

**Testimony before the House Committee on Foreign Affairs
Subcommittee on Asia and the Pacific**

United States House of Representatives

Hearing:

“Step or Stumble: The Obama Administration’s Pivot to Asia”

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Chairman Salmon, Ranking member Sherman, distinguished members of the Committee,

It is an honor to share my observations and views with you this afternoon, views that are my own, not those of The National Bureau of Asian Research (NBR). NBR is Senator Henry M. “Scoop” Jackson’s dream and legacy, and all of us associated with NBR strive to ensure that that legacy is bipartisan, informed by history and the highest-quality research, and focused on the essential interests of the United States.

The “pivot,” better called the rebalance, has been a policy of what might be termed “enhanced more of the same.” Let me address the policy first by making two contextual points, and then by assessing recent developments as they relate to the pivot. I will conclude by suggesting some alternative, concrete things that Congress can do in working with the new administration.

First contextual point: Where are we in history? For many reasons this period now appears to be a “hinge moment,” as someone wrote recently. It’s akin in too many ways to the years immediately preceding World Wars I and II, highlighted by the industrialization and rise of dissatisfied, nationalistic, authoritarian powers. And it differs from these eras in noteworthy ways as well: nuances of the principal rising power, China; the proliferation of nuclear weapons; and America’s strategic engagement.

China is the central issue. Today, as this committee’s members understand, this continental-sized, dissatisfied, nationalistic, authoritarian power continues to rise, albeit more slowly than it did in the preceding three and a half decades. It continues to industrialize, broaden its services sector, and gain power according to most hard measures. Its industrial sector is at least one and a half times the size of

America's, and in many ways this sector is more integrated vertically as well as horizontally than ours. Often these days we are the assemblers. China has replaced Russia as the number-two military power in the world.

Nonetheless, as China watchers like to point out, the country has all kinds of problems, from environmental degradation and demographic issues to corruption and weak rule of law. Its chief problem is that its unelected leadership is insecure and resorting to tighter control, repressive measures, and nationalistic appeals to bolster its popularity, capitalizing on historical grievances. Correspondingly, its foreign policies have become more aggressive in recent years, far-reaching, and, frankly, farsighted. China has a grand strategy to maximize its wealth, space, and influence and to marginalize its most serious competitors, most notably the United States. Its economic policies have been more, not less, mercantilist in recent years. America's and others' intellectual property (IP) seems to be targeted as much today as ever. Meanwhile, China continues to not help in dealing with Pyongyang, to pursue its extraordinary military modernization, to expand its reach in the South China Sea, and to engage in military harassment of Japan.

Although led by a communist party and driven by extraordinary ambition, and notwithstanding its building bases on islets in the South China Sea, China does not evince a tendency toward direct aggression and conquest of the type witnessed in the mid-twentieth century. It has launched an ambitious set of nationalist, not ideological, programs to bolster its wealth, influence, and prestige globally through the One Belt, One Road initiative, Asian Infrastructure Investment Bank, and Regional Comprehensive Economic Partnership.

But China does pose the challenge of potentially dominating Asia with many values that conflict with those of the post-World War II order. If I were to speculate about what a China-led regional or world order would look like, I would extend what Chinese policies and politics look like today. China would aim to lead a suzerain international system, in which

its national leadership would continue to be a melded political, business, and military leadership. A form of China-led mercantilism would count for the international economy, as China shows little evidence of trusting markets for what it deems important products and services such as energy and banking. The resulting system would be fragile because China itself would most likely continue to be led by an insecure, unelected, inherently corrupt elite, and states would not be treated as equals. An insecure Chinese leadership would certainly not tolerate anything close to a peer competitor, especially in Asia. The world would not likely be as prosperous, open, and law-based as it is today. It might be trifurcated into competing North American, European, and Asian centers of power.

For many years, specialists have been predicting political change in China to match its economic achievements. They have been wrong to date, and yet they are right about the future. But we have no ability now to predict when change will actually transpire, or what kind of change. Hope for change cannot be the basis for U.S. policy.

Second contextual point: Viewed from a global, systemic perspective, power is concentrating overwhelmingly in the Asia-Pacific, where all of the world's principal military powers and several of the key middle powers pursue their competing as well as shared national interests. (These countries, in rough descending order of military power, are the United States, China, Russia, India, Japan, South Korea, Pakistan, and North Korea.) Six of these eight powers possess nuclear weapons, and the other two are near nuclear. One, the United States, can project conventional power globally. One, China, is seeking that capability, at least regionally. I characterize the balance in the region as *skewed multipolarity*. It is skewed in part because China has pursued a one-sided arms build-up. For example, whereas China's military budget has increased twelvefold in the past 27 years, Japan's is virtually unchanged in this period.

Given the uneven dispersion of power, the extraordinary pace of change in the balance of power, changes in the domestic affairs of key countries, and increasing questions about U.S. leadership that are voiced in the region, *ambiguity* also describes today's strategic environment.

Ambiguity is not good. When nations have a difficult time understanding their strategic environments, many feel insecure and look to expand their allies and defenses; some nations see opportunities to pursue ambitions. China and Russia have been perceiving opportunities, and acting accordingly, to expand their influence and undermine and even replace global and regional institutions—Russia by outright conquest, China by somewhat more subtle and certainly more clever means.

Today's remarkable economic interdependence, reminding one of pre-World War I conditions, cannot obscure these salient realities. In times like ours, nations are more prone to making calculations that lead to conflict. There is less margin for error by policymakers.

A quick assessment of the pivot: Multiple administrations have pursued a fairly consistent set of U.S. policies that have sustained general peace and made for an economic miracle in the region but not been adjusted to address the tremendous challenges gathering. While terribly named, the pivot is, in fact, an old and exceedingly helpful concept. The intention to place greater policy focus on the Asia-Pacific goes back decades to the Clinton administration and was emphasized at the outset of President George W. Bush's first term, which aimed primarily at bolstering relationships with allies and friends combined with regional trade liberalization.

President Barack Obama aimed more broadly in the "pivot" in fall 2011, to strengthen our alliances and friendships, further engage China, bolster regional multilateral institutions, expand trade and investment, strengthen our military presence, end North Korea's nuclear program, and advance democracy and human rights—all to enhance peace, prosperity, and democracy in the region. However, notwithstanding a

top State Department official's recent statement that "we are handing the next administration a success story in Asia," the pivot and its predecessor policies on balance have failed to prepare us for the challenges of today and tomorrow.

- a) We have not been operating from a strategic assessment of our core, defensible interests in the world and of the directions in which key players are moving. We have failed again and again to understand and anticipate Russian intentions and policy, North Korean intentions and policy, and most importantly Chinese intentions and policy. I see no evidence that we have undertaken a serious assessment of the kinds of coalitions that we may face should international tensions rise further and polarization take place. Have we contemplated facing some type of Sino-Russian or Sino-Russian-North Korean-Pakistani coalition if, for example, hostilities were to break out on the Korean Peninsula, in the Taiwan Strait, or in the Sea of Japan? I see no peacetime U.S. strategy built on a tough-minded global assessment—a strategy that, if pursued, might reduce the chances of our facing such coalitions and help contain any hostilities to the commons.
- b) We continue to treat trade with China as normal, when what we are facing is a strategic-industrial Chinese policy of extraordinary scope and impact, including impeding our ability to capitalize on our innovations and to innovate in the first place.
- c) U.S. companies are increasingly twisted into pretzels trying to operate in China and to access a market that is now about the size of America's. Companies remain under pressure to avoid getting on the bad side of the regime; they try to protect their IP unsuccessfully; and they compete with increasingly strong local companies that are favored in myriad ways. The situation for our companies is tougher, not better.

- d) The hoped-for political liberalization of China has not developed from its accession to the World Trade Organization (WTO) or from the world otherwise engaging China. In fact, by most measures the regime is less liberal today than at any time since it joined the WTO.
- e) Sequestration and “business as usual” procurement have hampered our efforts to do the serious work needed to deter—and if deterrence fails, be prepared to win—a conflict in the region.
- f) In fact, we do not have a military strategy for the Asia-Pacific. We have not decided how to respond to China’s “gray aggression,” island building in the South China Sea or harassment of the Senkaku Islands by Chinese government-directed fishing boats and the Chinese Coast Guard. We have not decided what is essential to us or what winning would be for various contingencies. Is the effective control of the South China Sea by China crossing a red line or not? Have we adequately prepared, should war be thrust upon us, for a conventional arms victory fought over the commons? What are the red lines for our responding militarily in the commons?
- g) Indeed, China and North Korea pose expansive and far greater, not smaller, challenges to the United States and its allies than before the pivot. To deter or defeat Chinese forces currently, we are being forced to position our forces farther and farther off the Chinese coastline. We have failed to prevent North Korea from achieving nuclear breakout.
- h) Our leadership in the region is also weaker due to the apparent demise of the Trans-Pacific Partnership (TPP). According to a smug *China Daily* article published days ago, with regard to trade “China is happy to write the rules with all its partners,” meaning China’s partners in its Regional Comprehensive Economic Partnership initiative.

- i) Any further faltering of our commitment to “rebalancing” would jeopardize, just to name one important example, our growing strategic relationship with India.

- j) Regarding China’s domestic situation, we have not responded substantively to Xi Jinping’s so-called anti-corruption campaign and other policies creating the most repressive conditions in China in decades. We have not reacted substantively to China’s increasingly bold moves to silence critics outside its borders, including its kidnapping, coercion, and trying of foreign nationals. Our passivity risks conveying the impression that we no longer believe that we hold the moral high ground or care about human rights, or, worse, that we are now intimidated by China’s wealth and power.

Given this assessment of current policy, you might not be surprised that I think that we ought to do some things differently. In my view, time is of the essence. We do not have the luxury now of letting our own politics extend beyond the water’s edge, nor pursuing a strategy that is “enhanced more of the same.”

- a) End using the term “pivot,” but indeed pay more attention to the Asia-Pacific because the region is where power is concentrated, the threat of really big war looms largest, and the global economy is now centered. I’m fine with calling it the Asia-Indo-Pacific, but I don’t because it’s awkward to say.

- b) End sequestration and require a reassessment of U.S. strategic interests, challenges, and opportunities globally and for the Asia-Pacific.

- c) Pay considerable attention to our allies and friends, including India, and not just verbally or during your and the administration’s personal visits to Asia. In general, we will be more successful in Asia by speaking more softly in public on strategic issues, while without fanfare rebuilding our credibility with meaningful

investments, coordination, and actions. Verbal humiliation is less effective than firm policy.

- d) Relaunch the TPP or a substitute as soon as possible so that the United States regains the high ground in regional leadership.
- e) At the same time, Congress needs to ensure that the TPP or its substitute allows for national punitive responses to international IP theft and against predatory foreign industrial policies.
- f) Treat China in a truthful and business-like manner. The president needs to utilize the powers granted in Section 1637 of the 2015 National Defense Authorization Act to retaliate against foreign entities that steal American IP, including Chinese entities, and to report to Congress on the issue as this law requires. My hunch is that the scale of IP theft will decline precipitously as we ratchet up a firm response.
- g) The Committee on Foreign Investment in the United States needs beefing up and standards revised. The tangled web of Chinese strategic policies and companies poses a large and complex set of business and national security challenges.
- h) Once we complete our assessment of the international strategic environment, we need to decide on core interests and goals consonant with U.S. power. It would be preferable, it seems to me, to be prepared to win unambiguously and with our allies a conventional fight in the commons (thus enhancing deterrence) as opposed to having only the capacity to win a war requiring less credible direct strikes on China and risking reciprocal strikes against the U.S. homeland, strikes that could turn nuclear quickly.
- i) Accordingly, we need to make some fundamental decisions about how we will counter China's rapidly evolving capabilities and the challenges they present to U.S. assured access. Decisions about

strategies and concepts of operation will be necessary if we are to make sensible decisions about R&D and procurement, among other issues. It is urgent that we decide what we need: Do we need more nuclear submarines, new long-range bombers, new generations of cruise missiles, or larger numbers of unmanned aerial vehicles and unmanned underwater vehicles?

- j) Burden-sharing is imbedded into our close alliance relationships in Asia. As part of our reassessment of the strategic environment and the requirements that emerge from that assessment, cost items for further support from our allies should be identified and negotiated prudently.
- k) China's interests today include supporting North Korea as a buffer, as a serious distraction for us requiring significant attention and resources, and as a potential front if hostilities break out between China and the United States. Terminal High Altitude Area Defense (THAAD) and other deployments that we deem strategically imperative must go forward. With an appropriate level of deployments, China may recalculate its support of a nuclear North Korea.
- l) A word about Taiwan. The People's Republic of China has long defined a core interest to be the peaceful reunification of Taiwan and that Taiwan is a part of China, and we agreed to these stipulations with normalization of relations. We also committed ourselves to ensuring the integrity of Taiwan so that the reunification process is, in fact, peaceful, which is all the more important now due to Taiwan's remarkable democracy and the model that democracy provides. A congratulatory call from a democratically elected Taiwanese president to the U.S. president elect may not fit the habit of past presidents-elect, but it need not disrupt positive relations going forward. The Chinese leadership has a strong interest ahead in working with President Trump on a host of issues, and my guess is that this phone call by itself does

not preclude—and may even enhance—constructive relations ahead.

m) Human rights policies underscore our claim to moral leadership. For this reason, and as an antidote to the anti-U.S., anti-Japan, and anti-Western propaganda coming out of Beijing incessantly, I would urge chronicling meticulously and publicizing methodically human rights violations, including international kidnappings, and their political origins. We need policies that make clear the superiority of freedom-loving nations based upon rule of law and limited, democratic government.

In summary, there is no acceptable alternative to U.S. leadership in the Asia-Pacific. No less than in Europe, we cannot allow one country, let alone a dissatisfied, nationalistic, authoritarian one, to dominate the region. That doesn't mean war is inevitable. A peaceful order in the Asia-Pacific that protects core U.S. interests and values is sustainable, but it will require our commitment, a new strategy, and exceedingly deft and intelligent leadership. While this is not a repeat of the simpler Cold War, the stakes are global, as the United States' failure at the center of world power would undercut our credibility elsewhere, including in Europe and the Middle East.