Who We Are

• Reagan Heavin
  – Energy

• Adam Hudson
  – State Capacity

• Brandon Krueger
  – Military

• Sean O’Neil
  – Demographics

• Griffin Rozell
  – Balance of Power

• Matt Suma
  – Economy
East Asian Security in 2025

China: Competition, Cooperation, Plateau?

Reagan Heavin
Adam Hudson
Brandon Krueger
Sean O’Neil
Griffin Rozell
Matt Suma

24 April 2008
Agenda

• Conclusions
• Projections
• Drivers
• Four Outcomes
• Questions
Conclusions

• China will rise to great power status
• As it rises China will seek to reshape its security environment and expand its influence
• Sino-American relationship will be the primary factor shaping the security environment
Projections

- Sino-American Competition
- Multilateral Cooperation
  - Responsible stakeholder
  - Defensive military buildup
- Multipolar Competition
- China Plateaus
  - Fueled by a perfect storm of factors
Drivers

• Economic Growth
  – Energy
  – Demographics
  – State capacity

• Chinese Foreign Policy
  – Regional relations
  – Military strategy

• US Reaction
## Four Outcomes for Asia in 2025

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Asian Security in 2025

Outcome 1: Sino-American Competition

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Economic Growth: Continues

• GDP increases steadily
  – Projected at 8-10%
  – Projected to overtake the EU before 2025
  – Projected to overtake the US within 30 years
Growing Energy Demand

- Rising demand for oil imports
  - China’s “Go Out” Strategy
- Potential source of conflict beyond Taiwan
  - World production strains to meet demand
  - China driving rising oil prices

Source: IEA World Energy Outlook 2004
Positive Demographic Trends

• Increasingly educated population
• Stable labor force until 2020

Number of Bachelors Degrees Awarded in China v. US

Source: Holz, 2006, 44.
Improving State Capacity

- Generating revenue
- Controlling social unrest
Chinese Foreign Policy: Confrontation

- Continuing military modernization
- Anti-access/area-denial strategies
- Chinese revisionism

US Reaction: Containment

• Maintain current balance of power in Asia
  – Bilateral security alliances
    • Strong forward military presence
  – Bilateral economic alliances
• Prevent forceful Taiwanese unification

Source: www.bayan.ph/us%20war%20of%20terror1/US%20BASES/US%20Bases%20Revised.ppt
Nature of Competition

- Security competition likely: New Cold War
  - Competition for resources, arms, and allies
  - Chinese nationalism and desire for prestige
  - Chinese desire to protect SLOCs

- War unlikely but possible: Miscalculation
  - Chinese attempts to reunify Taiwan by force
  - Territorial/resource disputes
Conditions Supporting Sino-American Competition

• Historical record supports the trends
• Regional institutions lack capacity to manage conflict
• Conditions leading to post-1945 peace and stability in Europe are not present in East Asia
Outcome 2: Multilateral Cooperation

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Economic Growth: Continues

- Demographics and state capacity are constant
- Increased multilateral trade
- Multilateral energy agreements
Chinese Foreign Policy: Engagement

• Multilateral security alliances
• Revisionism only about Taiwan
• Regional Sino-centric cooperation
  – The Middle Kingdom
  – Multilateral institutions

Source: Scottish Geographical Magazine, 1896.
US Reaction: Engagement

• Promote multilateralism
  – Security
  – Economic

• Reduced bilateral relations
Conditions Undermining Cooperation

• US desire to preserve the current regional balance of power
• Weak regional institutions
• Current Sino-Japanese balance of power is unprecedented
• Differing approaches to governance among Asian nations
Outcome 3: Multipolar Competition
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Economic Growth: Continues

• Demographics and state capacity are constant
• Bilateral trade
• Competition for energy resources
Chinese Foreign Policy: Confrontation

- Military modernization continues
- Power projection strategy
- Regional hegemony

US Reaction: Retrenchment

• Military overstretch
• Financial and economic shocks
  – Fiscal overstretch
  – Relative economic decline
• Changing public opinion about US foreign policy
Conditions Undermining Multipolar Competition

• US desire to preserve the current regional balance of power

• China prefers regional status quo
  – US presence restrains Japanese rearmament

• Economic interdependence
Outcome 4: China Plateaus
## Four Outcomes for Asia in 2025

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Drivers

• Economic growth: Stalls
  – Social unrest
  – Aging population and public health issues
  – Energy shortages
  – Corruption

• Chinese Foreign Policy: Retrenchment
  – Niche military capabilities disrupt status quo

• US Reaction: Containment or Engagement
  – Dependent on degree of slowdown
Why a Chinese Plateau is Unlikely

- Drivers are not unique to China
- China has managed these issues without plateauing
Questions?
## Four Outcomes for Asia in 2025

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