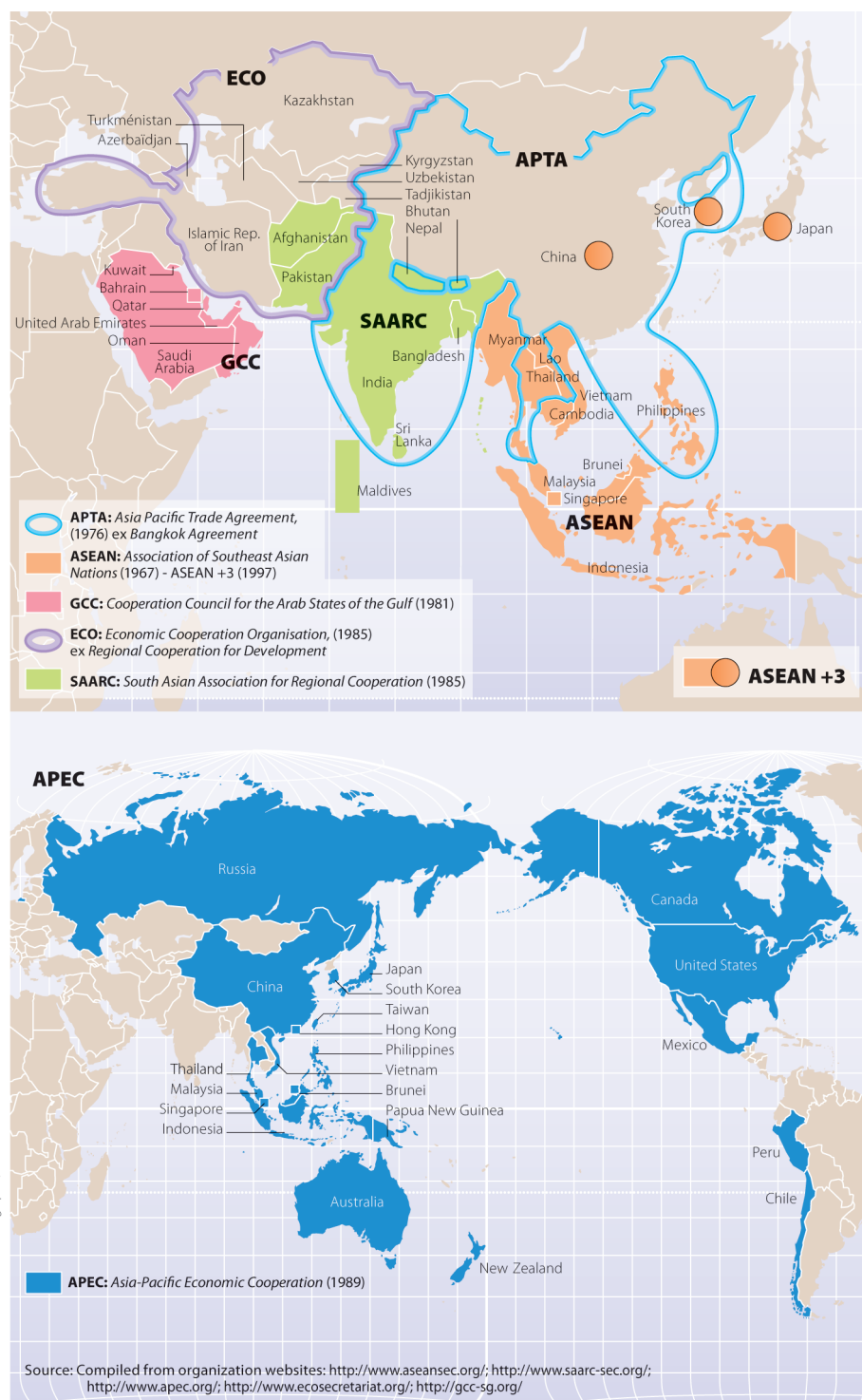


Emergence or Re-Emergence? The Asian Balance of Powers as a Long-Term Issue

François Godement

The emergence or re-emergence of powers such as India or China in Asia must be understood from a historical perspective. This emergence is new from a Western viewpoint, but it is generally perceived by Asians as a historical return. The emergence of major actors in Asia is not only a contemporary event, nor is the ensuing uncertainty about the Asian geopolitical balance. The advent of new powers and the concept of a regional power balance began with the arrival of the West. The sailors, explorers and tradesmen brought in tow with them a new dynamism and a challenge to the region's states in the era of Vasco da Gama (Carlo Cipolla). This era saw its lease renewed at the conclusion of the Second World War, when the Pacific became an "American lake". Is this Western-led balance to last for ever, or is it a long historical hiatus now drawing to a close (André Gunder Frank)?

The question is of course fundamental, both on the economic level as well as from the standpoint of civilization. Chinese industrial output has already surpassed that of the United States in value, if not in sophistication; the democratic model, vibrant in South and Northeast Asia, is competing with the Chinese model of authoritarian management. The question of the respective roles of the West and the emerging Asian powers can be read like an open book in the dilemmas of Asian regional integration: the open organizations of the Asia-Pacific (APEC, ASEM, ASEAN), which in words if not always in deeds are striving for a convergence of norms and rules, rub shoulders with groupings from which the United States, and Europeans for that matter, are absent (East Asia Summit), or with

figure 84: **Main regional organizations in Asia, 2008**



counter-models based on the absolute primacy of nation-states (Shanghai Cooperation Organization).

The West as an emerging actor in Asia

Historically, it was the arrival of British sailors and Scottish merchants off the coast of Canton, and the establishment of Dutch outposts in the straits of Southeast Asia, more than Spanish or French colonization conceived mainly as territorial conquest, that entirely reshaped Asia. The English, the Dutch and later the Americans created an Asian political economy and polarized international relations. They also applied a series of pressures and counter-pressures, in order to stabilize the new Western-led balance of power under challenge from Japan. Emerging next as an industrial and military power, Japan was soon accused of upsetting the existing balance.

China, India and Japan have good historical reason to view themselves as the longstanding embodiment of stable international systems. The existence of global trade flows—the Silk Road, the Calico¹ and Spice Roads—had not transformed local economies and societies so deeply. The descendents of these great ancient states may thus consider the history of their region since the 18th century as an unprecedented phase of instability, caused by the onslaught of Westerners and the emergence of their economic and military dominance. The end of the “Canton system”, in fact a more general policy which regulated and limited China’s external exchanges, the forced opening of Japan (closed under the Tokugawa since 1632) in 1853, the transformation of Mughal-ruled India into an open market and a spring-board towards China, the making of contemporary Southeast Asia by importation of Chinese and South Asian labour to outposts and plantations: all these developments radically altered classic Asia, providing modern Asia and its principal divisions well before the Pacific War and the Cold War.

The West’s first stabilization of Asia: 1918-1931

The policy of the major colonial powers, joined by the United States, was at the time both to impose open-door diplomacy—in other words free trade and extra-territorial, i.e. international law—and to establish “stability” and a balance between the major powers, to the detriment of all other newcomers. It was, as Karl Kautsky noted in opposition to Lenin, basically a plan for “imperialist stabilization” that was pursued in the Far East. In the aftermath of World War I, the Treaty of Versailles and later the London and Washington Conferences reflected this dual aim. This was to the detriment of China, which remained subject to co-management by

1 Named for Calicut, a center for cotton trade in pre-British India.



the Western powers; of Russia, disqualified from the game by the Bolshevik Revolution; and of Japan, the emerging power of the time. Japan was denied the right to form a “Western-style empire on Asia’s doorstep”, as the diplomat Inoue Kaoru had wished in 1887. It then raised the banner of Pan-Asianism against the West. As children, both Pandit Nehru and the Vietnamese Catholic doctor Ngo Dinh Diem greeted Japan’s naval victory over Russia in 1905 as a promise of Asia’s resurrection. The Anglo-American attempt at a “stability pact” persisted, and the Japanese push for demographic and economic *Lebensraum* after 1931 constituted the first historical form of Asian regional unification. The modernity of the Japanese international project, based on educational integration, industrial relocation and a surge in scientific agriculture, was as remarkable as Japan’s militarist and racial ravings and its invention of counter-guerrilla tactics.

The ‘American lake’ and neutralist or Asian reservations, 1945-97

What Wilsonism could not accomplish at the end of World War I, Roosevelt’s diplomacy would. The Pacific Ocean became an “American lake” and thus by definition an area of stability over which the United States had absolute control. US policy—transformational diplomacy before the term itself was coined—democratized both Japan and Germany, superseding the domination of the European colonial powers. The US forged Bismarck-style imperial relations—or to use modern jargon, hub-and-spoke relations—with allies that were both aid recipients and subcontractors for mutual security, but in no way equals. This situation served postwar Japan well, leaving it free to ensure its economic boom without bearing the burden of defence. Southeast Asia assimilated the benefits of an unequal alliance so well that it extended the doctrine of neutralism and non-intervention well into the ASEAN era (i.e. after 1967). Unlike Taiwan and South Korea, which were divided nations, the founding members of ASEAN were primarily domestic security states. Young nations with ill-defined borders, they sought to create a stability zone—or, as they proclaimed emphatically, “an area of peace, freedom and neutrality”—protected from the intervention of superpowers, seen as destabilizing. Of course the term then referred more to China or the Soviet Union than to the United States or Japan. After the Japanese model of the “co-prosperity sphere”, ASEAN represents the second historical attempt at regional integration: a group of small countries who clubbed together in wariness towards any outside interference. Nationalism and anti-Americanism were strong ferments and anti-Chinese and anti-Japanese demonstrations were also common.

At that time, the largest of the “small” Southeast Asian countries, Indonesia, best exemplified the idea of the emergence of powers after colonized countries gained independence. In 1955 it hosted the first Afro-Asian conference in Bandung,



the founding event of what was to become the Nonaligned Movement. At Bandung, not only were Zhou Enlai and Nehru, King Sihanouk and U Nu of Burma present, but also Japanese diplomats who were ensuring their country's return to Asia. In so doing, they hedged the Japan-American Alliance against a pragmatic and open regional diplomacy. In 1964, Indonesia's President Sukarno would become the spokesman for an emerging and neutralist Asia. At the heart of his "*Konfrontasi*" policy against Malaysia, which was defended by the UK and the US, he even announced the withdrawal of his country from the UN and the founding of a "conference of newly emerging forces" (CONEFO).

The episode came to nothing, because Sukarno was overthrown in 1965, but it was a link between past and future: Asianism was not dead, and the official ideologues of authoritarian states in Southeast Asia, at the height of regional economic success, would later view themselves as spokesmen for "Asian values" on the eve of the huge Asian financial crisis in 1997. Thus the stability ensured by one or more powers outside the region could be challenged by the emergence of new forces. Conversely, the regional balance is often made of adjustments to external constraints. Lee Kuan Yew, the *spiritus rector* of modern-day Singapore, one day remarked that he had sung four national anthems in his life (British, Japanese, Malaysian and Singaporean) and did not rule out having to sing a fifth before he died.

Making room for emerging and remerging powers?

Why go back to this contentious historical legacy? It conjures memories of a bygone world, of self-centred empires devoted to a tributary order, the shock of the West's intrusion and the major powers' scramble for the spoils. The Pacific war

figure 85: **Internal trade among some Asian regional organizations, 1948-2006**

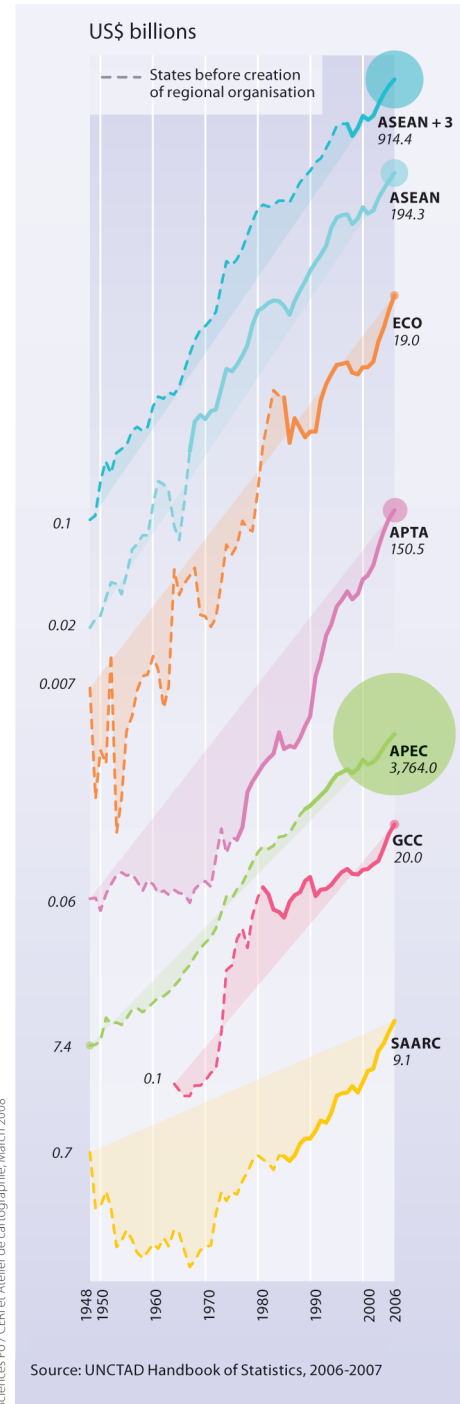
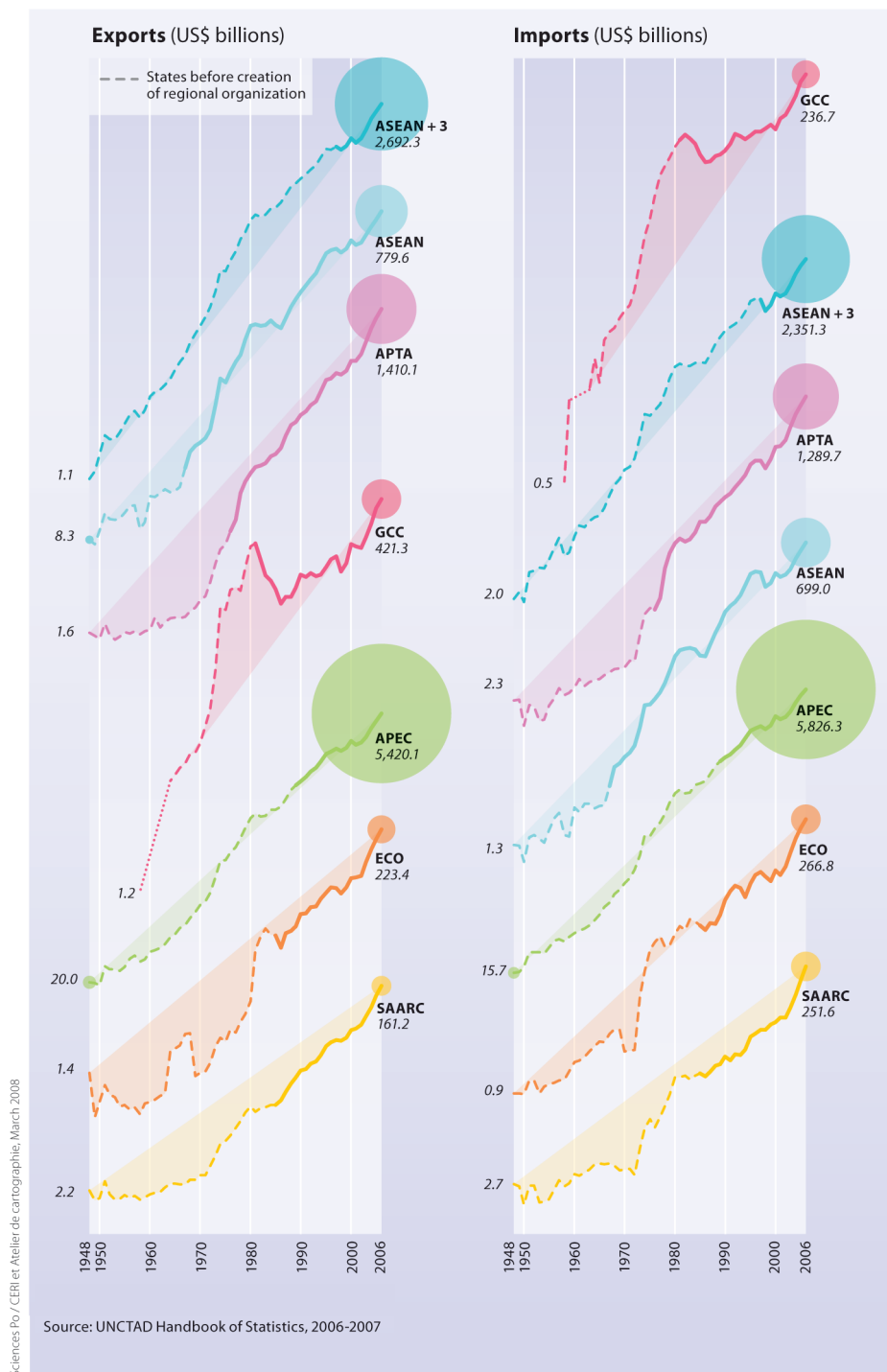


figure 86: **Foreign trade of some Asian regional organizations, 1948-2006**





bequeathed a new order, perhaps a transitory one, when the states of maritime Asia lived under the American umbrella without always sharing its values and missions.

This historical legacy is important because Asia's economic emergence into the forefront of the world economy, with China's rise and India's takeoff now at the core, bring large historical issues back to the fore.

They go well beyond the economic benefits for some due to China's and India's rise, and the losses for others, and well beyond the divisions inherited from 1945 and the Cold War, although the legacy of these divisions matters also, like the division of the Korean peninsula. The situation of Taiwan, colonized by Japan before it came to symbolize the division from the Chinese civil war, the unfinished delimitation of the maritime zones and their resources since 1945, a sub-Himalayan border that remains prey to irredentist conflicts—these are large issues indeed for any Asian agenda. The resolution of these conflicts will both be indicative of a new regional balance of power and revealing of the intention of the major emerging countries, China and India, to adopt behaviour based on either cooperation or power struggles.

The legacy of the past does not stop there. The Chinese policy of giving priority to “peace and stability” and the US pursuit of a partnership with “responsible stakeholders” recall the early 1920s, and the quest then for a compromise in order to achieve stability. The whole question is whether the United States and Japan, established powers, will leave China enough room so that it is not tempted to change the regional rules of the game in its favour. There is no need to claim that “Europe's past is Asia's future” (Aaron Friedberg) to understand the problem that China's emergence poses in particular for Asia. A historical look at a booming Japan after 1918 and its adhesion to international rules, so long as these rules did not work too much against its own interests, helps to understand the question raised by China's rise.

Japan, an example of anticipated adaptation and strategic reluctance

Japan is one major regional power that has long anticipated the emergence of powerful regional competitors, an emergence perceived as a return to history. It has conducted its own China and Asia policy since 1950. Because Japan's foreign policy is usually dual in nature—a native anticipation of contemporary Asian “hedging”—Japan's originality was less apparent during the six years of the Koiizumi government, which was intent on securing relations with the United States in order to resist diplomatic and policy pressure from China. Japan's singularity is reappearing today with Yasuo Fukuda. From the maintenance of “special relations” with the PRC starting in 1950 to the Sino-Japanese “trade memorandum”





that foreshadowed diplomatic recognition in 1972, and the exemption obtained by Japan in July 1990 from G7 sanctions on China imposed one year earlier, Japan, with a powerful domestic economic lobby in favour of better relations with China, prepared for the end of the Cold War, and also for a regional balance that it could not visibly claim to lead. The same goes for relations with the Southeast Asian countries. The Prime Minister Takeo Fukuda and the “doctrine” named after him granted ASEAN an equal relationship in 1976. They also anticipated publicly the return of communist Indochinese countries to the international fold after the end of the Vietnam War.

The discretion of Japan’s initiatives, due to its inability to overcome until now the historical problems of militarism, is only equalled by their diversity. Whether in the energy dialogue with Northeast Asia, concrete projects within APEC or the bilateral free-trade agreements that have proliferated over the past decade, Japan is often “leading from behind” (Michael Green), with the image deficit that such conduct implies but also the resulting capacity for conflict avoidance. Japan’s intensified bilateral military relations with Australia and India, its cooperation in maritime surveillance of the straits in Southeast Asia, and its swift and effective intervention after the Aceh tsunami in 2004 also attest to a web patiently woven to contain China’s rise without opposing it head on.

In short, what was the first “emerging power” in Asian history perhaps remains—notwithstanding a symbolic and strategic test of will with China from 1998 to 2006 (visits to the Yasukuni Temple, the issue of Japan’s possible involvement in a crisis with Taiwan)—the industrialized country that has best prepared its adaptation to China’s rise. A portion of Japan’s trade surplus has thus been “relocated” to China. The Japanese currency—which the Finance Minister and Bank of Japan refused to internationalize on the European deutsche mark model in the late 1980s—is managed like an instrument in the service of Japanese industrial policy. Even more undervalued than the Chinese yuan, the yen maintains a competitive edge over Asian currencies indexed on the dollar and even more so over the euro. In the field of high technology, Japanese firms know both how to protect their technologies by relocating them within Japan and how to practice regional cooperation in Northeast Asia under the aegis of their government. This is the case for mobile telephony (the future 4G norm), fibre optics, and open software in retaliation against Microsoft’s dominant position. Taro Aso, known for his tough attitude toward China as Foreign Affairs Minister in 2006-7, also advocated regional technological cooperation as Communications Minister three years earlier. And he then justified it explicitly by enlisting South Korea and China to compete economically with the United States.

Japan’s public diplomacy, embarrassed by its handling of the historic quarrel, has nevertheless evolved under Shinzo Abe’s administration in 2006-7. In the Spring of 2007, a Sino-Japanese commission of historians was created after the





model of that which had been set up with Korea, and of course the European reconciliation model. Japan still wavers between a “value-oriented” diplomacy, particularly promoting human rights and democracy, and that of a more pragmatic competition with China. The alliance of democracies, or the “arc of freedom and prosperity” according to Shinzo Abe, is appropriate for the democratic regimes in Northeast Asia but much less so for Southeast Asia, which is at risk of authoritarian regression. By severing most of its historical ties with Burma as Europe has done (except for humanitarian aid to the population), Japan and the West have left the country open to regional rivalry between India and China. Neither of these has an international democratic agenda. India, “the largest democracy in the world”, does little to export democracy. China judges regimes and international situations solely by the yardstick of international stability and its own interests. The same indecision can be found in the area of energy security: until October 2006, Japan was in the race for Iranian natural resources in the Azadegan oilfield; it did not subscribe to the Extractive Industries Transparency Initiative (EITI) for fear of losing a foothold in the race for extraction contracts in Africa. Japan supports the international development of its oil and gas extraction companies and has set up a national maritime energy transport programme. The most advanced country in the world in lowering energy consumption and protecting the environment remains, rightly or wrongly, marked by the fear of an Asian race for natural resources that would revive the clashes of the 1930s.

Asia, between accommodation and balancing

Japan’s divided diplomacy is a good illustration of the dilemma Asia faces with the emerging power of China. It is drawn to China by the rationale of its firms and an instinct for compromise or appeasement. But it is also pushed towards India, Australia and all the major Asia Pacific peripheral partners, which would put China’s influence in perspective. It is also drawn to concrete initiatives for regional integration that are primarily technological, industrial and corporate based, much less so to political, institutional or security initiatives. Lastly, it relies more than ever on the Japan-American security alliance in which it is nevertheless not considered an equal. For instance, it had to sit back and watch the about-face the United States made with respect to North Korea in November 2006. Japan’s visible hesitation sits alongside the temptations of its Asian neighbours regarding China, but also their fear of any conflict with that country.

Indeed, China’s own attitude towards Asia remains tainted by an ambivalence that its rise in power makes even more palpable. The country today participates in nearly all regional institutions and dialogues, having marginalized Taiwan, against which it is waging a merciless diplomatic war of influence. China today utilizes access to its huge market—and its industrial product assembly platform—as a





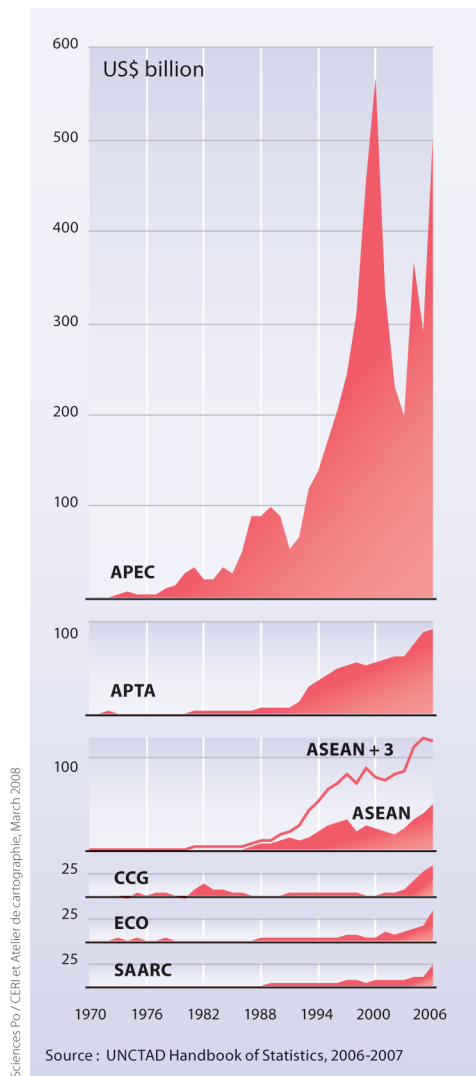
lever of influence with respect to all of its neighbours: the grand project for a free trade area signed with ASEAN in 2000 is the visible side of this policy. China's "good neighbour" policy contains a wide variety of elements: a policy of trade and military influence over Burma, a so-called "strategic" partnership with ASEAN, a six-way dialogue around the issue of North Korea which is also an asset and a bargaining chip with the United States, "cold peace" with Japan and a Metternich-style organization for Central Asia, where the Shanghai Cooperation Organization hunts down terrorists and dissidents, familiarizes each member with security

apparatuses and serves as a collective framework for anti-hegemonic declarative diplomacy. But in contrast, it is important to mention the rapid and continuous rise in Chinese military expenditure and the persistent conflicts not only over Taiwan but also over maritime boundaries with many of its neighbours, in addition to a surprising irredentism toward India. These facts suggest other possible risks: no one really knows, in the era of President Hu Jintao's "harmonious world", if this more worrisome aspect is merely residual or the sign of a hegemony to come.

These reservations also explain the time lag in China's regional integration process in a key area, that of regional preventive diplomacy, if one excepts the signing of a declaration on conduct in the China Sea (2002) and of the ASEAN Friendship and Cooperation Treaty (2003).

While tempted to accept China's policy—reciprocal diplomatic courtesies and mutual economic benefits without significant Chinese military projection or strategic dispute—Asian countries nevertheless subscribe to an insurance policy with the United States. This remains true of South Korea, which today has discarded President Roh Moo-Hyun's populist nationalism; it is also true of Singapore, virtually an American base between the Pacific and Indian Oceans, where conservative politicians nonetheless predict China's superiority over the United States, the obliteration of a powerless Europe and, as a gift of God, the death of Western values (Kishore Mahbubani). These games should not make us

figure 87: **Inward FDI flows into selected Asian regional organizations, 1970-2006**





lose sight of the fact that Asian corporations and professional elites today speak a common language—that of investment and trade, profits and luxury consumerism, the acceptance of growing income inequality throughout the entire region, preference for an ever more economically liberal state unhindered by labour and social organizations. The circulation of capital through offshore financial markets, bank loans, the increase in money supply are again at the record level reached on the eve of the 1997 crisis: the region takes stock in the even more gigantic amount of its sterilized monetary reserves. The emergence of giants like China, and to a lesser extent India, strengthens growth throughout the entire region.

Recourse to India, a window that is not there

Is India a possible recourse for the West, whose value-oriented diplomacy today has been forsaken? Is it also a recourse for maritime Asia in search of a regional complement to the American alliance as well as a counterweight to China's rise and its overly opaque strategy? There is virtually no comparison between the flaring post-combustion phase of the Chinese economic rocket and the steady acceleration of the Indian giant. The former combines state interventionism, direct or indirect control of companies and capitalist mobilization of a labour force atomized by the exit from collectivism. The latter is pursuing gradual liberalization from the Anglo-Indian bureaucratic straitjacket, an internationalization of capital and professional elites, a recreation of regional and global diplomacy after the fall of the Soviet Union put an end to the neutralist posture of Nehru's and Gandhi's India. But it is pointless to credit India with strategic designs based on either the sharing of democratic values or a strategic "axis". Indisputably, Indian military power—which still involves major equipment purchases from Moscow—now follows recipes from the Pentagon and Israel. The 2006 signature of a civil nuclear pact with United States, implying grudging acceptance of the nuclear status of a state which is not a signatory to the NPT, has kindled speculations and probably concerns in China, the big loser in such a deal. The biggest obstacle to this pact, however, was not ratification by the US Congress, but demands from Indian Members of Parliament who were anxious to preserve the future development of nuclear weapons. As for India's role in its own region—the subcontinent and its regional organizations such as SAARC—it hardly serves as an example for regional integration in East Asia. Conflicts over the management of waters from the Himalayan rivers, a burdensome trusteeship over Bhutan, benign neglect—if not a policy of making things worse—in Nepal torn between monarchy, democrats and Maoists, an increased footprint in the generals' Burma, failure to mediate in the conflict in Sri Lanka, absenteeism at the SAARC: India's emergence should not mask the poor state of its periphery, including Bangladesh, today governed by its generals. The persistence of subregional conflicts, the Indian economy's lack of a spillover





effect, the contrast between domestic democracy and the growing major power syndrome—all this hardly positions India as an alternative model for Asia.

An adaptive balance, the worst solution except all others

These realistic observations can give rise to several optimistic conclusions. The emergence of a “Chindia”, a dream of expatriate financiers but a strategic and social nightmare for old industrial democracies, is highly unlikely. Competition between China and India is not only economic, but is also based on strong mutual strategic suspicions: the increase in bilateral exchanges is stimulating for companies in some sectors but remains an epiphenomenon on the macroeconomic level. The explosion of an original form of regionalism in East Asia—fewer institutions and common rules than in Europe, more ad hoc agreements, prevalence of firms over

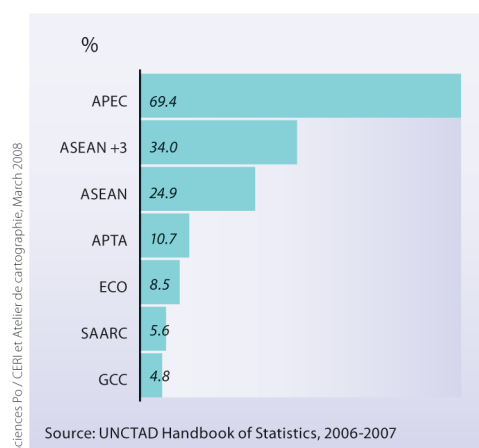
other actors—is actually at the root of prosperity. But it does not transcend the reality of states and peoples anxious above all to keep their distances, and, if they cannot do that, to ensure their security via a global, and not a regional policy.

The United States, and secondly Europe, still have roles to play. Despite the ageing of its population, and a parliamentary and civic democracy with such complex rules that they tend to override any political programme, Japan remains a step ahead through its technology, corporate models and societal modernity.

China’s and India’s economic booms do not herald competition between their models as much as is generally believed: the map of Asia is

rather being modified by the power wielded by the first, and by the competitive choice that the second offers. American power finds itself tempered and fragmented as a result: with Japan, the military alliance; with China, financial symbiosis that makes the sum of two Chinese and American imbalances the most prodigious overall factor of growth; with India, ASEAN and even certain Central Asian states, a diplomacy of reinsurance and counterweight that is far from encircling China. It is highly unlikely that the emergence of China and India will produce a real upheaval in the regional balance. The terms “rise” and “fall” reflect a geopolitical perception of Asia based on absolute criteria. This vision is primarily historic and Western. Many Asians prefer an image of shifts, adjustments and accommodation or appeasement, which all seem to them preferable to conflict.

figure 88: **Share in intraregional exports, 2006**



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