The ruins of the 16th century St Paul’s Church sit atop a hill above Malacca, the Malaysian port city and an increasingly popular world heritage destination. At Christmas, tour parties from mainland China—in pursuit of, as one tour operator announces, ‘a new aristocratic demeanour’—swarm up the hillside taking selfies besides the mute gravestones of 17th century Dutch and English merchants. Local Muslim families allow their children to clamber over the statue of St Francis Xavier, the Jesuit missionary who first brought Christianity to Southeast Asia. Merchants hustle cold drinks, cheap batik prints and fake watches from stalls around the ruined church. From a corner of what remains of the nave a local singer belts out the chorus to the 4 Non Blondes 1992 hit ‘What’s Up?’.

Well might he ask. Cultural dissonance is everywhere on display in Malacca. The site of a mythic Malay sultanate before its successive occupation by the Portuguese in 1511, the Dutch in 1641, and the British from 1819 until independence in 1957, the city is a fusion of Malay, Chinese and European influences that make up its unique Peranakan culture.

Malacca (Melaka) historically functioned as an entrepot for Asian trade, the source of its initial attraction to Portuguese and Dutch merchant adventurers. It also interested Ming dynasty China. The Yongle emperor commissioned seven tributary missions under the command of the eunuch Admiral Zheng He to the South China Sea and beyond between 1405-1430. All these expeditions stopped at Malacca en route to the Indian Ocean and the East coast of Africa.

Today it is not only Chinese tourists who descend on Malacca. Xi Jinping envisages Malaysia as a key link in the Belt and Road (BRI) initiative and ‘string of pearls’ (Chinese-built ports) stretching from the Bay of Bengal through the Straits of Malacca to Hong Kong and beyond. The BRI can thus be seen the outward and visible sign of the ‘China Dream’ to restore China to its historic pre-colonial role as the Central Kingdom.

Chinapower funds the US$7.2 billion Melaka Gateway project constructing a deep-sea port and an entertainment hub. Chinese investment also funds the Carey Island port city development further up the Straits as well as an East Coast rail link ultimately intended to connect Malaysia via Laos and Thailand to southern China. China is now Malaysia’s major source of Foreign Direct Investment (FDI) and largest trading partner.

Given that the Straits of Malacca constitute a major choke point for world shipping, the symbolic and strategic impact of the investment has set off alarm bells in Singapore already at odds with the PRC over its support for the BRI. The symbolic and strategic impact of the investment has set off alarm bells in Singapore already at odds with the PRC over its support for the BRI.
for the Hague tribunal’s 2016 ruling condemning China’s island reclamation activity in the South China Sea. By contrast, Malaysia ignored the ruling in exchange for Chinese investment.

Xi Jinping’s economic and strategic ambition does not stop in Southeast Asia. It extends across the Eurasian continent. Symbolising the growing Chinese economic and financial reach, in January 2017 a freight train from the eastern Chinese city of Yiwu pulled into the container depot in Barking, London. The 12,000 km journey along the so-called New Eurasian Land Bridge took 18 days—half the time it takes to ship containers by sea via the Suez Canal. The UK already perceives its post-Brexit future as a global commercial and financial hub linked to Beijing as much as the US.

Less well advertised is China’s growing influence and investment in Central and Eastern Europe (CEE). Since 2012 China has established a ‘16+1’ mechanism, where Chinese government officials meet with leaders from 16 CEE and Balkan countries. A Chinese state-owned enterprise is now building a high-speed rail link between Belgrade and Budapest. President Orbán’s increasingly illiberal government—which, like his fellow Visegrád group members, is exasperated by European Union dictats on immigration—sees Hungary’s future as a middle European gateway to Chinese investment.

Elsewhere in the disintegrating Eurozone the China Ocean Shipping Company has acquired 51% of the Piraeus Port Authority in Athens, with the Belgrade-Budapest rail line envisaged as the first


Note: The Asian Infrastructure Investment Bank (AIIB), a new multilateral bank established by China and headquartered in Beijing, aims to address ‘the daunting infrastructure needs across Asia and beyond’. Unlike the Japan-initiated Asian Development Bank and the US-led World Bank, it has no overarching mission to reduce poverty. The AIIB’s approved membership (including prospective members) has risen from 57 at its formal launch in January 2016 to 84 as of December 2017. Conspicuous by their absence are Japan and the United States. For a list of all AIIB members, see https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html
stage in a transport corridor that would eventually convey sea-borne trade from the Chinese-run Piraeus to the heart of Europe.

The China dream is, then, more than a regional vision. It envisages Eurasian hegemony based on China’s market heft and capital investment. European infrastructure projects follow a pattern road tested in Southeast Asia. Beijing incentivises Chinese state-owned enterprises and state-owned banks to fill gaps in EU financing and investment in south-eastern Europe in return for political support for Chinese positions on issues like human rights, Tibet or the South China Sea. As the Trump administration’s National Security Strategy (2017) contended, ‘China is gaining a strategic foothold in Europe’ through ‘predatory’ and ‘unfair trade practices and investing in key industries, sensitive technologies and infrastructure’.3

Meanwhile Trump’s antipathy to free trade agreements, graphically illustrated by the US withdrawal from Obama’s Trans Pacific Partnership (TPP) in November 2017, indicates not only growing US disenchantment with the liberal multilateral order it created after 1945, but also the emergence of a ‘contested world’ as the recent Australian foreign policy white paper observed.4

What then does a Trump national security strategy that ‘puts America first’5 and the growing threat posed by ‘revisionist powers that seek to create a world consistent with their authoritarian models’6 mean not only for the future of Southeast Asia, but also for the Eurasian continent more generally and the struggle to dominate what the founder of geopolitics Sir Halford Mackinder in 1919 termed the ‘world island’?7

The geopolitical foundations of the US international order
Geopolitically, America and Australia are large islands off the larger landmass of Eurasia, a huge resource-rich area with some 70% of the world’s population. A great Eurasian heartland power, like China, could press simultaneously and by internal lines of communication upon all the peninsulas of the world island.8 After the Cold War Henry Kissinger still thought that: ‘The domination by a single power of either of Eurasia’s two principal spheres—Europe or Asia—remains a good definition of strategic danger for America . . . For such a grouping would have the capacity to outstrip America’.9 This is the threat that China’s dream now presents.

US grand strategy during the Cold War—in which Australia played a significant role in the Asia Pacific—largely adhered to Kissinger’s twin anti-hegemony strategy in Europe and East Asia. The mode of implementation was forward deployment, with the US Navy and Air Force as the main instruments of that strategy allied to favourable access to the US market and US technology for those states in Eurasia that accepted the US strategic calculus.

Forward deployment and the open market were the ante that let the US play in the regional politics of both sides of the Eurasian continent. The aim was to suppress regional security competitions so that potential hegemons could not exploit them. With the occasional exception, the strategy successfully contained and deterred the Soviet Union through to the end of the Cold War when the United States emerged triumphant as the world’s ‘paramount power’. But this era of unchallenged American supremacy is now coming to an end.

The domination by a single power of either of Eurasia’s two principal spheres—Europe or Asia—remains a good definition of strategic danger for America.

Today, whether in Europe—where the refugee crisis, Brexit and the revolt of the European masses together with Russia’s Middle Eastern and Middle European ambitions exploits growing European disunion—or in Asia—where the emergence of global giants China and India at the same historical moment threatens regional stability—a noodle bowl of security competitions haunts Eurasia. The rise of revisionist powers poised to take advantage of an increasingly interconnected but by no means integrated world contests the post-Cold War liberal multilateral order. What does this mean for the balance of power in the Asia Pacific and particularly Southeast Asia where Australian interests are both deeply involved and increasingly conflicted?10
Porous borders have eroded European unity and fragmented what the French poet diplomat Paul Valéry termed the ‘western appendix to Asia’. It is, however, in East Asia where, as Hillary Clinton observed in outlining Obama’s ‘pivot’ in 2011, ‘the future of [Eurasian] politics will be decided’.11 Echoing Clinton, in 2015 US Defence Secretary Ashton Carter observed that Asia ‘is the part of the world of greatest consequence to the American future, and no president can take his eye off of this’.12

But is this the Trump view, or more particularly the view of the more principled realist figures in his cabinet like Rex Tillerson, James Mattis and H.R. McMaster? This question assumes more pertinence given President Trump’s ‘America first’ approach to trade and foreign policy objectives.13 Has the Trump presidency unhinged not only the Obama pivot, but also the post-Cold War assumptions of US foreign policy in Asia? Given Trump’s unpredictability and suspicion of multilateralism and liberal international institutions like the United Nations and the World Trade Organisation, will an increasingly assertive China now fill the apparent US leadership vacuum?

What Nixon’s ‘strategic gamble’ recognised was the centrality of the nation-state to regional and international order. There is not only China and how it might cooperate, conflict or co-evolve with the US, but also new or newly empowered players in India and Japan whose national interests do not necessarily coincide with the US. How will middle powers like Indonesia, South Korea and Australia adjust to this fluid strategic environment? More particularly how will the competing economic and security demands of this complex environment affect the fragile states of Southeast Asia and their mission to build regional good citizenship on an ASEAN culture of cooperation, consensus and non-confrontation?

Pivot or pirouette?
After 1945, the United States determined the regional order in the Asia Pacific. The San Francisco Conference (1951) and the alliances that emanated from it, linking Japan, South Korea, Thailand, the Philippines, Australia and New Zealand to the Washington hub, anchored that order. Unlike the North Atlantic system, it sustained no multilateral security organisation. Its Asian equivalent, SEATO (1954-77) disintegrated in the wake of Richard Nixon’s 1972 rapprochement with China and the end of the Vietnam War.

What Nixon’s ‘strategic gamble’ recognised, however, and the infant Association of Southeast Asian Nations (ASEAN)—formed in 1967—inscribed in its Treaty of Amity and Cooperation (1976) was the centrality of the nation-state to regional and international order. All signatories to the Treaty recognised ‘non-interference in the affairs of member states’ as the basis for any cooperation.

Indeed, the new postcolonial states of Southeast Asia emerged during the Cold War as the Westphalian system’s most significant legatees, imbibing the necessity of reason of state more completely than in Europe where it first put in an appearance. As Henry Kissinger again observed, in Asia often ‘historically antagonistic peoples’ organised themselves as sovereign states and their states in regional groupings.’14 Commenting on this feature of foreign relations in 1970, Singapore Foreign Minister S. Rajaratnam averred that any regional institution had ‘to reconcile the theory of regionalism with the practice of nationalism’.15 Asian regionalism, unlike Europe’s, assumes the nation-state order.

The contested Indo-Pacific order
It is this order that the rise of China and the emergence of India has shaken. Even as inter-Asian trade and investment increased exponentially after the Asian Financial Crisis (1997), the pursuit of national interests and secure borders remains an enduring concern. China’s current assertiveness in the South China and East China Seas, and the ambiguous response it evokes, has exacerbated these regional verities.

Japan has responded to China’s increasing assertiveness in the East China Sea by seeking to normalise its constitution, permitting its self-defence force to ‘assist foreign countries in close relationship with Japan’ and intensifying its alliance ties with the United States—even sustaining
Obama’s Trans Pacific Partnership (TPP) despite Trump’s decision to leave it.\textsuperscript{16} Japanese Prime Minister Shinzo Abe also promotes investment in Southeast Asia, maritime links with Vietnam and the Philippines, and economic and security dialogue with Australia and India. Closer to home, Japan holds trilateral summits with South Korea and the United States that affirm a shared interest in democracy and a peaceful solution to the North Korean nuclear threat.

South Korea, meanwhile, distrusts both Japan and China, but holds irregular summits with them both.\textsuperscript{17} These began in 2008, ceased in 2012, and resumed briefly in 2015 until the US deployed its THAAD anti-ballistic defence system along the South Korean border in 2016 in response to the growing North Korean nuclear threat. Subsequently, Chinese sanctions damaged the South Korean economy. President Moon Jae-in’s attempt to resolve the dispute in December 2017 resulted only in ritual humiliation during a brief diplomatic visit to Beijing.

Moreover, as the joint Korean participation in the Seoul Winter Olympics demonstrates, South Korea considers its relationship with its northern counterpart ‘special’ and different from that of either China, Japan or the US. Elsewhere in Northeast Asia, the 2016 election of an independence-minded president of Taiwan, Tsai Ing-wen, further exacerbated tensions with the mainland over the ‘one China principle’ that Nixon’s 1972 gamble somewhat impulsively acknowledged.

South Korea, like Japan and China, also seeks to leverage influence beyond its backyard. South Korea, ‘a shrimp among whales’, wants to build an unlikely middle power grouping within the G20 comprising Mexico, Indonesia, Turkey and Australia (MIKTA). Japan, by contrast, conducts mini-lateral dialogues with Australia, India and the US. China’s assertiveness has driven India and Japan closer.\textsuperscript{18} Since 2011, building a strategic alliance with its fellow Asian democracy has become a cornerstone of Japan’s expanded defence strategy. It coincides with India’s growing apprehension over China’s naval incursions into the Indian Ocean and its burgeoning security and economic ties with Pakistan, India’s traditional foe, and Sri Lanka. Meanwhile, in 2016, a half century after their border war (1962) Indian ‘talks’ with China entered their 18th round with no sign of a resolution.

China, in other words, has pushed non-aligned India into the Western sphere. In the process it has extended the geographical and maritime scope of competition westward into South Asia, extending the regional contest into the Indo Pacific. The Pacific and Indian Oceans carry the bulk of the world’s trade and the Malacca Straits, where China has a growing presence, link the two oceans. It is in Southeast Asia that the hopes and fears of China’s dream of regional if not eventual Eurasian hegemony converge.

\textbf{China has pushed non-aligned India into the Western sphere.}

In 2007, the PRC denounced quadrilateral military exercises proposed by India, the US, Australia and Japan as a putative ‘Asian NATO’. As China extended its presence in the Indian Ocean and South China Sea, and its political influence in Naypidaw and Lahore, India, Japan and the US began a trilateral dialogue in 2011. By 2017 this had evolved into a Quadrilateral dialogue involving Australia as well. India’s entry into an extended US alliance system as ‘a major defence partner’ that links Washington, Tokyo and Canberra with New Delhi represents one enduring legacy of China’s rise and the Obama pivot.\textsuperscript{19}

At the same time as India embarked on its slow passage to Washington, it also looked East for economic growth. Since 2002, India has prioritised ties with Southeast Asia and in 2009 concluded an FTA with ASEAN, investing more in Southeast Asia than it does in China.

Meanwhile Japan, China and South Korea have each signed FTAs with ASEAN and belong to the ASEAN plus 3 grouping that mutated into the East Asian summit after 2005. The ASEAN-led but China-backed Regional Economic Partnership (RCEP) brings under one umbrella these various bi- and tri-lateral trade deals, although the recently revived Japan-driven TPP (minus the US) competes with this initiative.

An integrated ASEAN Economic Community would have a population of 600 million and a combined GDP that would make it the seventh
largest economy on the planet. However, the states that form ASEAN vary greatly in regime type and level of economic and social development. Since the 1970s the US has nonetheless emphasised ASEAN’s importance, whilst Trump’s National Security Strategy considers it the centrepiece of ‘the Indo-Pacific regional security architecture’. But does ASEAN actually ‘develop shared solutions to shared challenges . . . ensuring that collective multilateral operations are the norm rather than the exception’ in the region, as US Defence Secretary Chuck Hegel averred in June 2014 at the aptly-named Shangri-La security dialogue in Singapore?

China refers to itself in meetings with ASEAN as ‘big brother’ guiding its ‘little’ South East Asian ‘brothers’.

Chinese power and soft regionalism’s false promise

In November 2015, the Singapore National Gallery re-opened in the specially converted colonial era Supreme Court Building. Its collection of Southeast Asian art formed the focus of its first exhibition. Between Declarations and Dreams traced the development of art in the region during the colonial and postcolonial eras. The title referred to Indonesian poet, Chairil Anwar’s, poem Karawang Besaki. Written by fighters who fell in the independence struggle against the Dutch in 1948, they implore: ‘We who are now dead/ give us significance/Keep watch over the line between declarations and dreams’.

The gap between declarations and dreams haunts the political imagination of the ten Southeast Asian states that comprise ASEAN as they come to terms with the competing economic and political realities of a rapidly changing region that is once again the focus of great power competition for territory and resources.

Unusually in the history of international relations, the weak states of Southeast Asia have established the only meaningful architecture for the multilateral resolution of regional disputes. How this arrangement has come to influence regional discourse is curious given that, since its inception in 1967, it has largely ignored longstanding territorial disputes owing to ASEAN’s commitment to internal resilience and non-interference. Bilateral disputes also frequently disturb inter-ASEAN relations and hinder effective cooperation.

At the 31st ASEAN summit in Manila held in November 2017 the grouping turned a predictable blind eye to events in Burma/Myanmar. ASEAN and China agreed to a framework to negotiate a code of conduct in the South China Sea, but it was non-binding, which suited China. At the same time, Australia and the US recited the now familiar mantra calling on all parties in the dispute to abide by international law.

China’s proactive ASEAN economic diplomacy forms part of a broader strategy that imbricates its neighbours in a web of incentives that raises the ante for calling China over ‘either territorial or economic disputes’. As one Vietnamese academic observed, China refers to itself in meetings with ASEAN as ‘big brother’ guiding its ‘little’ South East Asian ‘brothers’. And big brother increasingly determines the regional security agenda. Significantly, China finds ASEAN-style multilateralism conducive to promoting its national interest. This is most apparent on the South China Sea, the region’s ‘major fault line’. The dispute dates from the 1951 San Francisco Treaty which failed to stipulate possession of the Spratly island chain after Japan lost its title in 1945. It developed into a regional conflict when a number of claimants began extracting resources from the seabed contiguous to their Exclusive Economic Zones. China, Taiwan (which holds the largest Spratly island), and four ASEAN states—Brunei, Malaysia, the Philippines and Vietnam—all claim or occupy islands and reefs in the South China Sea.

The dispute assumed its current form in February 1992 when China laid claim to the entire South China Sea on the basis of its alleged historic hegemony. It subsequently became becalmed in ASEAN’s non-binding dialogue processes. China’s engagement in these processes has been a cost-free investment in public relations. Thus, no progress had been made on resolving China’s ‘uncontestable’ claim to the South China Sea.

The shift from a soft to a hard line or from ‘smile’ to ‘frown’ diplomacy, moreover, always remains a Chinese option. A stand-off between Chinese and Philippine naval vessels near the
Scarborough shoals in the Spratly Island chain in 2012 announced the harder line. In response, the ASEAN members divided, failing for the first time to agree on a post-summit communiqué at the annual Foreign Ministers’ Summit in June 2012. Shortly afterwards, Philippine President Aquino ditched the ASEAN process, referring the dispute with China to the Hague’s International Tribunal for the Law of the Sea. In July 2016 the Tribunal found that China’s claim to 85% of the South China Sea had ‘no legal basis’. China dismissed the decision as ‘preposterous’.24

Policymakers nevertheless continue to assert their confidence in ASEAN’s processes. As the situation evolved between 2012 and 2018, China applied a compelling mixture of smile and frown diplomacy. At the Brunei Summit in October 2013, the PRC proposed a new treaty of friendship, ushering in a ‘diamond decade’. As The Straits Times observed, ‘the implicit message was that China had sufficiently deep pockets to offer a ‘slew of sweeteners in the form of billion dollars of development projects’.25 These deep pockets appeared to convince the new Philippine President Duterte, in a stunning about-face in 2016, to dismiss the Hague ruling in return for the promise of Chinese investment.

China’s diplomacy has caused a ‘sea change’ in the regional strategic balance. Hence although Chinese premier Li Keqiang envisages a ‘common destiny’, it is also one of asymmetric dependence. China’s understanding of regionalism assumes a Chinese core operating across its Southeast Asian periphery. The relationship is one of reciprocity, but failure to respect China invokes the frown. Thus when the Philippines or Vietnam reject China’s interpretation of its history and territory, they suffer sanctions in terms of investment and market access.

Chinese statecraft has fragmented ASEAN, sucking Cambodia, Laos and Myanmar and more recently Malaysia into its orbit. Vietnam gravitates to the US, whilst Singapore, Thailand, Brunei and the Philippines hedge between the US and China. Meanwhile, Indonesia’s foreign policy oscillates between indifference and ambiguity. Rather than advancing regional norms, ASEAN now finds itself between a rock and a hard place. As former ASEAN Secretary General Ong Keng Yong observed ‘in crude terms’, China was ‘doing divide and rule’.26

The South China Sea dispute demonstrates how a more powerful actor, China—unconstrained by ASEAN’s norms—advances its grand strategic design, gaining control of both the maritime and economic space in a manner familiar to players of Weiqi (Go), where each side tries to achieve relative advantage through strategic encirclement. A talented player moves into the ‘empty’ spaces on the board, gradually mitigating the strategic potential of the adversary.27

Principled realism or regionalism?
The incoherence of ASEAN’s response to a range of security and economic issues exposes the multilateralist delusion that norms can transform interests into a shared regional identity. It has also given the PRC a taste for multilateralism à la Chine, manipulating international institutions to its own purposes and exploiting the Trump administration’s growing dissatisfaction with the multilateral regimes like the UN and WTO that the US established after 1945.

In Southeast Asia—as will soon become clear to Europeans—middle powers and weaker states need to recognise the first principle of diplomacy, namely that a great power can only be balanced by a great power. The smaller and weaker ASEAN states, as the South China Sea dispute demonstrates, cannot balance China alone. ASEAN states therefore need the US.

Moreover, the US has never sought to contain China’s rise. What does concern the US, however, is regional balance. With North Korea and maritime and trade tensions making the headlines, the US presence is necessary to protect regional freedoms that China’s actions jeopardise. The US has a stake both in reassuring its allies and protecting its trade with the most vibrant region of the world economy. However, Trump’s unpredictability worries its regional allies, even, it would seem, in Australia.
Ironically, the Chinese also have an interest, at least in the short term, in a US that prudently engages with and balances their rising power. Indeed, if the US disengaged from Asia, regional tensions would rapidly escalate. Japan would plausibly acquire nuclear weapons, particularly against a proven North Korean threat. In such circumstances, Chinese confrontation with Japan would intensify, and India and Pakistan would be drawn into the conflict. Rising nationalism would see the South Koreans hedge between China, Japan, and an emboldened North Korea. Meanwhile hedging states in Southeast Asia and the Pacific—from Thailand and Singapore to Australia—would have to make some hard choices.

If all this sounds like common sense, it bears noting that common sense has been in short supply in the region in recent years. Regional states have prioritised economics over strategy and politics. Yet as a Mao-era aphorism maintained, the people have to concern themselves with politics because even if they don't care about politics, politics cares about them. The principle still applies. Politics is alive and well in the region.

Proactive diplomacy, statecraft and principled but realist US engagement—as the National Security Strategy suggests—are now needed more than ever. This could prompt a more prudent version of the ‘China dream’ in order to contain regional conflict rather than exacerbate it. The alternative, as Nixon worried shortly before he died, was that opening to China had unleashed ‘a Frankenstein [‘s monster]’.28

Endnotes

1 These include the 11 EU member countries of Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia as well as five EU accession countries from the Western Balkans: Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia.


5 NSS, p.1


8 As above.


10 This is the implication of the Australian 2017 Foreign Policy White Paper which asserts ‘the centrality of the US alliance’ to Australia’s security whilst at the same time viewing ‘strengthening our comprehensive strategic partnership with China’ as ‘vital’ (see note 4), p. 37.


16 Rosemary Foot, ‘Identity politics and the US rebalance to Asia’ (Seoul: East Asia Institute, March 2016).

17 Yong Sun Ha and Yul Sohn The Co-evolution of Korea and Japan (Seoul: East Asia Institute, August 2015)

18 ‘Come Together on the Abe Road’, The Economist (12 December 2015).

19 Majuri Mukherjee, ‘India walking the line between China and the US’, The Diplomat (27 April 2016).

20 Goldberg, ‘The Obama Doctrine’; NSS, p.46.


23 Australian Government, Foreign Policy White Paper, p.46


25 ‘China’s Overtures to Cement Ties with ASEAN’, Straits Times (12 October 2013).

26 ‘China’s Island Building Lacks Strategic Logic’, Financial Times (28 October 2015)


28 NSS, p.55.