



Prepared Testimony by

Abraham M. Denmark

Senior Vice President

The National Bureau of Asian Research

to the

House Committee on Foreign Affairs

Subcommittee on Asia and the Pacific

Subject: "Across the Other Pond:

U.S. Opportunities and Challenges in the Asia Pacific"

February 26, 2015

Good morning, Mr. Chairman and Members of the Subcommittee.

Thank you for inviting me to testify on U.S. opportunities and challenges in the Asia-Pacific. The region is of vital importance to our interests today, and the issues we face are both profound and complex. How the United States positions itself to engage the region will have significant implications for our national destiny.

As the Asia-Pacific century unfolds and increasingly defines the contours of the new international environment, the United States must deepen its strategic engagement and leadership role in the region. Recent developments in the Asia-Pacific will have profound implications for the long-term power and influence of the United States. Following is an examination of several key political issues that will have significant implications for American foreign and national security policies toward the Asia-Pacific.

#### CHINA: INTERNAL POLITICS AND FOREIGN AFFAIRS

The rise of China is perhaps the most geopolitically significant trend of the 21<sup>st</sup> century. From Maoist collectivism, China has emerged as an economic powerhouse with burgeoning political influence and rapidly expanding military capabilities. While China's economic development since the late 1970s has been truly remarkable, and has benefitted hundreds of millions of Chinese people, its continuation is far from assured.

Rising prosperity has forced China to adjust to the demands of a modern economy and the rising expectations of its people. Economic development has resulted in urbanization, privatization, marketization, globalization, and "informatization" at a speed and scale that is historically unprecedented. Such rapid and monumental change has created several persistent challenges for Chinese society, including corruption, environmental degradation, social dislocation, economic disparity, and political unrest. Further, the decades-old one-child policy has created a monumental demographic problem in China, whose population is growing older and (sadly) possesses a disproportionate number of males.

All told, these issues threaten to undermine the fundamental legitimacy of the Chinese Communist Party (CCP) in the eyes of the Chinese people. CCP General Secretary Xi Jinping appears to be well aware of these challenges and is attempting to address them. The eminent scholar of elite Chinese politics Robert MacFarquhar argues that Xi is a Leninist but not a Marxist – a telling analysis in that it identifies

Xi's motivations to be more political than ideological. Xi's primary objective appears to be improving the Party, enhancing its ability to govern, and restoring its legitimacy. While he has advocated for initiatives to rebalance China's economy and enhance environmental protections, Xi's primary focus has been on combatting the rampant corruption that has long undermined Beijing's ability to adapt, evolve, and govern effectively.

Chairman Mao memorably advised that a worthy and charismatic leader "should not be obstructed by evil circumstances: he should dare to fight with heaven, struggle against the earth and cross swords with men." CCP General Secretary Xi Jinping seems to have taken this advice to heart and is engaged in a major anti-corruption campaign that has already had substantial effects on China's politics. The Bank of America estimates that China's GDP fell 1.5% last year solely as a result of government officials no longer purchasing luxury goods and real estate. The Central Commission for Discipline Inspection (CCDI) claims that it has initiated cases against 68 high-level officials and punished more than 70,000 officials for corruption, and it is estimated that more than 200,000 lower-level officials have been targeted for corruption. This effort has not spared some of China's most senior officials, including former domestic security tsar Zhou Yongkang, former vice chairman of the Central Military Commission General Xu Caihou, and Ling Jihua, top aide to former Secretary General Hu Jintao.

By taking on such prominent and high-level officials (as well as thousands of others at lower ranks), Xi has sent a message that no one is exempt from investigation and punishment for corruption. Although corruption is not the only problem that China's leaders face, Xi's ability to address other challenges will nevertheless be determined by his political clout. The anti-corruption campaign thus may help ensure that cadres are deterred from stymieing Xi's policy priorities.

It should be noted that anti-corruption and anti-pollution initiatives are not the only tool that Xi is using to bolster the Party's legitimacy. Other tools are at play as well – this is why China in recent years has intensified domestic intelligence and security efforts to a degree that are unprecedented for a China in the age of the Internet. Recently, technologies like virtual private networks (VPNs) – which popularly used to access foreign websites – have been blocked, whereas they had previously been tolerated.

Beijing has also intensified its use of nationalism as a way to bolster the Party's legitimacy. By emphasizing historical and territorial grievances with Japan and

some of its other neighbors, the Party is able to justify itself as the only organization able to keep China unified, strong, and free from foreign exploitation. Officials in Beijing often express a reluctance to be seen as backing down on issues related to historical grievances or territorial claims, out of fear of criticism from high-level officials or patriotic “netizens.”

For the foreseeable future, China’s leaders are primarily focused on domestic affairs. Even though China’s system is undemocratic and Leninist in structure, it should not be mistaken for being monolithic in any way. Individuals and organizations develop their own points of view, their own priorities, and their own strategies for achieving them. The competition between these groups and individuals makes for a politics that is both opaque and difficult to predict. China’s political destiny will therefore remain as unclear as Beijing’s skyline.

#### *Foreign Policy and National Security Strategy*

As China’s power has grown, Beijing’s approach to foreign policy and national security has evinced a greater level of confidence by its leaders. Whereas China had formerly sought to allay regional concerns about the implications of its rise by promoting the “peaceful rise” theory, Beijing has recently demonstrated a greater willingness to antagonize its neighbors in the pursuit of maritime claims over disputed waters and land features in the East and South China Seas. Today, most of China’s maritime neighbors, including Japan, South Korea, Malaysia, Vietnam, the Philippines, and Indonesia, have expressed some level of concern about China’s claims and the assertive tactics it has employed to enforce them.

As China has grown more prosperous, it has invested significant portions of that newfound wealth into developing its military. With defense budgets rising at a remarkable rate for decades, the People’s Liberation Army (PLA) has rapidly evolved from one that was referred to as an “army of millet and rifles” to one that is increasingly capable and technologically sophisticated. Since the PLA does not have global responsibilities, China has been able to tailor its military modernization program to a relatively small set of possible contingencies, many of which call upon the PLA to deter and deny the ability of the U.S. military to intervene in crises or conflicts along China’s periphery.

The PLA has traditionally focused its modernization program on Taiwan-related contingencies. This drove the development of advanced fighters, highly capable ships and submarines, and precise long-range missiles – all designed to complicate

and raise the costs of a U.S. intervention during a Taiwan-related crisis. As relations between Beijing and Taipei have improved, other contingencies – primarily revolving around the East and South China Seas – appear to have become more prominent in Chinese contingency planning.

China has also sought to enhance its economic ties with the region by promoting regional trade and financial arrangements like the BRICS Bank, the Asia Infrastructure Investment Bank, the Regional Comprehensive Economic Partnership, the Silk Road Economic Belt, and the 21<sup>st</sup> Century Maritime Silk Road. While the exact parameters of many of these initiatives remain unclear, they reflect a frustration from Beijing with the inability of the international community (and especially the United States) to reform key Breton Woods institutions, such as the IMF. By not reforming these key institutions to reflect present-day realities, the United States is effectively driving China and other countries to find alternatives.

Less is known, however, about the broader geopolitical vision that these initiatives are designed to support. Many question whether Beijing will grow to support the international order or seek to revise it according to China's own particular interests. While these questions remain unanswered, the general contours of a grand strategy have emerged in recent years.

As former chairman of the National Intelligence Council Dr. Thomas Fingar has noted, Beijing appears to view the international system in fairly mixed terms. China has benefited greatly from the stability and free trade that the existing international order has provided. In some circumstances—usually defined by Beijing's evolving understanding of Chinese national interests—China's initial refusal to accede to such rules has gradually given way to accession.

On the other hand, Beijing demonstrates concerns that the existing international system could constrain Chinese actions and enable other nations to act counter to Chinese interests. They generally see the existing order as established and sustained by an American power often seen as fundamentally hostile to the rise of China. In the minds of many in Beijing, China's dependence on this order makes it dependent on the United States—an unacceptable arrangement, considering what they see as America's determination to prevent China from assuming its "proper" place in the global order.

When discussing the international order itself, Chinese scholars and officials often object to its unipolar quality and call for it to be revised to be "more democratic" by

giving added weight to emerging powers. Specifically, China's objections to the global order seem to be primarily focused on objections to American preeminence itself.

Although still not detailed, recent statements by Chinese leaders suggest the outlines of a Chinese vision for revising the global order. At the heart of this apparent vision is a revitalized China that is stable and prosperous at home, is the dominant power in the Asia-Pacific, and is able to shape events around the world through a kind of neo-tributary system. Chinese leaders do not appear to see this vision as a coercive arrangement; rather, they paint this system as founded upon tight economic integration and the eventual recognition of China as the dominant regional power on which other states depend.

President Xi recently presented the outlines of some aspects of this vision to a summit of the Conference on Interaction Confidence-Building Measures in Asia (CICA) in May 2014. He challenged the United States' continued leadership role in Asia, declaring his opposition to stronger military alliances in the region and arguing that "security problems in Asia should eventually be solved by Asians themselves."

Taken as a whole, President Xi seems to envision an international system in which China's geopolitical power is widely represented and respected. Beyond that, for the foreseeable future China is comfortable with largely free-riding globally while seeking revisionism regionally along the lines of its own interests. Beijing seeks a region in which American power and freedom of action in the Asia-Pacific are limited, in which American alliances are weakened or dismantled, and in which China sits at the heart of the regional economic, security, and political order. International institutions and laws would only be applied or utilized when they are seen to be supportive of Chinese national interests; otherwise, they would be disregarded or only given lip service. To this end, China has sought to promote institutions such as the Asian Infrastructure Investment Bank and the Shanghai Cooperation Organization that may serve as alternatives to more established international institutions, while also promoting initiatives that support China's national interests.

How successful Xi will be in achieving this vision remains to be seen. So far, however, China has not been able to successfully establish anything resembling a geopolitical sphere of influence. While the economies of East Asia are closely intertwined with China, this has not translated into the kind of political influence

that Beijing has sought. Indeed, it seems that countries most dependent on China economically are some of those most concerned about Chinese assertiveness. It seems that China's assertiveness has backfired; rather than coercing smaller nations into acquiescence, it has driven them to seek closer relations with the United States. A comparison of the robust and diverse network of alliances and partnerships that the United States enjoys with the complicated and antagonistic relations that China has with most of its neighbors clearly demonstrates the difficult that Beijing has had in establishing anything remotely resembling a sphere of influence.

### *U.S.-China Relations*

Washington and Beijing continue to struggle to find mechanisms and language that accurately define the realities and the aspirations of their bilateral relationship. The most recent formulation – the pursuit of a new model of major power relations – was designed to recognize the importance of the bilateral relationship to both sides, as well as to provide a conceptual framework in which the two sides could address issues of mutual concern and manage areas of tension.

Both countries approach the relationship from a position of uncertainty and distrust. Beijing appears to be concerned that the United States is fundamentally opposed to China's rise and will seek out ways to constrain Chinese power. Washington, for its part, is concerned that China seeks to displace the United States as the dominant power in the Asia-Pacific and establish itself at the center of regional geopolitics. While such suspicions are unlikely to disappear for the foreseeable future, they should not preclude either side's ability to pursue a robust and effective relationship.

Ultimately, both the United States and China appear to be interested in finding ways to cooperate on issues of mutual interest and concern and to develop mechanisms to manage tensions. In terms increasing cooperation, issues such as climate change, counter-terrorism, and counter-proliferation seem to be the most likely for success. Indeed, presidents Obama and Xi during their last meeting agreed to pursue cooperation on addressing climate change – a promising development considering that China and the United States produce 45% of the world's greenhouse gases. In terms of managing tensions, incidents at sea, problems in cyberspace, and the possibility of instability on the Korean Peninsula are the most likely sources of crisis and thus should be at the top of the bilateral agenda.

Overall, U.S.-China relations will grow increasingly complex in the coming years. The relationship will include elements of cooperation and competition, and the specter of crisis and conflict will be ever-present. Those who claim that the United States and China are headed for a new Cold War fundamentally misread the nature of the relationship – our economies are closely interwoven, both sides seek positive relations with the other, neither side seeks to abolish the other, and the ideological disagreements that characterize U.S.-China relations do not nearly rise to the nature and tenor of ideological incompatibility that defined the Cold War. Instead, China and the United States appear to be headed for an era of prolonged geopolitical competition, in which both sides seek advantage across all measures of national power. Tension and crisis are likely, but mutual interests in stability and continued economic development will (hopefully) reduce the potential for outright conflict.

### *Hong Kong*

The recent unrest in Hong Kong has shined an unwelcome spotlight on China. Beijing's decision to require a review of officials elected as chief executive violated the spirit of the Basic Law and the "one country, two systems" approach that supposedly guaranteed Hong Kong a great degree of political autonomy. The protests that resulted from that decision and captivated the world's attention demonstrated that the people of Hong Kong hold their political freedoms dear. China's actions clearly showed a lack of respect for democratic governance and Hong Kong's autonomy, and the implications of this event will echo for years to come.

While Beijing attempted to portray the protesters as a small minority of misguided people controlled by hostile foreign agitators, the real long-lasting implications of these events will primarily flow from Beijing's actions. The values and institutions that were at the foundation of Hong Kong's prosperity and special place in the world—independent courts, a free press, political autonomy, and legitimate law enforcement—have been severely damaged. A significant number of people in Hong Kong demonstrated their willingness to stand up against what they saw as China's efforts to influence Hong Kong's politics, and that political impetus has not disappeared. China's actions may have preserved its control over Hong Kong, but at the likely cost of alienation, political unrest, and persistent calls for autonomy and political freedom.

Moreover, the events of the past year in Hong Kong will reverberate elsewhere, especially in Taiwan. Since China seeks to unify Taiwan under a "one country, two

systems" model similar to Hong Kong's, Beijing's seeming unwillingness to respect Hong Kong's autonomy will likely raise concerns that Taiwan would receive similar treatment. Taiwan is facing another political transition in 2016, and this will likely be a major issue of contention.

## NORTH KOREA: BELLIGERENCE AND UNCERTAINTY

North Korea represents the most likely source of instability in East Asia. Its continued belligerence and brinkmanship, along with its ongoing nuclear weapons and ballistic missile programs, represent a profound challenge for regional stability and a major threat to the United States and our allies. North Korea's ongoing human rights abuses – as detailed in a landmark study from the United Nations – make the regime an insult to any conception of human rights. And finally, the violent and mercurial rule of Kim Jong-un emphasizes that North Korea remains as dangerous as ever.

When Kim Jong-un took power in 2011, many thought that his control of the state would be rather tenuous and short-lived. Yet in the intervening years, Kim appears to have been able to somewhat consolidate his authority. Thousands of senior cadres have reportedly been purged from leadership, replaced by junior officials who owe their positions to Kim directly. First guardian Ri Yong-ho was purged in July 2012, and Kim's uncle and mentor Jang Song-thaek was executed in 2013 for forming his own center of power and refusing to accept Kim's absolute rule. With the death of his aunt Kim Kyong-hui from a stroke the following year, the guardian system established by Kim Jong-il has been entirely dismantled.

This is not to say that Kim's rule is fully consolidated and stable. Indeed, even undisputed leaders of the world's most totalitarian systems (Mao and Kim Il-sung, for example) had to constantly guard against challenges to their authority, coups, and factionalization. Indeed, a cursory examination of other authoritarian regimes (the Soviet Union, Egypt, and Libya, for example) suggests that regimes that seem stable for decades can suddenly lose their authority and collapse. Even though the Kim family regime has survived through decades of repression, famine, and isolation, there is no reason to believe it can continue this way indefinitely. Suffice it to say that, for Pyongyang, past performance is not an indication of future results.

There are indeed indications that Kim Jong-un seems to lack the legitimacy of his father, and especially of his grandfather. His youth and inexperience have reportedly raised hackles from North Korean elites, and there are reports of political

conversations and even protests roiling across North Korea. While Kim has been able to purge former cadres and install loyalists in their place, it is clear that he is under pressure to perform.

To date, North Korea's international behavior has not deviated significantly from past precedents. Pyongyang still uses a mix of apocalyptic threats and positive messaging, although it seems to be more willing to use these tactics in relatively quick succession rather than alternating between them over a period of months. Pyongyang's approach to nuclear weapons appears to be unchanged. Finally, while the recent cyber attacks on Sony in apparent retaliation for the film *The Interview* demonstrates that North Korea is able to utilize relatively new technologies for their own end, there is little indication that North Korea's cyber capabilities are all that sophisticated or represent a unique national security threat.

A significant shift, however, may be taking place in North Korea's foreign affairs. Kim has been repeatedly shunned by Xi Jinping, who has yet to meet with Kim even as he has upgraded China's engagement with South Korea. As Beijing seems to be emphasizing Seoul above Pyongyang as a strategic priority, North Korea apparently sees Russia as a viable alternative. The North Korean Foreign Ministry announced plans to "deepen political, economic and military contacts and exchanges" this year. This is following the launch of new economic projects and initiatives to expand transportation and investment. Last year, more senior North Korean leaders visited Russia than any other country, and Kim and Putin are reportedly planning to visit one another in the near future. This would make Putin the first foreign leader to visit Kim since he took power, and would help burnish Kim's legitimacy as a leader of standing equal to Putin's.

Ultimately, North Korea is not likely to deviate from its long-established role as regional pariah and bad actor. While efforts to engage Pyongyang should not be forestalled, optimism for positive progress should be excised from all expectations. For the foreseeable future, North Korea will represent a profound threat to the United States and our allies in East Asia, as well as to regional stability writ large. Its politics will likely remain opaque, and the long-term survivability of the regime will likely remain in doubt.

## ENHANCING ALLIANCES AND PARTNERSHIPS

As the United States continues to rebalance toward the Asia-Pacific, alliances and partnerships will take on a greater significance in this strategy. They are already

absolutely central to U.S. power, presence, and influence in the Asia-Pacific and around the world. We are fortunate to have such a broad, diverse, and robust network of alliance and partner relationships; no other country enjoys anything even remotely comparable to this system. They host tens of thousands of American military and civilian personnel, which enables the United States to truly act as a global superpower that keeps the peace while also allowing Washington to focus on more immediate crises. Indeed, while some scholars and officials lament that a seemingly unending series of crises will somehow undermine U.S. intentions to rebalance, the reality is that alliances have a profoundly additive quality to American power. Not only do they enable America's global presence; they also free Washington to focus on and address immediate crises (while often contributing to these efforts as well) and help preserve stability in the meantime.

Yet the fundamental nature of alliance and partner relations is going to shift in a rather dramatic fashion. Initially conceived as military relationships required by the geopolitical realities of World War I, World War II, and the Cold War, alliances for much of the 20<sup>th</sup> century were relatively straightforward arrangements. Uniform mechanisms for alliance management, such as NATO, were put in place to enable robust military coordination and cooperation against a shared existential foe. Economic ties naturally flowed from these relationships, as trade between the belligerent sides during the World Wars and Cold War was virtually nonexistent. Political coordination, though certainly more complicated, was also facilitated by this shared sense of multinational purpose and the "long twilight struggle" against a shared arch nemesis.

Asia in the 21<sup>st</sup> century looks nothing like Europe in the 20<sup>th</sup>. While the United States enjoys strong alliance relationships across the region, there is no mechanism like NATO to bring them together. Moreover, the economies of America's allies are tightly integrated with China – a dynamic that raises complicated strategic calculations for allies whose economic and strategic loyalties are increasingly divergent. Finally, political calculations among America's Asian allies are far more complicated than they were in Europe. Antagonism and distrust over past aggression continue to roil relations between Japan and South Korea, for example, which have not been able to find a way to move beyond their past the way France and Germany have.

Even the term "alliance" is growing more complicated for American strategy in the Asia-Pacific. While the United States has five formal treaty allies in Asia (Australia, Japan, the Philippines, South Korea, and Thailand), it also has robust partnership

relations with a host of other Asian powers, such as India, Indonesia, New Zealand, Singapore, Vietnam, and (unofficially) Taiwan. Since pursuing a rebalancing strategy, the United States has recognized the geopolitical importance of strengthening its relationships with these nations and has consequently intensified its outreach.

As part of rebalancing, the United States has sought to upgrade its alliances and partnerships for the 21<sup>st</sup> century with a series of political, economic, and military initiatives. These initiatives – which include joining the East Asia Summit, reinvigorating efforts to conclude a Trans-Pacific Partnership (TPP) economic agreement, and upgrading military arrangements with several countries around the region – signal that alliances and partnerships are evolving from relationships based primarily on military arrangements to robust platforms that support political, economic, and military cooperation and coordination.

#### JAPAN: REINVIGORATION AND A CHANGING NATIONAL SECURITY STRATEGY

This year represents the 70<sup>th</sup> anniversary of the end of World War II. While Japan quickly emerged from the devastation of war to become one of the most vibrant and innovative economies in the world, recent decades have been defined by stagnation. Yet today Japan is in the midst of a profound reevaluation of its foreign, economic, and national security policies. Prime Minister Shinzo Abe seeks to bring Japan into the 21<sup>st</sup> century by reinvigorating Japan's economy, enhancing its self-defense capabilities, and buttressing its role in regional and global geopolitics.

Abe's "three arrows" strategy seeks to reinvigorate Japan's long-stagnant economy with a mix of fiscal stimulus, monetary easing, and structural reform. This strategy, dubbed "Abenomics," was characterized by the *Economist* as a "mix of reflation, government spending and a growth strategy designed to jolt the economy out of suspended animation that has gripped it for more than two decades." While Abe has had mixed results to date, many in Tokyo see Japan's joining the TPP as an important mechanism that could force structural and economic policy reforms that are necessary for the country's economic revitalization.

In the security sphere, Abe's Cabinet in July of 2014 approved his proposal to reinterpret Japan's constitution to end the ban on allowing Japanese military forces to exercise the right of collective self-defense. The move widens the set of options available to Japan's Self-Defense Forces and opens new opportunities for Japan to enhance its security relationships with the United States and other friendly nations.

It thus will have important implications for the U.S.-Japan alliance. Yet despite what some critics have claimed, this decision does not represent a rearmament or remilitarization of Japan. Several significant restrictions remain in place, as does Japan's pacifist constitution.

What ending the ban on collective self-defense enables is for Japan to play a more significant role in the Asia-Pacific as a security actor, and especially as an American ally. In October 2013 the two sides agreed to revise the bilateral defense guidelines, with the aim of being "full partners in a more balanced and effective alliance in which our two countries can jointly and ably rise to meet the regional and global challenges of the 21st century, by investing in cutting-edge capabilities, improving interoperability, modernizing force structure, and adapting alliance roles and missions to meet contemporary and future security realities."

Enhancing the U.S.-Japan alliance is of tremendous importance to American interests in the Asia-Pacific. A closer security arrangement will both enhance Japan's ability to play a more significant role in maintaining regional stability and allow for a tighter integration of American and Japanese forces during a conflict. Ultimately, efforts to enhance the alliance will increase the security and influence of the United States, buttress regional stability, and improve our ability to defend our allies and vital interests in the Asia-Pacific.

Unfortunately, Prime Minister Abe's efforts to reinvigorate Japan have been accompanied by an apparent instinct to raise questions about Japan's troubled history. While Abe (to his credit) has not sought to revise or deny any of Japan's apologies for past abuses, certain statements by Abe and other officials suggest that they would prefer to overlook or downplay the significance of some of Japan's worst behavior during the 20<sup>th</sup> century. This is unfortunate, unnecessary, and damaging to Japan's status and image across the Asia-Pacific. With Abe likely to visit the United States later this year to commemorate the end of World War II, this is an excellent opportunity for him to definitively and clearly explain his view of Japan's history as well as his vision for the future.

## INDIA

The United States and India have a historic opportunity to dramatically enhance their bilateral relationship. President Obama is the first American president to be invited to India to celebrate Republic Day, and he became the first president to visit India twice while in office. This reflects Prime Minister Modi's enthusiasm for

engaging the United States, as well as President Obama's commitment to set a robust agenda with India.

Strategically, Indian and American geopolitical objectives are beginning to converge. Most importantly, India's "Act East" strategy has the potential to find multiple complementarities with America's strategic rebalancing, as both sides emphasize the need for greater engagement with East Asia utilizing all elements of national power. With both sides seeking to enhance their presence and influence in the region, and both sides sharing important geopolitical interests, the opportunities for strategic cooperation and coordination are significant.

This is not to say that disagreements can be papered over. Fundamental differences over issues such as climate change and the ideal state of the international system will likely persist for the foreseeable future. Significant disparities in national power remain, and both sides have different policy preferences and priorities on several major issues. Nevertheless, the two sides share profound interests in some very important areas – agreements that have the potential to form the basis for a robust strategic partnership.

Modi has made it clear that he seeks to enhance relations with all of Asia's major powers. He has engaged Xi Jinping and Vladimir Putin directly, and has sought to maintain positive relations between their respective countries. This is understandable, as it is in India's interests to maintain generally positive and productive relations with China and Russia.

Yet beneath the surface, it is clear that Modi sees India's relations with the United States and our allies as being of particular strategic value. His engagements with his American, Japanese, and Australian counterparts have been particularly positive and substantive. While this is partially the result of shared democratic values, one foreign policy issue is by far the most decisive in drawing India closer to the United States and its allies: a shared concern for China and its increasingly assertive approach to the Asia-Pacific.

Modi's concerns about a rising China are entirely understandable, given that China and India have a long-standing border dispute that already triggered one war. The status of the Dalai Lama also remains a sensitive issue in their bilateral relationship. Moreover, many in New Delhi see a China with the ability to dominate East Asia as an anathema to India's long-term interests, and they are thus pursuing policies designed to enhance India's ability to check Chinese power. In this regard, the

United States offers an attractive option for New Delhi. It is a reliable balance to Chinese influence, and can help promote economic and political cohesiveness in the Asia-Pacific. More concretely, India sees the United States as an important potential source of investment and new technologies – both of which will be essential to managing its rapidly growing population and addressing its intensifying security requirements.

To make progress in their bilateral relationship, both India and the United States will have to take some difficult steps. First should be efforts on both sides to enhance economic engagement and interaction between the two economies. Enhancing bilateral investment and trade will add a significant ballast to the relationship, and help create large constituencies on both sides that have vested interests in ensuring that the relationship stays on track.

Additionally, as the respected expert on U.S.-India relations Dr. Ashley Tellis has pointed out, the United States will need to find ways to engage India and enhance its infrastructure and military capabilities without a guaranteed quid pro quo. Such a transactional relationship raises serious political hackles in New Delhi, and Washington would better off seeing such efforts as investments in a long-term relationship rather than as concessions requiring an equal and reciprocal concession. Indeed, one could argue that a more capable India is fundamentally in American interests, in that it will enable New Delhi to more effectively contribute to regional stability while also complicating military planning for Beijing. For its part, as Dr. Tellis argues, India will need to keep Washington's attention by demonstrating its utility and reliability as a strategic partner without devolving the relationship into transactionalism. This will mean regular engagement, articulating a worldview that supports a special role for the United States in the world, as well as concrete examples of help and support on issues of interest and importance for the United States.

Over time, the potential for U.S.-India relations is tremendous. As a major rising power and a democracy with a very beneficial strategic geography, India has the potential to be a very important partner for the United States. Conversely, America's many financial and technological attributes, as well as its democratic politics and its respect for national autonomy, make the United States an attractive partner for New Delhi. The challenge for leaders on both sides will be overcoming the serious differences in worldview that remain, and translating potential into reality.

## SUSTAINING AMERICAN POWER AND INFLUENCE

Some argue that the emerging distribution of power is one of American decline in the face of a rising China. While it is true that other countries have economies that are rising more quickly than ours, and that China's economy may have already eclipsed the American economy in overall GDP, I strongly disagree with the assessment that the United States is in decline. If anything, we are on the rise and will remain the most powerful nation in the world for the foreseeable future. Our economy is the most robust, innovative, and resilient in the world. The energy revolution that the United States has experienced in recent years is revolutionizing the geopolitics of the energy market, and providing the United States with new economic and geopolitical opportunities that no other country has the option to pursue. Despite ongoing problems and intensifying partisanship in our politics, the U.S. government and political system are fundamentally stable. We enjoy a global network of alliances and partnerships that is entirely unique and unrivaled in the world, and which enables our global political influence and military access. Our military might is unmatched in both its reach and capability. Our demographics are robust and suggest that the United States will not fall prey to the emerging population challenges that many countries around the world are just beginning to recognize. Finally, the United States has long benefited from a resilient international order based on robust rules and institutions. All of these advantages ensure that the foundations of American power will remain strong for the foreseeable future.

Yet despite the fact that the United States is likely to remain the dominant power in Asia for years to come, the power dynamics in the region are increasingly complex, as new and more established powers cooperate and compete in the advancement of their own interests. The continued power and influence of the United States will not come automatically. Indeed, while the United States has what it takes to remain dominant, doing so will require Washington to provide the necessary investments, resources, engagement, and strategies to sustain our power and influence in the world's most vital region. This is the vital role that Congress has to play. America will not long remain the most powerful nation in the Asia-Pacific if we do not do what it takes to sustain our geopolitical advantages.

I look forward to discussing the major geopolitical trends and dynamics affecting the Asia-Pacific, and how the United States can best position itself to sustain its power and leadership in the region. I look forward to your questions, and I would again like to extend my thanks and appreciation for inviting me to testify before you today.