

THE BROOKINGS INSTITUTION

BROOKINGS CAFETERIA PODCAST

US-CHINA STRATEGIC RIVALRY IN SOUTHEAST ASIA

Washington, D.C.

Tuesday, February 9, 2021

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PROCEEDINGS

DEWS: Welcome to the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews. In the special episode, a discussion about a new book from the Brookings Institution Press titled "Rivalry and Response: Assessing Great Power Dynamics in Southeast Asia." In this timely volume, leading experts from Southeast Asia, Australia and the United States assess great power dynamics between the U.S. and China in the region by examining the strategic landscape, domestic governance trends and economic challenges in Southeast Asia.

The book's editor is Jonathan Stromseth, who hosted the Lee Kuan Yew Chair in Southeast Asian Studies and is a senior fellow in Foreign Policy, the Center for East Asia Policy Studies and the John L. Thornton China Center. Joining him on the show is one of the book's contributors, senior fellow David Dollar, who also hosts the podcast Dollar & Sense: The Brookings Trade podcast. Bill Finan, director of the Brookings Institution Press, conducts the interview.

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And now here's Bill Finan with Jonathan Stromseth and David Dollar.

FINAN: Thanks, Fred, and hello, Jonathan. David, thanks for coming by this afternoon to talk about the new book, "Rivalry and Response: Assessing Great Power Dynamics in Southeast Asia." I want to ask a very general question to start off. Can you define Southeast Asia for those who are listening?

STROMSETH: Sure. Southeast Asia is a diverse and economically dynamic region of about 650 million people and 11 countries ranging from modern city states like Singapore to far flung archipelagos like Indonesia. Ten of these countries belong to the Association of

Southeast Asian Nations, commonly known as ASEAN, a body that has traditionally sought to manage the engagement of great powers in the region. However, that task has become much more complicated in recent years, as Southeast Asia has emerged as a testing ground for China's rise and also a hotbed of strategic rivalry between Beijing and Washington. The U.S. itself has two treaty allies in Southeast Asia--Thailand and the Philippines--and American companies also channel a lot of foreign investment to the region. Meanwhile, China is drawing Southeast Asia closer economically through trade and its Belt and Road Initiative and also taking aggressive actions to enforce its territorial claims in the South China Sea.

FINAN: So, you've answered the question, who are the great powers in the book's title--China and the United States. But you also in the book discuss the Quad, which includes Japan and India. And I just was curious how large a role do they play?

STROMSETH: The Quad also includes Australia and is a short way of describing a quadrilateral security dialog that includes Australia and as you say, Japan, India and the US. It's actually been around since 2007, but has gained momentum in recent years because of a common concern about China's growing power and influence in the Indo-Pacific. Essentially, the Quad complicates life for ASEAN, which prefers to promote its concept of ASEAN centrality, or the notion that ASEAN provides the central platform within which regional institutions are anchored. So in a way, the Quad's revival has stolen some of ASEAN thunder as it emerges as a counterweight to China, whereas ASEAN wants to play a more central role in managing great power involvement in the region, including the nature of China's engagement.

FINAN: I was curious about how the book came about. What was the genesis of it?

STROMSETH: A couple of years ago, Brookings decided to launch a trilateral initiative with experts from the US, Australia and Southeast Asia. Typically, such initiatives

focus on defense and security issues like maritime challenges in the South China Sea. We are addressing those issues, but decided to widen the aperture and also look at domestic governance trends in the region. Asking whether great power rivalry and China's rise are having an impact at that level. Is democracy on the wane, for instance? And is authoritarianism on the rise? And finally, we're focusing on economic challenges, especially with regard to infrastructure.

FINAN: You mentioned China's Belt and Road Initiative a moment ago. Could you explain exactly what that is and also how it involves Southeast Asia?

STROMSETH: I really defer to David on that one.

DOLLAR: The Belt and Road Initiative was launched in 2013 by two speeches from China's President Xi Jinping, one in Kazakhstan, about restoring the ancient Silk Road--the overland routes from China to Europe, and the other speech in Indonesia creating a kind of a new concept of a maritime silk road, which is really just China sort of opportunistically defining this corridor that goes south from China through the South China Sea, the Indian Ocean on to Europe.

And so China has a lot of different elements of this belt and road. But the most important is its financing infrastructure in countries that want to borrow from it for infrastructure. And mostly this is power and transport, rail and roads. You've got some major countries in the area like India, which is not part of Southeast Asia, but just slightly to the west. India is not participating in China's Belt and Road, but Pakistan next door is borrowing very extensively. And in Southeast Asia, Indonesia, Malaysia, they've been largest absolute borrowers. Laos and Cambodia are somewhat smaller economies, but they've borrowed quite a lot relative to their economy. Vietnam is a little bit more like India. So you've got a hodgepodge of some economies feel comfortable borrowing from China for this kind of

infrastructure, and others are mostly focused on their geostrategic competition with China. And they don't really want China involved in their infrastructure.

FINAN: The Belt and Road Initiative doesn't include, then, China's economic development programs that it has launched in, say, Latin American countries in Africa. That's something entirely separate?

DOLLAR: No, actually, in my writing, Bill, I argue that while the speeches I mentioned gave a clever branding to what China is doing, in fact, it's a global program. They're actually lending more to Africa than they are to Southeast Asia, for example, in the recent years. Latin America also quite significantly, Brazil, Venezuela. So it's really a global program. And that BRI label is a kind of branding, but it's really about China financing infrastructure, frankly, on mostly commercial terms. This is not particularly concessional money. And some of the countries that have borrowed it are getting into pretty serious debt problems at this point.

FINAN: So why the focus on infrastructure and why is Southeast Asia so interested in having that kind of investment?

DOLLAR: I'll grab the first and Johnathan can grab the second. Okay? The Chinese experience, the mainland Chinese experience, is they've invested a lot in infrastructure. If you go there, it's quite remarkable the quality of their roads. They have more kilometers of expressways than anyone else. The development of high speed rail, their airports. If you're an American, you go to China and you go to airports in relatively minor cities and they make us embarrassed about American infrastructure. So, China has gotten a lot of mileage out of infrastructure, and that's been an important part of their development strategy. And now that they have pretty much most of the infrastructure they need, it's kind of natural for them to turn their attention to financing infrastructure in other parts of the world. So, Jonathan, why Southeast Asia?

STROMSETH: Well, I think there's both a push and pull side. The Asian Development Bank or ADB has indicated that Southeast Asia needs about 210 billion dollars a year in infrastructure investment just to keep up the impressive momentum of economic growth that's been achieved there. So they're very interested. Basically, China and Japan are neck and neck as financiers of infrastructure in the region. But China's coming up fast and it supports hydropower dams, pipelines, railway networks, and so on. And it's particularly concentrated its investment in mainland Southeast Asia or the countries of Vietnam, Cambodia, Laos, Myanmar and Thailand.

The U.S. is, of course, raising under the Trump administration, alarm bells that China is practicing predatory economics or debt trap diplomacy. But this hasn't really resonated in the region since there's such a strong demand side.

And on the push side, I would say that China definitely sees BRI as an aspect of economic statecraft or the achievement of foreign policy goals through economic instruments. It's a way to pull the region closer to itself economically that also has strategic implications.

FINAN: Speaking of strategic, then, how is the United States responded to this economic statecraft and how should it respond, too?

STROMSETH: Well, as I mentioned, it responded rhetorically, very strongly about China's debt trap, diplomacy and so on. The Trump administration at least created agreements before the end of the administration, for instance, a trilateral partnership for infrastructure investment in the Indo-Pacific with Australia and Japan. Also a U.S.-Japan Power Partnership in the Mekong. But few concrete projects emerged from these initiatives. But I think they're ready made platforms. I hope that the Biden administration can make these platforms a reality and push them through and operationalize them in the future.

FINAN: The book also looks at the political sphere and the region, too, and I want to ask you about the state of democracy in the ASEAN states. You mentioned in your introduction, Jonathan, that democracy has been declining in the region and a coup in Thailand, you note Duterte and the Philippines, Cambodia, Indonesia, religious and political intolerance. And now we have what looks to be a coup in Myanmar, Burma. What does it mean in the long term here, this decline?

STROMSETH: It certainly is a mixed bag with authoritarian trends seen in some countries, most recently in Burma, as you note, but democratic resilience also seen in others. In the book, we ask whether the pull of power from China and the U.S. is affecting governance trends in individual countries and then compare these effects to more longstanding domestic drivers and historical factors.

Our Southeast Asian colleagues didn't see a lot of evidence that China is actively promoting a new political model based on authoritarianism or state capitalism, but did say that Beijing is trying to undermine the appeal of Western democratic models by highlighting their flaws. Others felt China is reinforcing authoritarian tendencies by, say, exporting surveillance technologies, expanding its state media footprint, and providing government economic support, say, to authoritarian leaders.

There was more consensus about the strong influence of domestic and historical drivers in effecting governance trends. We can see this in the recent military coup in Burma, where the political role of the Burmese military has been institutionalized over many decades and probably even exceeds that of the Indonesian military under former President Suharto there. The Burmese military also has long standing concerns about Chinese influence in the country, while Beijing has actually been trying to improve relations with Aung San Suu Kyi in recent years. So, again, it's a mixed bag with a lot of crosscutting currents that sometimes defy easy analysis.

FINAN: I want to also ask you about the effects COVID has had on the individual states, how countries in the region have responded to it and what the effect has been in terms of relationships with China and what the United States could do, too.

STROMSETH: At the moment, you do see a number of countries looking to China, partly because China's economy has recovered faster from the pandemic, And so they see China's emerging economic growth and recovery as something that they can latch their own trade to and hopefully benefit through greater economic integration. One thing that I look at is how the U.S. has stumbled. Certainly the Chinese stumbled in the initial phase of containing the pandemic. Middle powers in Southeast Asia have done quite well. Or, I would say middle powers throughout Asia, whether democracies like Taiwan and South Korea or one-party states like Vietnam. The secret isn't so much the nature of their political system, but whether or not they were able to mobilize resources effectively at a moment of national crisis in a kind of transparent and effective way that's guided by science.

DOLLAR: I would just add that some of these countries have a good memory about the SARS epidemic more than 10 years ago and other viruses that have come out of China. And so that kind of muscle memory is important. And Vietnamese people were very, very good about wearing masks and social distancing. And Vietnam's had an outstanding record.

I would just say that most of these countries cut off travel with China at a pretty early stage. And you might wonder whether these middle powers can really face up to a giant power like China. Well, the answer was on the COVID: yes. You know, they just cut off travel. They normally get a huge number of Chinese tourists at certain times of the year, including right now, by the way, Bill, we're just about to go into Chinese New Year, which you would normally have tens of millions of Chinese tourists going to warm places in Southeast Asia. So you're not going to see that this year for a variety of push and pull

reasons. But I think these countries have shown they have real agency in terms of dealing with the climate crisis.

FINAN: We're a few weeks into the new Biden administration at this point, I wanted to ask you what you think this new administration's policy should be toward the region. But first, I want to ask you what your assessment was or is of the Trump administration's Free and Open Indo-Pacific Strategy that the administration put in place.

STROMSETH: As I mentioned, it did introduce some new economic elements like these trilateral infrastructure platforms and other things like it. Unfortunately, it was also accompanied by a rhetoric that led the region to think that it's my way or the highway in terms of U.S. perspective on the region vis-a-vis of China. Southeast Asia is basically on China's doorstep. It is increasingly integrated with the Chinese economy and in an ideal world, though Southeast Asian countries are very different from one another and they have diverse responses to China's rise, in general they don't want to be in a position of having to choose between the United States and China. They want to have good and constructive relationships with both countries if they can. A key theme coming out of the trilateral dialog and reflected in the book is how do we get beyond this binary choice conundrum that we're locked into? And there's real challenges there, but it's certainly a growing aspiration in Southeast Asia.

FINAN: So I actually did want to end on that question, what is the constructive approach to take to get out of this binary choice between the U.S. and China?

DOLLAR: The Biden administration has been clear that they want to go out and consult with allies and work closely with partners, and we have a couple of important security allies in Southeast Asia. Jonathan mentioned Thailand and the Philippines, and Singapore may not be a formal ally, but they are an important security partner of the United States. So, I think if we're serious about working with partners, it means listening to them. And I think

what you'll hear in general in Southeast Asia is there's a lot of worry about China from a security point of view. And they definitely want to see the U.S. remain engaged. But from an economic point of view, they have twice as much trade with China as they do with the U.S. and they are not interested in a new Cold War. They're not interested in decoupling. So they want to walk a fine line of having the economic integration, but also the security protection. And I think their message is going to be, that's a good path for the United States as well to maintain our security alliances, but to get back into the economic game in the Asia-Pacific. To some extent, we've abdicated on that area.

FINAN: Jonathan and David, thank you for coming by today to talk about the new book "Rivalry and Response: Assessing Great Power Dynamics in Southeast Asia."

STROMSETH: My pleasure.

DEWS: You can find a copy of the book, "Rivalry and Response: Assessing Great Power Dynamics in Southeast Asia," wherever you like to buy books.

A team of amazing colleagues helps make the Brookings Cafeteria possible. My thanks to audio engineer Gaston Reboredo; to Bill Finan, director of the Brookings Institution Press, who does the book interviews; to my communications colleagues Marie Wilkin, Adrianna Pita, and Chris McKenna for their collaboration. And finally to Camilo Ramirez and Andrea Risotto for their guidance and support. Our podcast intern this semester is David Greenburg.

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