The Endangered Asian Century
America, China, and the Perils of Confrontation
By Lee Hsien Loong, July/August 2020

"In recent years, people have been saying that the next century will be the century of Asia and the Pacific, as if that were sure to be the case. I disagree with this view." The Chinese leader Deng Xiaoping made that argument to Indian Prime Minister Rajiv Gandhi in 1988. More than 30 years later, Deng has proved prescient. After decades of extraordinary economic success, Asia today is the world's fastest-growing region. Within this decade, Asian economies will become larger than the rest of the world's economies combined, something that has not been true since the nineteenth century. Yet even now, Deng's warning holds: an Asian century is neither inevitable nor foreordained.

Asia has prospered because Pax Americana, which has held since the end of World War II, provided a favorable strategic context. But now, the troubled U.S.-Chinese relationship raises profound questions about Asia's future and the shape of the emerging international order. Southeast Asian countries, including Singapore, are especially concerned, as they live at the intersection of the interests of various major powers and must avoid being caught in the middle or forced into invidious choices.

The status quo in Asia must change. But will the new configuration enable further success or bring dangerous instability? That depends on the choices that the United States and China make, separately and together. The two powers must work out a modus vivendi that will be competitive in some areas without allowing rivalry to poison cooperation in others.

Asian countries see the United States as a resident power that has vital interests in the region. At the same time, China is a reality on the doorstep. Asian countries do not want to be forced to choose between the two. And if either attempts to force such a choice—if Washington tries to contain China's rise or Beijing seeks to build an exclusive sphere of influence in Asia—they will begin a course of confrontation that will last decades and put the long-heralded Asian century in jeopardy.

THE TWO PHASES OF PAX AMERICANA

Pax Americana in Asia in the twentieth century had two distinct phases. The first was from 1945 to the 1970s, during the early decades of the Cold War, when the United States and its allies competed with the Soviet bloc for influence. Although China joined the Soviet Union to confront the United States during the wars in Korea and Vietnam, its economy remained inwardly focused and isolated, and it maintained few economic links with other Asian countries. Meanwhile, elsewhere in Asia, free-market economies were taking off. Japan's was the earlies.pdft to do so, followedby the newly industrializing economies of Hong Kong, Singapore, South

Korea, and Taiwan.

What made Asia's stability and prosperity possible was the United States. The United States championed an open, integrated, and rules-based global order and provided a security umbrella under which regional countries could cooperate and peacefully compete. American multinational corporations invested extensively in Asia, bringing with them capital, technology, and ideas. As Washington promoted free trade and opened U.S. markets to the world, Asian trade with the United States grew.

Two pivotal events in the 1970s shifted Pax Americana in Asia into a new phase: the secret visit to China in 1971 by Henry Kissinger, then the U.S. national security adviser, which laid the basis for U.S.-Chinese rapprochement after decades of hostility, and the launch, in 1978, of Deng's program of "reform and opening up," which allowed China's economy to take off. By the end of the decade, economic barriers were coming down, and international trade was growing rapidly. After the Vietnam War and the war in Cambodia ended, Vietnam and the other countries of Indochina were able to focus their energies and resources on economic development, and they started catching up with the rest of Asia.

Many Asian countries had long viewed the United States and other developed countries as their main economic partners. But they now increasingly seized the opportunities created by China's rapid development. Trade and tourism with China grew, and supply chains became tightly integrated. Within a few decades, China went from being economically inconsequential for the rest of Asia to being the region's biggest economy and major economic partner. China's influence in regional affairs grew correspondingly.

Still, Pax Americana held, and these radical changes in China's role took place within its framework. China was not in a position to challenge U.S. preeminence and did not attempt to do so. Indeed, it adopted as its guiding philosophy Deng's dictum "Hide your strength, bide your time" and prioritized the modernization of its agricultural, industrial, and science and technology sectors over building military strength.

Southeast Asian countries thus enjoyed the best of both worlds, building economic relationships with China while maintaining strong ties with the United States and other developed countries. They also deepened ties with one another and worked together to create an open architecture for regional cooperation rooted in the Association of Southeast Asian Nations. ASEAN played a central role in forming the Asia-Pacific Economic Cooperation in 1989, establishing the ASEAN Regional Forum in 1994, and convening the annual East Asia Summit since 2005.

China participates fully in these processes. Every year, the Chinese premier travels to an ASEAN member state to meet the ASEAN countries' leaders, well prepared to explain how China sees the region and armed with proposals to enhance Chinese cooperation with the grouping's members. As China's stake in the region has grown, it has launched its own initiatives, including the Belt and Road Initiative

and the Asian Infrastructure Investment Bank. These have helped deepen China's engagement with its neighbors and, of course, increased its influence.

But because the regional architecture is open, China's influence is not exclusive. The United States remains an important participant, underpinning regional security and stability and enhancing its economic engagement through initiatives such as the Asia Reassurance Initiative Act and the BUILD Act. ASEAN also has formal dialogue mechanisms with the European Union, as well as with India and many other countries. ASEAN believes that such a network of connections creates a more robust framework for cooperation and more space to advance its members' collective interests internationally.

So far, this formula has worked well. But the strategic basis of Pax Americana has shifted fundamentally. In the four decades since it began to reform and open up, China has been transformed. As its economy, technological capabilities, and political influence have grown exponentially, its outlook on the world has changed, as well. Chinese leaders today no longer cite Deng's maxim about hiding one's strength and biding one's time. China sees itself as a continental power and aspires to become a maritime power, too; it has been modernizing its army and navy and aims to turn its military into a world-class fighting force. Increasingly, and quite understandably, China wants to protect and advance its interests abroad and secure what it sees as its rightful place in international affairs.

At the same time, the United States, which is still the preeminent power in many dimensions, is reassessing its grand strategy. As its share of global GDP diminishes, it is unclear whether the United States will continue to shoulder the burden of maintaining international peace and stability, or whether it might instead pursue a narrower, "America first" approach to protecting its interests. As Washington asks fundamental questions about its responsibilities in the global system, its relationship with Beijing has come under increased scrutiny.

THE FUNDAMENTAL CHOICES OF THE UNITED STATES AND CHINA

The United States and China each face fundamental choices. The United States must decide whether to view China's rise as an existential threat and try to hold China back through all available means or to accept China as a major power in its own right. If it chooses the latter path, the United States must craft an approach to China that will foster cooperation and healthy competition wherever possible and not allow rivalry to poison the entire relationship. Ideally, this competition will take place within an agreed multilateral framework of rules and norms of the kind that govern the United Nations and the World Trade Organization WTO.

The United States is likely to find this a painful adjustment, especially with the growing consensus in Washington that engaging Beijing has failed and that a tougher approach is necessary to preserve U.S. interests. But however difficult the task will be for the United States, it is well worth making a serious effort to accommodate China's aspirations within the current system of international rules and norms.

This system imposes responsibilities and restraints on all countries, strengthens trust, helps manage conflicts, and creates a safer and stabler environment for both cooperation and competition.

If the United States chooses instead to try to contain China's rise, it will risk provoking a reaction that could set the two countries on a path to decades of confrontation. The United States is not a declining power. It has great resilience and strengths, one of which is its ability to attract talent from around the world; of the nine people of Chinese ethnicity who have been awarded Nobel Prizes in the sciences, eight were U.S. citizens or subsequently became U.S. citizens. On the other side, the Chinese economy possesses tremendous dynamism and increasingly advanced technology; it is far from being a Potemkin village or the tottering command economy that defined the Soviet Union in its final years. Any confrontation between these two great powers is unlikely to end as the Cold War did, in one country's peaceful collapse.

For its part, China must decide whether to try to get its way as an unencumbered major power, prevailing by dint of its sheer weight and economic strength—but at the risk of strong pushback, not just from the United States but from other countries, too. This approach is likely to increase tensions and resentment, which would affect China's standing and influence in the longer term. This is a real danger: a recent survey by the Pew Research Center found that people in Canada, the United States, and other Asian and western European countries have increasingly unfavorable views of China. Despite China's recent efforts to build soft power abroad—through its network of Confucius Institutes, for example, and through Chinese-owned international newspapers and television outlets—the trend is negative.

Alternatively, China could acknowledge that it is no longer poor and weak and accept that the world now has higher expectations of it. It is no longer politically justifiable for China to enjoy the concessions and privileges it won when it was smaller and less developed, such as the generous terms under which it joined the WTO in 2001. A larger and more powerful China should not only respect global rules and norms but also take on greater responsibility for upholding and updating the international order under which it has prospered so spectacularly. Where the existing rules and norms are no longer fit for purpose, China should collaborate with the United States and other countries to work out revised arrangements that all can live with.

The path to creating a new order is not straightforward. Powerful domestic pressures impel and constrain both countries' foreign policy choices. Foreign policy has featured little in the current U.S. presidential campaign, and when it has, the prevailing focus has been variants of the theme of "America first." In China, the leadership's overriding priority is to maintain internal political stability and, after enduring nearly two centuries of weakness and humiliation, to manifest the confidence of an ancient civilization on the rise again. So it cannot be taken for granted that the United States and China will manage their bilateral relations based on ra-

tional calculations of their national interests or even share a desire for win-win outcomes. The countries are not necessarily set on a course of confrontation, but confrontation cannot be ruled out.

DYNAMICS IN THE ASIA-PACIFIC

These dynamics will play out all over the world, but one crucial arena will be the Asia-Pacific. The United States has always had vital national interests in this region. It expended blood and treasure fighting the Pacific War to defeat Japan, a war in which the United States nearly lost three future presidents. It fought two costly wars in Korea and Vietnam, which bought precious time for noncommunist countries in Asia to consolidate their societies and economies and win the battle of hearts and minds against communism.

The United States' generous, open policies that have so greatly benefited the Asia-Pacific derived from deep-rooted political ideals and its self-image as "a city upon a hill" and "a light unto the nations," but they also reflected its enlightened self-interest. A stable and prospering Asia-Pacific was first a bulwark against the communist countries in the Cold War and then an important region of the world comprising many stable and prosperous countries well disposed toward the United States. To U.S. businesses, the Asia-Pacific offered sizable markets and important production bases. Unsurprisingly, several of the United States' staunchest allies are in Asia, such as Australia, Japan, and South Korea, and so are some of its long-standing partners, such as Singapore.

China has vital interests in the region, too. In Northeast Asia, the Second Sino-Japanese War and the Korean War still cast long shadows. In Southeast Asia, China sees a source of energy and raw materials, economic partners, and important sea lines of communication. It also sees chokepoints in the Strait of Malacca and the South China Sea that must be kept open to protect China's energy security. But one critical difference with the United States is that China sees the Asia-Pacific as its "near abroad," to borrow a Russian expression, and thus as essential to its own security.

Chinese President Xi Jinping has said that the Pacific Ocean is big enough to accommodate both the United States and China. But he has also said that Asian security should be left to Asians. A natural question arises: Does Xi think that the Pacific Ocean is big enough for the United States and China to coexist peacefully, with overlapping circles of friends and partners, or that it is big enough to be divided down the middle between the two powers, into rival spheres of influence? Singapore and other Asia-Pacific countries have no doubt which interpretation they prefer. Although they may not have much influence over how things will turn out, they fervently hope not to be forced to choose between the United States and China.

The U.S. security presence remains vital to the Asia-Pacific region. Without it, Japan and South Korea would be compelled to contemplate developing nuclear

weapons; both are nuclear threshold states, and the subject already regularly surfaces in their public discourse, especially given North Korea's growing nuclear weapons capabilities. Such developments are fortunately still hypothetical, but their prospect is conducive neither to stability in Northeast Asia nor to nonproliferation efforts globally.

In Southeast Asia, the U.S. Seventh Fleet has contributed to regional security since World War II, ensuring that sea lines of communication remain safe and open, which has enabled trade and stimulated economic growth. Despite its increasing military strength, China would be unable to take over the United States' security role. Unlike the United States, China has competing maritime and territorial claims in the South China Sea with several countries in the region, which will always see China's naval presence as an attempt to advance those claims.

Another obstacle that would prevent China from taking over the security role currently played by the United States stems from the fact that many Southeast Asian countries have significant ethnic Chinese minorities, whose relations with the non-Chinese majority are often delicate. These countries are extremely sensitive about any perception that China has an inordinate influence on their ethnic Chinese populations—especially recalling the history of China's support for communist insurgencies in Southeast Asia until the early 1980s. Those sensitivities will constrain China's role in Southeast Asian affairs for the foreseeable future.

Singapore is the only Southeast Asian country whose multiracial population is majority ethnic Chinese. In fact, it is the only sovereign state in the world with such demographics other than China itself. But Singapore has made enormous efforts to build a multiracial national identity and not a Chinese one. And it has also been extremely careful to avoid doing anything that could be misperceived as allowing itself to be used as a cat's-paw by China. For this reason, Singapore did not establish diplomatic relationswith China until 1990, making it the final Southeast Asian country, except for Brunei, to do so.

Of course, Singapore and all other Asian countries want to cultivate good relations with China. They hope to enjoy the goodwill and support of such a major power and to participate in its growth. Global supply chains—whether for aircraft, cellular phones, or surgical masks—link China and other Asian countries closely together. China's sheer size has made it the largest trading partnerof most other Asian countries, including every treaty ally of the United States in the region, as well as Singapore and nearly every other ASEAN country.

It would be very difficult, bordering on impossible, for the United States to replace China as the world's chief supplier, just as it would be unthinkable for the United States itself to do without the Chinese market, which is the third-largest importer of U.S. goods, after Canada and Mexico. But neither can China displace the United States' economic role in Asia. The global financial system relies heavily on U.S. financial institutions, and the renminbi will not replace the U.S. dollar as the world's reserve currency anytime soon. Although the other Asian countries

export more to China than to the United States, U.S. multinational corporations still form the largest source of foreign investments in many Asia-Pacific countries, including Singapore. China's major companies are starting to invest abroad, but it will be many years before China has multinational corporations of the same scale and sophistication as those based in the United States, which tie global production chains together, link Asia with the global economy, and create millions of jobs.

For these reasons, Asia-Pacific countries do not wish to be forced to choose between the United States and China. They want to cultivate good relations with both. They cannot afford to alienate China, and other Asian countries will try their best not to let any single dispute dominate their overall relationships with Beijing. At the same time, those Asian countries regard the United States as a resident power with vital interests in the region. They were supportive—some more overtly than others—when U.S. President Barack Obama declared that the United States intended to "rebalance" American foreign policy toward Asia. They take comfort that although the Trump administration has raised issues of cost and burden sharing with its friends and allies, it has also put forward a strategy for the Indo-Pacific region and announced its intention to build up the U.S. military's Indo-Pacific Command.

But those Asian countries also recognize that the United States is a global hyperpower, with far-flung preoccupations and urgent priorities all over the world. They are realistic that should tensions grow—or, even worse, should conflict occur—they cannot automatically take U.S. support for granted. They expect to do their part to defend their countries and interests. They also hope that the United States understands that if other Asian countries promote ties with China, that does not necessarily mean that they are working against the United States. And of course, these Asian countries hope for the same understanding from China, too, if they strengthen their ties with the United States.

AN INCLUSIVE REGIONAL ARCHITECTURE

The United States and China are not the only major countries with a great deal of influence in the region; other players also have significant roles. Japan, in particular, has much to contribute to the region, given the size and sophistication of its economy. Under Prime Minister Shinzo Abe, it has contributed more actively than before. For example, after the United States withdrew from the Trans-Pacific Partnership in 2017, Japan stepped up. It galvanized the remaining 11 members to complete the Comprehensive and Progressive Agreement for Trans-Pacific Partnership CPTPP, which brings together developed and developing countries on both sides of the Pacific Ocean and is a step toward free trade in the Asia-Pacific region.

India also enjoys a great deal of potential influence. Under Prime Minister Narendra Modi, India has declared a strategic shift through its Act East Policy, and other countries look forward to seeing this policy put into action. The East Asia Summit includes India as a member because other members hoped that as India's econ-

omy grew, it would see more value in regional cooperation. India was also one of the original countries negotiating to form the Regional Comprehensive Economic Partnership, a proposed free-trade agreement that aims to integrate all the major economies in the Asia-Pacific, similar to the way that the North American Free Trade Agreement now the U.S.-Mexico-Canada Agreement linked together countries in North America. After extensive negotiations, India decided last year not to join the RCEP; the remaining 15 participating countries are moving forward, although without India, something significant has been lost.

As most Asian countries recognize, the value of such agreements goes beyond the economic gains they generate. They are platforms that enable Asia-Pacific countries to cooperate with one another, develop stakes in one another's success, and together mold the regional architecture and the rules that govern it. Such regional arrangements must be open and inclusive. They should not, whether by design or result, keep any party out, undermine existing cooperation arrangements, create rival blocs, or force countries to take sides. This is why CPTPP members have left the door open for the United States to sign on once again, and why the countries that are working to form the RCEP still hope that India will join one day.

This is also the basis on which Asia-Pacific countries support regional cooperation initiatives such as the various Indo-Pacific concepts proposed by Japan, the United States, and other countries, as well as China's Belt and Road Initiative. Many other Asian countries view supporting the Belt and Road Initiative as a constructive way to accommodate China's growing influence in the region. If implemented well and with financial discipline, the initiative's projects can strengthen regional and multilateral cooperation and address the pressing need for better infrastructure and connectivity in many developing countries. Some such projects have been criticized for lacking transparency or viability, but there is no reason to believe that all of the initiative's projects, by definition, will impose unsustainable financial burdens on countries or prevent them from growing their links with other major economies. Such consequences would not serve China's interests, either, since they would undermine its international standing and influence.

Developing new regional arrangements does not mean abandoning or sidelining existing multilateral institutions. These hard-won multilateral arrangements and institutions continue to give all countries, especially smaller ones, a framework for working together and advancing their collective interests. But many existing multilateral institutions are in urgent need of reform: they are no longer effective, given current economic and strategic realities. For instance, since the conclusion of the Uruguay Round of trade negotiations in 1994, the WTO has found it increasingly difficult to reach meaningful trade agreements, because any deal requires consensus from its 164 members, which have hugely divergent interests and economic philosophies. And since last year, the WTO's Appellate Body has been paralyzed by the lack of a quorum. This is a loss for all countries, which should work constructively toward reforming such organizations rather than diminishing their effectiveness or bypassing them altogether.

A FERVENT HOPE

The strategic choices that the United States and China make will shape the contours of the emerging global order. It is natural for big powers to compete. But it is their capacity for cooperation that is the true test of statecraft, and it will determine whether humanity makes progress on global problems such as climate change, nuclear proliferation, and the spread of infectious diseases.

The COVID-19 pandemic is a stark reminder of how vital it is for countries to work together. Diseases do not respect national borders, and international cooperation is desperately needed to bring the pandemic under control and reduce damage to the global economy. Even with the best relations between the United States and China, mounting a collective response to COVID-19 would be hugely challenging. Unfortunately, the pandemic is exacerbating the U.S.-Chinese rivalry, increasing mistrust, one-upmanship, and mutual blame. This will surely worsen if, as now seems inevitable, the pandemic becomes a major issue in the U.S. presidential election. One can only hope that the gravity of the situation will concentrate minds and allow wiser counsel to prevail.

In the meantime, Asian countries have their hands full, coping with the pandemic and the many other obstacles to improving the lives of their citizens and creating a more secure and prosperous region. Their success—and the prospect of an Asian century—will depend greatly on whether the United States and China can overcome their differences, build mutual trust, and work constructively to uphold a stable and peaceful international order. This is a fundamental issue of our time.