push India Closer to the US

Harsh Pant
YaleGlobal, June 7, 2016

Pant examines the rationale behind a possible closer US-India strategic partnership. China's posture and growing ties with Pakistan have created the space for Prime Minister Modi's government to seek support from the United States. The US-India strategic partnership is built on defense trade, concerns about China's activity in the South China Sea and China's diplomatic support for Pakistan's entry into the Nuclear Suppliers Group. Pant argues that Modi wants India to emerge as a leading global power backed by the US.

China's Yuan as a Reserve Currency: Boon or Bane for the Dollar?

Charles Wolf

The Weekly Standard, June 13, 2016

Wolf takes on the question of whether the renminbi's inclusion in the IMF's Special Drawing Rights basket of currencies competes with or complements the US dollar's status as reserve currency. He concludes that the renminbi's becoming a global reserve currency can be a "boon and a bane." On the one hand, it will reduce the distorting effects of "easy money" on the US economy, but on the other, the US will lose still more of the benefits associated with the dollar's former status as global reserve currency.

Events**East Asia on the Brink? The Impact of the Arms Trade and Nationalism on Regional Security**

Wilson Center, May 31, 2016

Jonathan Caverley discussed trends in the arms trade in East Asia. Asian nations currently lead the world in arms acquisitions, and imports are above Cold War levels. He noted that even though arms deals are an important component of Obama's foreign relations, US market share in East Asia is declining. Thomas Berger discussed nationalism in East Asia, particularly in Japan, and its influence on regional security dynamics.

Obama's China Policy and Prospects for the Next President

The United States-China Policy Foundation, May 26, 2016

Robert Sutter, Richard Solomon, and David Lampton discussed the state of US-China relations and the challenges the relationship will present to the next US president. Robert Sutter emphasized that neither Obama nor Clinton recognize the severity of the challenges presented by China. Solomon took a similarly pessimistic tone, arguing that China has discarded Deng's approach and now seeks to establish an Asian sphere of Chinese influence. Lampton noted that the next US president must re-evaluate US China policy and ask what the United States wishes to get out of its relationship with China, and what it expects from its engagement policy.

Commentary

The South China Sea: Concert or Conflict?

William Douglas

How can China and the US avoid the “Thucydides Trap,” in which an established power and a rising power get caught up in a costly, risky, and unnecessary power struggle to determine which country will be the dominant power (hegemon) in a region? One solution that has been suggested is that the major countries currently involved in East Asia (China, Japan, Korea, Russia, and the US.) could create a Concert of East Asia through which those countries would collectively negotiate and maintain a regional balance of power in which no country would be dominant.¹ That would make moot the issue of who would be the “King of the Mountain” (or in Chinese terms, who would be the sole tiger on the mountain). Such a concert can be formed when all the major powers in a region are satisfied with the existing distribution of power among them, and all feel secure within it. With no power perceived as a threat, rather than the weaker powers forming a defensive alliance against a dominant power, they join together in a sort of “alliance of all against each other,” to jointly maintain the desirable situation.

Joining such a Concert would be keeping with China’s frequent pronouncements that its rise will be a peaceful one, a policy assertion that has so far served China’s interests very well. In the South China Sea controversy among the littoral countries, China initially followed the “peaceful rise” approach, agreeing in 2002 with the ASEAN nations on a declaration on a code of conduct for the settlement of disputes about territorial claims in the Sea on the basis of non-use of force and peaceful negotiations. However, in recent years China has taken a more assertive approach to the South China Sea imbroglio, questioning the legitimacy of territorial claims by Vietnam and the Philippines, claiming sovereign rights and jurisdiction over most of the Sea on the basis of the contested “nine-dash line,” and building up reefs into artificial islands with airplane runways potentially useful for military purposes. These steps have frightened the smaller littoral countries into moving closer to the US, so as to build a stronger coalition against China’s increasingly robust posture.²

With these new and growing tensions in the South China Sea, the Concert idea might have useful application to the regional disputes there, not just to the broader East Asian issue of preventing a China-US rivalry for hegemony. More could be accomplished in the South China Sea by the littoral countries working together than by working against each other. Now we have

¹ For example, see Hugh White’s comprehensive and persuasive presentation of the concept in his book *The China Choice* (2012) and more recently, this author’s endorsement of the idea in Douglas, William A. “Security Stability in East Asia,” *Asian Perspective*, January-March 2016.

² For useful summaries of recent moves in the South China Sea imbroglio, see Nakamura, David, and Lamothe, Dan, “China Tests US By Asserting Control in Southeast Asia”, *Washington Post*, March 2, 2016, p. 19, and *The Economist*, March 26, 2016, pp. 47 and 50.

each littoral country trying to get unilateral control over as large an expanse of territorial waters as possible (and underlying oil and gas deposits), by trotting out a variety of maritime claims. All of them could be better off if they formed a “Concert of the South of China Sea” and managed the region collectively, through an arrangement designed to assure that there would not be any dominant power in the area. Given the size and power of China, other powers with key interests in maintaining free passage through the Sea, such as Japan, Korea, and the US, could be added to the Concert to help balance off the massive Chinese presence.

Formation of the Concert would require negotiating two agreements: an arms control arrangement setting limits on each member country’s air and naval forces in the region (drawing on the precedent of the Washington Naval Arms Limitation agreements in the 1920s), and a negotiated formula for apportioning among the littoral member states the proceeds from mining the region’s sub-sea resources. A partial precedent for such a Concert could be the Arctic Council composed of the littoral states around the Arctic Sea. (China is not a member, but is already actively working to expand its political influence and economic position in the Arctic).

Collective management of the Sea would satisfy China’s security and economic national interests (even if not its nationalistic emotions). It would prevent the littoral states, Japan, and the US from ganging up against Chinese efforts at control of most of the Sea. It would assure the free passage for merchant vessels that is a crucial Chinese economic necessity. It would end the US naval and air military dominance in the area, with the Concert providing the US with an alternative means of assuring free passage through the sea. (As observers such as Mel Gurtov, Hugh White, and Robert Kaplan have pointed out, while China may or may not aspire to such regional military dominance itself, it certainly does intend to end US military dominance there. The South China Sea under US military dominance is as unacceptable to China as would be Chinese dominance of the Caribbean Sea to the US.)³

The present tensions over the South China Sea are dangerous. They could easily get out of control and escalate to a military crisis disastrous to the interests of all the countries involved: China, the other littoral countries, and the US. This danger could be avoided, and the interests of all the countries concerned could be substantially advanced, by forming a “Concert of the South of China Sea.” Such a move could provide a concrete example of President Xi’s vision of “a new type of relationship between major powers.”

William A. Douglas is professorial lecturer at the School of Advanced International Studies, Johns Hopkins University. He is the author of Developing Democracy and Promoting Democracy, among other publications. He was the Fei Yiming Visiting Professor of Politics at the Hopkins-Nanjing Center in 2009-2011.

³ Gurtov, Melvin. 2013. *Will This Be China’s Century?*, pp. 153, 164; Kaplan, Robert D. 2014 *Asia’s Cauldron*, Chapter 2, “China’s Caribbean”, especially pp. 38-39 and 42, also pp. 166-167; White, op. cit., p.153.



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