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SEA-Blindness: Why Southeast Asia Matters

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The pattern of history shows that certain zones of the earth's surface feature greater frequencies of conflict and attention for extended periods of time.

A good example is the Balkans and eastern Mediterranean for the thousand years between 1000AD and 2000AD.

The reason was that this region was a crucial and unavoidable transit zone

- To its northwest was a region of dynamic and growing consumption
- To its east, regions producing goods and commodities in great demand among these consumers
- To its north a rising power looking for maritime access to oceans of great strategic significance.

The region was periodically pacified and dominated by a great power and its institutions: first Byzantium, then the Ottoman Empire and its offshoots.

- But inevitably these institutions were unable to contain or ward off the rapidly evolving power dynamics concentrated on the region

What made the region even more complex and changeable was its composition into a series of small, ethnically-divided, internally-fragile societies.

In the terms of the geostrategist Saul Cohen, the Balkans/eastern Mediterranean was a classic “shatterbelt”, “strategically oriented regions that are both deeply divided internally and caught up in the competition between the Great Powers over geostrategic realms.”[1]

The misfortune of the Balkans/eastern Mediterranean was to be located at a point where three dynamic regions of commerce and strategic competition met and melded

- The European/Mediterranean system
- The Eurasian system
- The Indian Ocean system

The imperatives of trade and commerce eventually linked these into a single geostrategic realm, defined by Cohen as:

> … parts of the world large enough to possess characteristics and functions that are globally influencing and serve the strategic needs of the major powers, states and regions they comprise. Their frameworks are shaped by circulation patterns that link people, goods and ideas and are held together by control of strategically located land and sea passageways.[2]

Of course the tragic and turbulent history of the Balkans/eastern Mediterranean is familiar to all of us and I don’t need to recount it here.

But I would note that for long periods of time it was where the great powers’ interests converged and competed; control over the region’s transit routes was seen as a vital bellweather for the balance of international power.

My argument today is that Southeast Asia – or as I prefer to call it the “Indo-Pacific Peninsula” for reasons I’ll explain in a minute – will become the crucial region of great power competition in the 21st century and beyond, just as the Balkans/eastern Mediterranean was for much of the past 1000 years.

I’m making this argument because I believe that the United States and Australia have a blindspot about Southeast Asia – you might call it our “SEA-blindness”.

Even at the height of both countries’ concerns about the region, in the 1960s when the domino theory was all the rage, Southeast Asia was still seen as derivative, secondary, a place that manifested the outcomes of great power competition elsewhere.

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[1] Saul Bernard Cohen, *Geopolitics: The Geography of International Relations*, Lanham, Md: Rowman and Littlefield, 2009, p. 5.

[2] Cohen, *Geopolitics*, p.36

After the fall of Sukarno in Indonesia, the fall of Saigon and the invasion of East Timor, the region's countries no longer looked like dominos, and were quickly demoted down the list of places of first rank importance.

Part of the reason was that, aside from Vietnam's invasion of Cambodia, the region seemed so bucolic and untroubled.

Southeast Asia's stability was based on two things.

One was what Don Emmerson once termed its "balanced disparity" – its big countries were poor and internally weak, while its rich and focused countries were small.[3]

The other was ASEAN, that great experiment in minimalist institutionalism that, as Michael Antolik observed was more a diplomatic code of conduct than a multilateral organization.[4]

ASEAN was always intended as an attention-deadening device for the great powers.

Through its auspices the countries of Southeast Asia could become so stable and robust as to smooth off any angles that would give the great powers an incentive to intervene in their affairs.

ASEAN's surface calm of course covered over a range of tensions, rivalries and fissures within and between the region's countries.

Over the course of many attempts, ASEAN promised great feats of collective action such as economic and financial integration, which could have excited much greater outside attention, but repeatedly failed to deliver much more than stability, predictability and development.

Even when Southeast Asia was labeled the "second front" in the War on Terror, its countries handled the threat methodically and effectively, even while Afghanistan and Pakistan spiraled into chaos, and the threat spread to the Arabian peninsula, North Africa and even Europe.

But this era, when Southeast Asia was able to stay beneath the parapet of great power attention and competition, is rapidly coming to an end.

There are three big strategic trends that are dragging Southeast Asia towards a new and unwelcome role as the focus of 21st century power politics.

The first is the demise of the Asia Pacific as a geostrategic realm and its replacement by an Indo-Pacific geostrategic realm.

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[3] Donald K Emmerson, "ASEAN as an International Regime", *Journal of International Affairs*, Vol. 41, Summer/Fall 1987, pp. 1-16

[4] Michael Antolik, *ASEAN and the Diplomacy of Accommodation*, Armonck, NY: M.E. Sharpe, 1990

For the past 50 years we've become accustomed to thinking of Asia as a series of vertical columns – East and Southeast Asia, South and Central Asia, West Asia or the Middle East.[5]

We divided Asia up in these ways because these vertical columns were each more vitally connected with the non-Asian world than they were with each other.

In Australia, and I believe in the United States, "Asia" overwhelmingly meant East Asia.

The societies on the eastern rim of the Pacific Ocean had fought the second theatre of the Second World War and the bloodiest conflicts of the Cold War.

Their alliances with the United States, the San Francisco system of pacts with Japan, Korea, Taiwan, the Philippines, Thailand, Australia and New Zealand, became the basic security structure underpinning regional stability.

And soon flows of prosperity reinforced these security mechanisms.

As early as the 1960s a dynamic cycle of enrichment began linking societies that complemented each other neatly:

- the world's wealthiest consumers in North America;
- resource-poor, crowded, disciplined and industrious Northeast Asia;
- the abundant cheap labour of Southeast Asia; and
- Australia's full-spectrum abundance of high quality energy and minerals.

The result was the most astonishing enrichment the world had ever seen, of the non-communist societies along Asia's eastern coast.

But from the early 1990s, a new, pan-Asian dynamic was swamping the Asia Pacific logic.

While East Asia's trade with North America grew by three and a quarter times between 1990 and 2008, its trade with Southeast, South and West Asia grew by six and a quarter times over the same period – and off a larger starting base.

What's more, this pan-Asian trend is accelerating: while Indo-Pacific trade grew by 240% in the 1990s, it grew by 280% in the decade that followed.[6]

The composition of this trade is important.

It involves large and growing volumes of energy flowing from west to the south and east, and large and growing amounts of merchandise flowing from the east to the west.

These are physical commodities which have to be shipped, not services which don't.

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[5] Anthony Bubalo and Malcolm Cook, "Horizontal Asia", *The American Interest*, May-June 2010

[6] UNCTAD Handbook of Statistics, http://www.unctad.org/Templates/Page.asp?intItemID=1890&lang=1

The energy flows in particular are crucial not only to the countries that consume them but also to those that produce them; domestic stability in both consumer and producer societies depends on energy in a way that the sudden interruption of the flow of ipads and nikes from China to the United States probably wouldn't.

As Robert Kaplan and others have pointed out, these new trade highways have made the Indian Ocean more important today than for much of the past few centuries.[7]

But I would argue that you can't talk about the Indian Ocean in isolation from the Pacific Ocean.

The reason that the cross-Indian Ocean flows are important is because of the ongoing dynamism of the trading and investment relationships around the Pacific rim.

We need to start talking and thinking in terms of the Indo-Pacific, a single geostrategic realm of crucial trade flows, commerce and investment, and increasingly, great power competition.

And right down the middle of this geostrategic realm, cutting it neatly in half, is a peninsula that we have traditionally thought of as Southeast Asia.

Look at the land forms – it is hard to think of a geographic structure that could more effectively focus strategic attention and competition on a relatively small area of the earth's surface.

I would argue that we should start calling it by a name that denotes its importance and centrality to the geostrategic realm is bisects – we should call it the Indo-Pacific Peninsula.

Up to this point, our attention has been focused on the crucial straits through which container ships and navies have to pass – Malacca, Sunda, Lombok, the South China Sea.

As long as they're free of intramural rivalries, great power competition and pirates, it seems, all is well.

But this is a far too narrow perspective on the geopolitics.

We need to go beyond a narrow focus on maritime geography to look at the totality of the Indo-Pacific Peninsula – how topography, land forms, patterns of human settlement, flows of commerce, and communities of meaning and loyalty define the Peninsula – and how these are likely to interact with rising great power attention.

The second trend is an emerging pattern of power alignments and competition in Asia.

The pattern that is emerging, to my mind, resembles a pyramid.

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[7] Robert D Kaplan, *Monsoon: The Indian Ocean and the Battle for Supremacy in the 21st Century*, Melbourne: Black Inc, 2010

The most powerful country in Asia, by a large margin, is China.

China is Asia's largest country by population and the second largest by land area.

The regional economy is centered on China.

It has the continent's largest and best-equipped military forces.

But China is surrounded by other large countries that don't trust it, and that have enduring civilizational rivalries with it: Japan, Vietnam, Indonesia, India.

Increasingly these countries are reaching out to each other, and to the United States, to balance the rising power and centrality of China.

But these secondary powers in turn are surrounded by tertiary powers that are deeply distrustful of them.

Japan is beset by memories of its historical aggression, as does Vietnam.

India's neighbours in South Asia get on very well with each other, but eye New Delhi with suspicion.

Indonesia has long been suspected by its neighbours of being little more than a vehicle for Javanese dominance of Southeast Asia.

To balance the secondary powers, the tertiary powers are reaching out to each other – and to China, the primary power, as well as the United States.

Pakistan has long had close relations with China.

China's trade with the countries of South Asia stood at $19.4 billion in 2004 – almost four times the value of India's trade with its closer neighbours.[8]

China's closest relationships in Southeast Asia are with countries that have long lived in Vietnam's shadow: Cambodia, Laos, Myanmar and Thailand.

The consequence of this pyramidial power structure is that strategic linkages and counter linkages now run between the Indian Ocean and Pacific coasts of Asia.

Strategic dynamics reinforce economic flows to call forth an Indo-Pacific geostrategic realm.

The third trend that has emerged relates to Asia's regional institutions, which are gradually being overwhelmed by these new strategic dynamics, to the point where they are no longer able to play the role they were intended to play: that is, to keep the region calm and free of contention.

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[8] Zhao Hong, "India and China: Rivals or Partners in Southeast Asia?", *Contemporary Southeast Asia*, Vol. 29, No. 1, April 2007, pp. 121-142

Regionalism in Asia has gone through two phases.

Phase 1, which began in 1967, saw ASEAN created to foster stability that would allow all of Southeast Asia's to build their resilience and prosperity.

Phase 2, beginning in 1989, saw ASEAN expand and attempt to exercise diplomatic influence over the power dynamics in the broader Asia-Pacific which could have been used by others in ways that could have taken Southeast Asia in directions it didn't want to go in.

So through APEC, the ASEAN Regional Forum, ASEAN Plus Three and the East Asia Summit, ASEAN was able to impose its membership preferences and multilateral norms on the surrounding great powers.

These institutions were an attempt to socialize China, the United States and Japan into Southeast Asia's view of the world: peace and prosperity instead of rivalries; karaoke and garish shirts instead of real regional intergovernmentalism.

But the forty year success story is coming apart at the seams.

Asia's institutions are unable to include all of the relevant players in the emerging Indo-Pacific strategic realm in a meaningful way; they remain stuck with an outdated Asia Pacific membership.

More importantly, rather than containing great power rivalries, they have become the vehicles for these rivalries.

A new dynamic of competitive cooperation has emerged in the region.

This is itself the product of an underlying structure of rivalrous interdependence – a situation not seen for many years in which the countries in competition with each other are also heavily, deeply dependent on each other for their economic viability.

Different great powers favour different configurations of regionalism – because these best express their conceptions of the region and its appropriate power structure.

China favours a limited, closed system, confined to East and Southeast Asia.

Japan, worried about China's dominance, favours a broader, inclusive regionalism that brings in the United States and India.

Until now, no state has made a stand against an institutional expression it does not prefer, and as a consequence there has been a proliferation of variable geometries of regionalism.

But the competition could become less benign.

Recently I heard a senior Chinese think tanker claim that China sees American interest in a broad Trans Pacific Partnership free trade area as a mechanism for containing China.

And where has the diplomatic competition over competing conceptions of regionalism been most intense?

Southeast Asia – the Indo-Pacific Peninsula.

So what is the geopolitical structure of the Indo-Pacific Peninsula?

I'd like to sketch out some thoughts.

First, a few thoughts on the strategic geography of the Peninsula.

One way to look at it is as a series of three vertical sections.

Its western zone, the west coast of the Malay peninsula that looks out to the Bay of Bengal can be thought of as a strategic dead zone.

All of its littoral states have until now had their strategic attention focused elsewhere: India on Pakistan; Bangladesh on India; Burma internally; Thailand into mainland Southeast Asia; and Malaysia east onto the South China Sea and Southeast Asia.

This is likely to change.

In the centre is the core of the Peninsula, what Cohen calls the region's ecumene, its area of greatest population and economic dynamism: Thailand, Malaysia, Singapore, Sumatra and Java.

The third zone to the east takes in eastern Indonesia, the Philippines, Borneo, Laos, Cambodia and Vietnam.

It is well populated but large swathes of it are poor and poorly governed.

There are significant horizontal zones in the Indo-Pacific Peninsula also: between Muslim and Buddhist; maritime and terrestrial; among Chinese, Malay and Thai ethnicities; and within the Malay states, in a rarely seen but significant rivalry between Indonesia and Malaysia.[9]

The Peninsula is strategically coiled around the South China Sea; that is the internal lake across which its member states watch each other and trade with each other.

For the states of the Peninsula the competition with China over the South China Sea is about much more than territory or resources – it is about the sovereign heart of the region and its vested interest in anti-hegemony and free navigation.

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[9] See for example Joseph Chinyong Liow, *The Politics of Indonesia-Malaysia Relations: One Kin, Two Nations*, London: RoutledgeCurzon, 2005

The states of the Indo-Pacific Peninsula have maintained intra-mural stability and calm for over forty years now – but this has only covered over some fundamental divisions within the region.

I've already mentioned Indonesia-Malaysian rivalry, which I'm happy to expand on in the Q&A.

More fundamentally, many of the region's states have a centrifugal effect on the cohesion of their neighbours.

Singapore for instance has always reduced Jakarta's ability to construct a truly national economy, collect comprehensive taxation, and conduct the archipelago's trade through its ports.[10]

The ethnic linkages between Malays of the Malay peninsula and Sumatra are a constant centrifugal force.[11]

Singapore uses fear of its Malay neighbours to bolster the legitimacy of its soft authoritarian regime, while anti-Chinese sentiments in Malaysia and Indonesia complicate relations with Singapore.[12]

Finally, the balanced disparity that Don Emmerson argued was so important to regional peace will break down with the rapid growth of the Indonesian and Vietnamese economies, leading to renewed fears of Vietnamese and Javanese hegemonic designs.

These are all divisions and factors that will come into play as the strategic competition for the Indo-Pacific Peninsula increases in the years ahead.

There are powerful forces already at work.

The region is already part of "factory Asia" – a system of tightly integrated distributed production based on China.

The figures show the dramatic growth of components trade in East Asia. Component exports increased from just over one-half of Southeast Asia's exports in 1992/3 to two-thirds in 2006/7.

The figures also show the increasing centering of East Asia's distributed production on China: the share of components in China's total manufacturing imports from East Asia jumped from just 16% in 1992/3 to 46% in 2006/7.[13]

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[10] Natasha Hamilton-Hart, "Indonesia and Singapore: Structure, Politics and Interests", *Contemporary Southeast Asia*, Vol. 31, No. 2, August 2009, pp. 249-271

[11] Liow, *The Politics of Indonesia-Malaysia Relations*

[12] Hamilton-Hart, "Indonesia and Singapore", p. 265

[13] Prema-chandra Athukorala, "Production Networks and Trade Patterns in East Asia: Regionalisation or Globalisation?", ADB Working Paper Series on Regional Economic Integration No 56, August 2010, p. 14.

The closeness of this integration can be seen in the rest of the region's close tracking of China's economic fortunes during the global financial crisis.

Indeed, the closeness of regional economic integration pose real challenges to East Asia's economies.

First, the more closely the region's economies become integrated with China's, the more concentrated their sovereign risk becomes on China's economic, social and political performance and cohesion.

Second, the new China-centred regional economy gives Beijing great strategic leverage as regional countries increasingly have a stake in its continuing success.

Third, as China becomes a major trading partner of regional economies – currently 6 of APEC's 21 members have China as their major trading partner, another five have China in their top 3, and a further 4 in their top 5 – there is a growing divergence between the security commitments and economic relationships for a range of regional states.

What are the possible futures for the Indo-Pacific?

One could be that growing attention from the outside leads to greater cohesion – and real integration and community building takes off in the region.

Another future has recently been sketched out by Aaron Friedberg, of a horizontal divide in Southeast Asia:

> On the one hand would be a grouping of continental nations physically contiguous to, and strategically centered on, China. Most of these countries would be economically dependent on and comparatively weak in relation to the PRC, and each would have its own form of authoritarian government … On the other side would be a group comprising primarily of liberal democracies; aligned with the United States; physically separated from China by oceans, mountains, or intervening territory; and with a largely maritime orientation.[14]

A more worrying scenario is of the Peninsula becoming a shatterbelt, with intense strategic competition intensifying the centrifugal forces within and between its states.

What is unlikely in my opinion, is that the status quo will extend into the future.

The Indo-Pacific will no longer be a bucolic backwater; and the United States and Australia had better start paying it some more attention.

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[14] Aaron L. Friedberg, "The Geopolitics of Strategic Asia, 2000-2020" in Ashley J. Tellis, Andrew Marble and Travis Tanner (eds) *Strategic Asia 2010-2011: Asia's Rising Power and America's Continued Purpose*, Seattle: NBR, 2010, pp. 42-43