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Asia after Biden's election

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Jia Qingguo China–US strategic competition

Paul Heer Biden recalibrates Trump's approach to East Asia

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From the Editor's desk

Few American administrations in living memory face as arduous a set of domestic and external policy challenges as that led by President Joseph R. Biden. What faces the new team in Washington is nothing short of herculean: arrest the scourge of COVID-19, grow the economy and begin once more to address the historic grievances of racial injustice and socio-economic inequality. How it handles those tasks will profoundly affect its capacity to prosecute an effective foreign policy.

It is in Asia that the new president's foreign policy task looms largest. So much has changed since Biden left the vice-presidency four years ago. China's rise, having taken an even stronger authoritarian turn at home and abroad, represents the biggest test for American primacy since the collapse of communism in Eastern Europe. Since taking office, Biden has given no indication that he will falter in a policy of 'strategic competition' with China across a broad range of policy fronts. After the Trump presidency frayed so many nerves, confidence in the return of competence to America's regional posture is high. But US allies and partners in Asia, while looking for a surer US tread in this part of the world, especially on trade and investment, will resist pressure to add to the clamour for a new Cold War with China.

As this issue of *East Asia Forum Quarterly* shows, a ready mix of problems await Biden and his team of familiar, and highly experienced, foreign policy faces. Among other subjects, contributors ponder the fate of the US–China trade war, the limits to achieving an ambitious national climate policy, the ongoing challenges on the Korean peninsula, in South and Southeast Asia, and the likely financial constraints on a more forward-leaning US military posture. US allies have always been asked for more but given the new administration's domestic preoccupations—it has already signalled that its foreign policy will be judged by what is good for the American middle class—Washington may well give a new meaning to 'burden' sharing over the life of this term. A much less discordant tone emanating from the Oval Office has already soothed the allied ear. But the next four years will no doubt reveal once more the strains and stresses inherent to maintaining *Pax Americana* in Asia.

James Curran

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COVER: A TV screen in Hong Kong shows news of US President Joe Biden after his inauguration.
Picture: Tyrone Siu / Reuters



The flags and stakes are raised as the Biden administration balances US priorities in the region with its allies' China relationships.

Biden builds bridges to contend with Beijing

RYAN HASS

IN 1949, American strategists feared that Soviet advances were generating an intensifying threat to the free world. That August, the Soviet Union broke the United States' nuclear monopoly by successfully detonating an atomic device. Washington worried that Moscow's build-up of military forces could be a prelude to an offensive against western Europe and the Middle East.

In response, former US secretary of state Dean Acheson led an effort to formulate a government-wide response. The result was NSC-68, a strategy document that concluded

that massive rearmament would be necessary to ensure the viability of the free world.

Acheson distilled his thinking in a 1950 speech at the White House, arguing that 'The only way to deal with the Soviet Union, as we have found from hard experience, is to create situations of strength. Wherever the Soviet detects weakness or disunity—and it is quick to detect them—it exploits them to the full.'

There are clear limits to historical analogies between the US–Soviet rivalry at the onset of the Cold War and the tense competition that exists between the United States and China today. Nevertheless, the core logic that

Acheson articulated in 1950—that the United States must build 'situations of strength' with like-minded nations to respond to challenges posed by rival powers—is a central organising principle for how the Biden administration plans to compete with China.

This approach is informed by a judgment that, as in 1950, the United States and its main partners are aligned in support of important objectives—peaceful settlement of disputes, prevention of great-power conflict, promotion of an open and rule-based economic system, and the need for international coordination to tackle transnational challenges.

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Additionally, Washington and its main partners share broad interests in urging Beijing to forgo its bullying behaviour and accept greater responsibility for finding solutions to global challenges.

But alignment in support of common objectives will not automatically generate unity of effort. Unlike in 1950, when the United States produced 50 per cent of global output, every major economy in the world today maintains deep connections with China. As a result, no country is willing to join a bloc to oppose or contain Beijing. This reality will place limits on the level of unity that is available to contend with challenges posed by China.

To the extent that Washington proves able to collect the weight of key countries to deal with Beijing from a point of maximum advantage, it will be on an ad hoc, issue-by-issue basis. Countries will join the United States in seeking to influence Beijing based on their own priorities and how China relates to them. For some, the goal might be to push Beijing to halt its problematic behaviour. For others, it might be to press China to exercise greater leadership in addressing global challenges such as climate change.

To weave together issue-based coalitions, the United States will need to meet partners where they are, rather than demanding that they accept Washington's perception of a China threat. Building common purpose with partners will not be exclusively animated by China. Rather, the guiding principle will be forging habits of coordination with friends wherever possible.

With European partners, such efforts could work towards setting common climate change ambitions, which could then inform joint efforts to push Beijing to accelerate its

The Biden administration's approach to China reflects a subtle but significant departure from the Trump administration's more direct approach of confronting China

timelines for achieving its climate targets. There also could be space for productive trans-Atlantic cooperation to accelerate technological innovation, shore up international trade and investment rules, combat the COVID-19 pandemic, uphold human rights and democratic values, and exchange best practices on countering domestic violent extremism.

With ASEAN partners, US policy might be tailored around the priorities of the region's youthful and dynamic population. Specific projects might focus on expanding access to information and opportunity, developing human capital, demonstrating leadership on climate change or improving local public health capacity. Such efforts could pay dividends over time by elevating America's appeal and creating a more fertile environment for coordination on specific issues relating to China. Attempting to mobilise the region to collectively push back against China's maritime activities, by contrast, will have limited purchase.

The United States must simultaneously allay concerns among partners about being 'forced to choose' between the United States



President Xi Jinping and then vice-president Biden met in Washington DC for an expanded bilateral meeting in 2014. It is expected that the new Biden administration will revive a more subtle and productive strategic policy when it comes to engagement with China and its allies in the region.

and China. The inescapable reality is that China's importance to other countries is growing. It is the world's largest trading power and the leading engine of global economic growth. It is becoming more embedded in Asian and European value chains.

Given this reality, the United States will need to give allies space to pursue their own interests with China, even while they partner with the United States on priority issues. Washington will also need to demonstrate—through its own words and actions—that it supports developing a constructive relationship with China, even as it prepares to push back strongly against problematic Chinese behaviour.

Somewhat counterintuitively, the more Washington is seen as responsibly working to develop durable relations with Beijing, the more diplomatic space it opens for

cooperation with others on China. Washington's partners will feel more comfortable working with the United States on issues relating to China when doing so is not perceived as an expression of hostility towards China. When Washington is seen as an instigator of tensions with Beijing, on the other hand, it reduces partners' willingness to work with the United States for fear that doing so could be perceived as tacit support for adversarial antagonism toward China.

Above all, Washington will need to right its own ship as a prerequisite for instilling confidence in its partners to join efforts to influence China. The United States must restore its own sources of strength by hastening domestic renewal, investing in alliances, re-establishing US leadership on the world stage, and restoring America's authority to advocate for values.

The Biden administration's approach to China reflects a subtle but significant departure from the Trump administration's more direct approach of confronting China. Although the results of the Biden administration's strategy may not be visible for some time, President Biden and his team do not harbour illusions of changing China overnight. They intend to play a long game. If their approach bears fruit, the United States will fortify its capacity to compete with China from a position of strength. **EAFO**

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China-US strategic competition

JIA QINGGUO

IN late 2017 China-US relations shifted dramatically when the Trump administration officially labeled China as a strategic competitor. For various reasons the Democrats seem to have accepted this label. Many believe strategic competition will continue to define the relationship under the Biden administration. But what exactly did strategic competition mean for China-US relations during the Trump administration? Will it be different under Biden, and if so, in what ways?

The strategic competition between China and the United States under the Trump administration turned out to be rather malign. Firstly, it was a competition to undermine rather than outperform the other. The Trump administration managed to trash the engagement policy that previous US administrations—both Democrat and Republican—had adhered to since the normalisation of China-US relations in 1979. It devoted much time and energy to smearing China, accusing Beijing of trying to destroy freedom and democracy and dominate the world through territorial expansion and diplomatic coercion. To this end, the Trump administration pressured—or collaborated with in some cases—other countries to work with the United States to contain China.

Many Chinese both in and outside the government believe that China should not tolerate this. They argue that what the United States wants from China is not just its money but its life (*bujin yaoqian, erqie yaoming*). That leaves China no alternative but to fight for its existence. Thus, China pushed

back on a range of issues, including human rights, Hong Kong, the South China Sea and Taiwan.

Secondly, under the Trump administration, China-US strategic competition was competition where the end justified the means. To rally domestic and international support to contain China, the Trump administration resorted to spreading lies and misinformation. It branded the COVID-19 virus the 'China virus'. It claimed that China's Belt and Road Initiative is a debt trap and that China's economic growth has been a result of theft of American technologies and unfair economic policies.

Infuriated by the Trump administration's attacks, some Chinese retaliated in kind, presenting the United States as a vicious monster constantly stoking conflicts and wars overseas to advance its selfish interests in the name of defending freedom and democracy. One Chinese senior diplomat even alleged that a US military lab was responsible for the COVID-19 outbreak. This trading of barbs deepened the mistrust and hostility between the two countries.

Finally, it was a lose-lose competition. The trade war initiated by the Trump administration has left many factories closed and many people unemployed in both countries. American consumers are paying more for imported goods. The technological war saw high-tech companies from both countries bleeding. The two countries found it difficult to cooperate on anything, even on the response to the COVID-19 pandemic.

Both countries imposed sanctions on each other's companies and officials, closed down each other's

consulates, traded insults and attacks, and suspended most official channels of communication. The two countries' warships and military aircrafts tried to outmanoeuvre each other in close proximity in the South China Sea and the Taiwan Strait, escalating the risk of an accidental military clash.

Is this the kind of strategic competition in which the Biden administration wants to engage? On the surface, it appears so. For example, senior US officials recently stated in congressional hearings that they believed the Trump administration was correct to take a tough approach towards China. They also openly claimed that the administration will work with US allies to put pressure on China. But closer analysis suggests that despite the tough rhetoric, the Biden administration's understanding of the strategic competition could be quite different from that of the Trump administration.

The Biden administration appears to favour a strategic competition to outperform rather than to undermine the other. At home, it promises to focus on issues like restoring unity, freedom and democracy, investing more in education and science, and reversing the trend of economic polarisation that has frustrated and angered many Americans.

Overseas, the Biden administration claims that it will try to restore relations with US allies and rally international support to tackle global challenges, including the COVID-19 pandemic, economic recovery and growth and climate change. While accepting that some aspects of China-US relations are increasingly adversarial, the new administration in



The front page of the *Southern Weekly* reports on the domestic competition between former US president Donald Trump and President Joe Biden during the November 2020 election.

Washington also argues that the two countries share important interests in other aspects, providing opportunities for cooperation.

Biden's administration appears to resist the idea that the end justifies the means. It has condemned Trump's practice of spreading lies and misinformation, and claims that it will develop policies based on principle and fact. Senior Biden officials indicated that they will reassess some of Trump's China policies. For example, Jen Psaki, White House press secretary, said on 29 January 2021 that 'everything the past administration has put in place is under review'.

Crucially, the Biden administration does not believe that all-out confrontation with China serves US interests. During the presidential

election campaign Biden risked losing popular support by declaring that he perceives China as a strategic competitor rather than an enemy. While endorsing a tough approach toward China, US Secretary of State Antony Blinken also said that Biden's China policy will be different from his predecessor's. The new administration will confront China on some issues, while seeking to collaborate in other areas where the two countries share interests. This leaves much room for cooperation, given that they actually share many common interests.

Although the Biden administration's approach to strategic competition is quite different from the Trump administration's, it does not necessarily follow that China-US relations will stabilise and improve.

How the Biden administration actually deals with the thorny issues between the two countries is yet to be seen. It will also depend on how China responds to US actions. Given the strong negative public sentiments toward each other, and their increasingly divergent domestic political practices, a truly benign strategic competition still remains difficult, if not impossible, to achieve.

EAFO

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Biden recalibrates Trump's approach to East Asia

PAUL HEER

PRESIDENT Joe Biden has much repair and restoration work to do in East Asia. Donald Trump seriously degraded the United States' role in the region, helping Beijing to escalate the most hostile and confrontational US–China relationship in 50 years. Simultaneously, Trump undermined US credibility with the allies and partners that Biden will rely on to confront the strategic challenge of China. Even before the Trump administration took power, East Asian nations had started to reassess their policies in the wake of historic shifts in the regional balance of power and growing doubts about the substance and sustainability of Washington's commitment to the region. Trump exacerbated this with his confrontational approach to Beijing and his inconsistent and often reckless approach towards US allies.

Biden will revive a more pragmatic and attentive posture towards the Asia Pacific. Many members of his foreign policy team—especially Secretary of State Antony Blinken, National Security Adviser Jake Sullivan and Indo-Pacific policy coordinator Kurt Campbell—have ample experience in the region from their work in the Obama administration and earlier. They know, however, that they cannot simply revert to Obama-era policies—the region and the world have changed dramatically in the past four years. Washington will need new strategies and tactics, and probably some

reassessment of its interests and goals and aspirations in East Asia.

This recalibration will take time, especially given Biden's need to focus on urgent domestic priorities, including reining in the COVID-19 pandemic and healing the deep political divisions that fuelled the constitutional crisis of 6 January. Nor can he immediately reverse all of Trump's East Asia policy initiatives. For example, domestic US politics will influence how quickly he can defuse the trade war with China, which in turn will depend in part on what reciprocal concessions are forthcoming from Beijing.

In any event, Biden will not retreat to a posture of complacency towards China or simply 'engagement': there is too much water under the bridge for that. During his presidential campaign, Biden wrote in *Foreign Affairs* that 'the United States does need to get tough with China' because of Beijing's many coercive and covert challenges to the United States and its allies and partners, China's global efforts to legitimise its authoritarian socialist

Biden and his team have been emphatic about their determination to reinvigorate US alliances and partnerships

system, and its egregious human rights behaviour. Blinken, during his confirmation hearings, agreed with the Trump administration that China merits a strong US response, even though he disagreed with many of Trump's tactics. Since taking office, he and Sullivan have reiterated the need to impose costs on China and to shape Beijing's behaviour.

Although Biden's team recognises the need for cooperation with Beijing on global issues of mutual concern—such as climate change, pandemics and economic crises—it will not cease to confront China on other issues. Indeed, Campbell and Sullivan wrote jointly in *Foreign Affairs* that 'the best approach' to Beijing is 'to lead with competition [and] follow with offers of cooperation.'

They also outlined a policy of 'managed coexistence' and 'sustained competition,' based on the acknowledgement that 'each will need to be prepared to live with the other as a major power.' This indicates the Biden team's recognition of the need for a reciprocal approach that does not overestimate US leverage over China. But Campbell and Sullivan also framed the goal as coexistence with China 'on terms favourable to US interests and values.' The key challenge here will be competing with Beijing's inevitable pursuit of terms favourable to Chinese interests and values, without letting the contest devolve into a zero-sum struggle for regional or global supremacy.

The good news for East Asia is



US President Joe Biden, pictured at the White House shortly after his inauguration, will revive a more pragmatic and attentive posture towards the Asia Pacific.

that Biden and his team have been emphatic about their determination to reinvigorate US alliances and partnerships there, thus mending the damage done by Trump. Biden emphasised that Washington must ‘build a united front’ against ‘China’s abusive behaviours and human rights violations’. Campbell and Sullivan wrote that ‘the combined weight of US allies and partners can shape China’s choices across all domains . . . if Washington deepens all those relationships and works to tie them together’.

This is reassuring, but Biden’s task will not be easy: there is much ground to recover. The Trump presidency has substantially eroded the exemplar of US democracy that underpinned Washington’s ties with its allies and

partners. Biden has acknowledged the need to ‘salvage [the United States’] reputation’ and ‘rebuild confidence in our leadership’.

But that is only the first step toward rebuilding trust in the United States’ commitment to East Asia and its prestige, reliability, economic competitiveness and military preparedness there. Washington must have an accurate and up-to-date understanding of its allies’ and partners’ varying interests, priorities and threat perceptions. The United States must avoid the risks of taking allies for granted—presuming that their ideas on how best to deal with China are identical to those of Washington, for example, or forcing them to choose between Beijing and Washington.

Much of East Asia has already adapted to a new regional security dynamic, so the United States cannot simply ‘catch up where it left off’. Washington must work closely with its allies and partners to understand where it now fits in East Asia’s balance of power and use that as the foundation for a renewal of US leadership in the Asia Pacific. **EAFC**

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STRIKING A BALANCED POSE

Realistic ambitions for US alliance system in Asia

PICTURE: IVAN ALVARADO / REUTERS



The Trump administration walked away from alliances such as the 2018 Trans-Pacific Partnership. Domestic politics may hinder President Biden's ability to re-engage in such regional alliances. Delegates of the Trans-Pacific Partnership gather for an official photo before signing the agreement in Santiago, Chile 2018.

KORI SCHAKE

US ALLIES in Asia, like US allies everywhere, have many and often conflicting desires.

They want the commercial freedom to benefit from Chinese investment, markets and supply chains without unwelcome Chinese influence. They want protection from military intimidation or attack by China without going to war or interrupting the flow of commerce. They want US domestic politics to stop at the water's edge, even as their own domestic politics require complicated detours. They want Washington to commit

to them, but do not want to choose between Washington and Beijing. They want US involvement—but not too much.

More often than not they are disappointed.

The key to success in US alliance relationships, in Asia as elsewhere, is that most countries have no better alternatives. Countries in the region have no greater reservoir of trust in their neighbours than they do the United States, and Washington brings the advantages of diplomatic heft, an economy of scale and a capable expeditionary military.

One weakness of the US alliance

system is that most of its regional allies don't like each other much. Another is that they are enmeshed with China economically in ways that cause them anxiety, while the United States—never the most reliable ally—is more self-absorbed than usual.

While the Biden administration portends some policy changes towards Asia, these changes will likely be less than anticipated. There is a strong bipartisan consensus that the 'responsible stakeholder' approach to China is unsustainable—China's behaviour indicates it does not want to accept the existing order.

Some scholars argue that 'great

power competition is not a coherent framework for US foreign policy'; that it 'risks confusing means and ends, wasting limited resources on illusory threats, and undermining cooperation on immediate security challenges, such as climate change and nuclear non-proliferation'. But competition does not mean 'unrelenting struggle,' and President Biden is making it clear that a more confrontational approach to China does not preclude cooperation on climate or non-proliferation.

Two US experts on Asia policy, Michael Green and Evan Medeiros, argue that 'an ambitious new strategy' is in order, entailing the 'bold and somewhat risky moves [of past US administrations] that confirmed American strength, decisiveness, and leadership'. Their daunting list of requisite policies includes a digital trade agreement, a government-private sector infrastructure alliance, an Asia-specific initiative to set rules on state competition and the United States to volunteer to host APEC in 2023. And that's before they address the specifics of cooperation over infrastructure, bringing European allies into the mix for 'economics, technology, human rights, and climate,' or doubling down on the United States' role as a security provider.

While these are all good ideas, it is unlikely they will eventuate. But the failure of these elegant ambitions will not result in China's hegemony. The prevailing view of China is as a stampeding success, sweeping aside the existing order and supplanting US influence. But, as Michael Beckley's work has demonstrated, China's growth model is more expensive than it can afford. We may already be seeing a stalling—and potentially failing—China.

A failing China brings problems of a different character—shorter and sharper than the problems

of a wealthy, domineering China. Increasing repression at home and aggression abroad may reflect a country seeking to claw as much change as it can get as it sinks in quicksand. Even if China's predation is the result of its accomplishments, its choices are strengthening the antibodies against its continued success.

It will, for example, be difficult for Volkswagen to sustain operations in Xinjiang as the German public grows more aware of Uyghur 're-education' camps and the brand's association with them. More confrontational Chinese 'wolf warrior' diplomacy is compounding the problem.

CHINA as only a formidable regional power would still complicate US and allied security. Preserving US attention to and leadership in Asia may be harder if China doesn't pose a global challenge. But the failure of China's global ambitions will also diminish countries' willingness to accede to Chinese power plays, so the equation may well balance out.

The great US baseball pitcher Satchel Paige was once asked what advice he would give to young pitchers. His answer: 'Throw strikes. Home plate don't move.'

He meant that there is simply no substitute for doing the things that are known to succeed. The same is true for US foreign policy. If the Biden administration wants allies to make difficult choices with costly consequences, it must make some itself.

Green and Medeiros argue that the Biden should rejoin the Trans-Pacific Partnership, but that 'domestic politics won't allow him to do so'.

That's not strictly true. What they actually mean is that the Biden administration is in favour of trade

protection and has six months before Trade Promotion Authority (TPA) expires, allowing Congress to modify any agreements. It doesn't want to expend the political capital to get a trade agreement ratified by Congress.

The same goes for ratifying the UN Convention on the Law of the Sea, a treaty that the United States was instrumental in negotiating, abides by and even enforces, but will not ratify. The gaps between the policy poses Washington strikes and the effort it is willing to make has made allies sceptical of US leadership.

Another area of potential daylight between the pose Washington is striking and the policies where it is willing to accept potentially dangerous consequences is human rights. The Biden administration is putting human rights front and centre in its political messaging, but while rhetoric about the importance of protecting human rights shapes most of the public statements by both Secretary of State Tony Blinken and National Security Advisor Jake Sullivan, policy actions beyond economic sanctions are not yet apparent.

The United States does not need a sweeping and bold agenda that takes 85 per cent of its foreign policy effort to preserve the existing international order against Chinese efforts to establish something that the United States and many countries in Asia and beyond oppose. Focusing on a few key areas is probably good enough, given the cost of the choices China is making. Fortunately for a solipsistic society, paramount among those areas is strengthening the domestic foundations of US strength. **EAFO**

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A clear mantra for US defence strategy

PATRICK CRONIN

THE defence challenge in Asia is enormous. The Joe Biden administration must preserve a credible force posture to defend against potential threats from North Korea, China and Russia. It must also transform a Cold War legacy force structure with advanced technologies like artificial intelligence, autonomous systems and quantum computing. It must do all this as it battles to contain the COVID-19 pandemic, turn an economic recession into more equitable growth and overcome deep political and racial divisions at home.

North Korea's test of the Hwasong-15 intercontinental ballistic missile (ICBM) in November 2017 demonstrated its ability to strike the US homeland. Kim Jong-un told the Eighth Congress of the Workers' Party of Korea in January 2021 that his country needed more weapons. Easily reversible promises not to test nuclear weapons and long-range missiles appear dubious deterrents to Kim's ambition of making North Korea a permanent nuclear-weapon state.

President Biden would like to strengthen non-proliferation, including through negotiations with North Korea, yet even a rational North Korean regime could trigger conflict through miscalculation.

Yet North Korea is a minor irritant next to the China challenge.

The People's Liberation Army (PLA) is the United States' most daunting military problem, even though

military power is far from Beijing's main strategic thrust. President Xi Jinping's priority is China's economic and technological leadership, which, if achieved, could yield military advantage and, if halted, could trigger military action.

Xi is using this centennial year of the Chinese Communist Party to burnish his credentials as the most powerful man in China. A might-makes-right conviction is found in his exhortation that the PLA must be ready 'to act at any second'. Having watched Xi silence Uyghurs in Xinjiang and create a national security law to throttle Hong Kong, democratic Taiwan and regional states should not rest comfortably.

Russia remains a potential spoiler in Asia. Through its strategic weapons, an alliance of convenience with China, brazen espionage and barely cloaked interference in the internal political affairs of democratic states, it has the means to thwart the international

China's international environment and global development space has recently begun to constrict as countries react to the full realisation of Xi's governance model

order that Biden hopes to achieve. The lengths to which Putin has gone to muzzle political opponent Alexei Navalny could further poison US–Russia relations.

Amid this bracing security environment and the imperative of slowing climate change, Biden's primary defence goal may shift from confrontation towards cooperative security. His Asia team would like to concentrate on working well with others, using persuasion when it can and power when it must. Yet the past three US administrations—Bush's global terror diversion, Obama's under-resourced pivot, and Trump's 'America First' retrenchment—suggest a more erratic policy course out of Washington.

Kurt Campbell's appointment as coordinator for the Indo-Pacific—or 'Indo-Pacific czar'—positions him to follow through with the United States' rebalance to Asia in a way he could never do as President Obama's Assistant Secretary of State. He is clear-eyed, neither resigning to Pax Americana nostalgia nor succumbing to fear and xenophobia. Reducing America's trust deficit is central to narrowing challenges and broadening responses.

A shift toward more cooperative security begins with repairing Americans' trust in their government and allies' trust in the United States. Defence policy untethered from popular support will founder and the challenges in Asia and around the world are too large for



A Seahawk helicopter launches during flight operations aboard the US Navy aircraft carrier *USS Ronald Reagan* in the South China Sea.

the United States to tackle alone. Another objective of cooperative security is to limit strategic distrust with major-power competitors. China is a formidable competitor but not an adversary, while Russia wants greater status but is willing to engage in arms control. Still, in acknowledging ‘extreme competition’ with China, vowing to protect Taiwan and allies, and accusing Russia of election meddling, Biden walks a fine line between cooperation and confrontation.

Campbell and an experienced interagency team of regional specialists are working to build a web of allies and partners. The goal is not an Asian NATO but a diplomatic–

economic bulwark that advances cooperative security through the rule of law, standards and norms to deal with the challenge of trade in an age of new technologies and secure supply chains for national security. But that is not how it will be viewed, especially in Beijing. Because cooperative security aims to be inclusive, the United States will have to endeavour to be more pro-rule of law than sharply anti-China.

Enlarging cooperation will happen through both established and innovative mechanisms, multilaterally and bilaterally. The United Nations and international organisations, including those centred on ASEAN, will be fully engaged. But the region may also expect a summit for democracy and

the pursuit of technology governance (a so-called D10 or T10). The administration will also operationalise the Quad alliance coalition between Japan, India, Australia and the United States to address functional issues with these and possibly other partners.

Cooperative security is no substitute for basic defence. As the Pentagon conducts both a global force posture review and China policy, the job of deterring aggression without triggering conflict remains a looming challenge. After Biden’s inauguration, PLA bombers and fighters flew through Taiwan’s air defence identification zone and simulated an attack on a US carrier. Military manoeuvres were backstopped by this

unprompted diplomatic message for Taiwan: independence ‘means war’.

Holding the line on deterrence requires clear red lines that the United States will not tolerate being crossed, supported by ready and credible forces. Secretary of Defense Lloyd Austin may wish to might adopt the prior administration’s guidance of: 1 denying China sustained air and sea dominance inside the ‘first island chain’ in a conflict; 2 defending the first island chain nations, including Taiwan; and 3 dominating all domains outside the first island-chain. But there is an obvious tension between a US ability to protect regional actors and China’s desire to prevent interference in its neighborhood by foreign powers. So, Secretary Austin’s team will seek to offset US military capabilities with bilateral dialogue and confidence-building measures with Beijing.

Deterrence costs money and defence spending may decline. Force structure, operations and personnel are bound to be affected, as the Department of Defense seeks to preserve investments in innovative technologies. Even the nuclear triad will receive scrutiny. But follow-on delivery systems like the B-21 strategic

bomber, Columbia-class SSBN submarines and replacements for land-based ICBMs are more likely to be delayed than eliminated. Because Biden has made clear that the sole purpose of nuclear weapons is to deter a nuclear attack, he may cancel a low-yield nuclear warhead for the Trident II D-5 missile.

Budgetary pressures are also apt to affect and constrain the size of conventional forces. Financial strains may reinforce the administration’s argument for deploying forces forward in the Indo-Pacific. While overseas basing may prove cost effective, distributing forces to geostrategic and reliable locations takes effort. The silver lining of budget constraints is that the trend fortifies Biden’s desire to lighten the United States’ defence burdens by strengthening alliances; rejuvenating arms control and multilateral institutions; and forging rules in cyberspace, space, telecommunications and high-technology exports.

Biden gave arms control a boost by immediately extending New START with Russia and announcing that the US will continue to support the nuclear test ban treaty. His

administration is likely to replace attempts to seek to denuclearize the Korean peninsula with but step-by-step arms control. While the United States may be unable to convince Beijing to cap its growing nuclear force, it might have more success with risk-reduction measures. Avoiding a conflict over Taiwan is vital. But the dialogue might also pursue ways to prevent conflict in space, cyberspace, or with new technologies like autonomous systems.

Before being tapped as Deputy Secretary of Defense, Kathleen Hicks wrote that the way to compete with China’s military–civil fusion strategy was not to focus on disrupting it but on boosting US efforts in tandem with allies and partners. Similarly, as the Biden defence seeks to turn the page on the past four years, its mantra is clear: less confrontation, more cooperation. **EAFO**

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Demonstrators protest against the recent military coup on the streets of Yangon, Myanmar, February 2021.

A hard time for democracy in Asia

LARRY DIAMOND

UNDER the presidency of Donald Trump, concerns about democracy and human rights were demoted in US foreign policy. Trump’s administration deserves credit for reorienting American foreign policy to confront an increasingly authoritarian China. But while some US officials did what they could to advance human rights—for example in protesting against China imposing its national security law on Hong Kong or in commemorating China’s

own traditions of advocacy for democracy—Trump himself had a transactional, value-neutral approach to dealing with China.

President Biden will be different. In a formative essay outlining his foreign policy views early in 2020, Biden prioritised the renewal of democracy at home and abroad. Yet the new administration faces formidable difficulties and contradictions in trying to counter authoritarianism and defend freedom in Asia. This is due both to China’s increasing power and the United States’ declining stature—

an upshot of its concurrent public health, economic and democratic crises. It also stems from the inevitable collision of realist and idealist logics in American foreign policy.

The battle over China policy in the Biden administration will likely emerge from two competing views of what constitutes a ‘realistic’ stance towards China.

The ‘old realism’ emanating from President Nixon’s opening to China (and dominating American foreign policy for the following several decades) held that drawing Beijing



A protestor dressed as Captain America attends a Human Rights Day march, organised by the Civil Human Right Front, in Hong Kong, December 2019.

more deeply into the international system would make it a 'responsible stakeholder', facilitating its 'peaceful rise' and gradual modernisation into a more politically open—if not entirely democratic—system.

'New realism' sees China pursuing dominance in Asia with specific objectives—including pushing the United States out of the Indo-Pacific region, constructing military bases in and controlling maritime traffic through the South China Sea, and eroding US alliances. From this perspective, countering China's bid for regional dominance is imperative both for regional security and for defending freedom and democracy.

The military dimension of this imperative looms large. The modernisation and expansion of China's military—aided by four

decades of relentless technology theft and an intense Chinese Communist Party (CCP) campaign of 'military–civil fusion'—increasingly threatens Taiwan. President Xi Jinping and other senior Chinese leaders speak in belligerent terms of their intention to 'reunify' Taiwan with the mainland, no longer using the adjective 'peaceful' to describe the process by which it will occur. Taiwanese President Tsai Ing-wen's policy restraint is met with psychological warfare and other forms of intimidation.

The Biden administration must consider how it can deploy greater military force to defend against—and hopefully deter—Chinese military coercion, while also avoiding unnecessary confrontation or further stoking Chinese nationalist sentiment already on the rise. And Taiwan

must do more to enhance its military readiness and deterrence.

Within Asia, the indispensable counterweight to China is India. India will have a larger population than China within a decade. While China is three times richer in per capita income, India is catching up economically and technologically. And though India's military spending is only a quarter of China's, it has one of the world's largest militaries and is a Quad partner with the United States, Japan and Australia.

A loose strategic forum, the Quad lacks joint military exercises but is evolving towards greater military cooperation and intelligence sharing to deter Chinese aggression. While the legacy of 'non-alignment' in Indian foreign policy precludes a formal military alliance, the Quad countries

share a powerful strategic imperative in preserving a free and open Indo-Pacific region.

This would seem to augur well for growing cooperation among the region's powerful democracies—but just when India is becoming important to the future of democracy in Asia, it is drifting in an authoritarian direction.

Re-elected in a landslide victory in 2019, the Bharatiya Janata Party (BJP) and its Prime Minister, Narendra Modi, are eroding the independence of India's main institutions. The right-wing populist party traffics in religious chauvinism and intolerance of critics and minorities.

If the Biden administration remains silent in the face of these trends, the strategic partnership with India will ring hollow in its defence of democracy. On the other hand, if it is too confrontational and moralistic—especially when US democracy is visibly diminished—US–India relations could careen off the rails. No dilemma complicates the Biden aspiration to promote democracy in Asia more seriously than this one, which remains poorly understood in Washington.

South Korea's left-of-centre government is also infringing on judicial independence and freedom of speech. It presents Washington with a similar dilemma, particularly given the potency of anti-US sentiment on the political left in South Korea.

It is a hard time for democracy in Asia. Myanmar's military, which already held veto power over constitutional change and control of Myanmar's power ministers, staged a coup in February ending the country's five-year experiment with semi-democracy. In Thailand, the military remains in charge alongside the monarchy, blocking any return

to democracy. An illiberal populist, Rodrigo Duterte has degraded a functioning democracy in the Philippines.

The prospect of a democratic transition seems stalled in Malaysia and distant in Singapore. Hun Sen has completed Cambodia's slide into one-party dictatorship. Vietnam has been cracking down heavily on dissent and civic space. Indonesia and Mongolia remain genuine democracies but are preoccupied with internal stresses. Even in Japan, Asia's oldest liberal democracy, democratic norms and practices weakened during the nearly eight years of Shinzo Abe's leadership. While liberal democracy is in many ways thriving in Taiwan, it is increasingly threatened by China.

SO there is little prospect for success in a frontal—not to mention unilateral—campaign demanding perfect fidelity to democratic norms. Any strategy to promote democracy in Asia will need to integrate strategic and human rights imperatives, strengthen and defend partners in civil society and look to the medium run.

Few people in the region want their countries to become vassals of a regional order under China's control. This common interest can provide leverage for engagement around human rights issues and rule of law.

Some leaders, like Duterte, may threaten to 'play the China card' but it is unlikely to be popular domestically, particularly as the costs of economic and strategic engagement with China become more apparent. When a democratic rebound comes, it will be driven by forces in civil society.

The United States and its liberal democratic allies, such as Australia, Canada, the European Union and hopefully Japan, must work through

Any strategy to promote democracy in Asia will need to integrate strategic and human rights imperatives, strengthen and defend partners in civil society and look to the medium run

diplomacy and aid flows to preserve civil society groups and independent media. These democracies will have more impact if they coordinate their activities and prioritise the diffusion of technologies to help democrats evade digital surveillance and censorship. In some instances—and sadly for Hong Kongers—established liberal democracies may need to provide a temporary or even long-term home for democrats at risk.

In the near term, the priority may need to be containing the democratic retreat and countering the rise of authoritarian China. In some countries, this means just trying to keep democrats alive. But the growing demands of young people in the region for more open and accountable government offer hope that this authoritarian moment will have an expiration date. [EAFQ](#)

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A health care worker prepares a dose of China's Sinovac Biotech vaccine for the coronavirus disease (COVID-19), during a mass vaccination for elderly people at Indonesia's health ministry in Jakarta, March 2021.

Global vaccination is still a jab in the dark

JEREMY YOUDE

IN LESS than a year since the World Health Organization (WHO) declared COVID-19 to be a pandemic, there are already 10 different vaccines approved for use in various countries around the world. But vaccines are only effective if people can get vaccinated—and progress on that front is incredibly uneven. While many states in the Global North will likely achieve widespread vaccination by late 2021, middle and low-income countries may not receive significant vaccine access

until 2024.

This lack of access persists throughout much of Asia. Most Asian states have not started vaccinating their populations, largely due to limited vaccine manufacturing capabilities, logistical challenges and regulatory delays. In contrast to the strong initial responses to COVID-19 by many Asian states, the slow rollout of vaccination programs threatens to undermine early successes.

There are efforts to improve COVID-19 vaccine access throughout Asia, two of which deserve particular attention. The first is COVAX, a joint

partnership between the WHO, the Coalition for Epidemic Preparedness Innovations (CEPI) and Gavi, The Vaccine Alliance (GAVI).

Its aim is to develop, purchase and supply COVID-19 vaccines to provide more equitable access, with the goal of vaccinating 1.8 billion people (or 20 per cent of the population in its target low-income states) by the end of 2021. Under this plan, Southeast Asian states should receive 695 million vaccine doses by year's end, covering roughly half of the region's population.

COVAX represents a global collaboration to fight against vaccine



Workers offload boxes of Oxford/AstraZeneca vaccines, distributed by COVAX, at Phnom Penh International Airport, Cambodia 2021.

nationalism and widen vaccine availability. So long as significant portions of the world lack access to COVID-19 vaccines, the pandemic will continue to threaten the globe. Nearly every country in the world has signed on to COVAX's plan, giving a strong boost to its legitimacy and reinforcing the interdependence inherent in fighting global pandemics.

Despite this optimism, COVAX faces three serious challenges that could limit its effectiveness for Asian states.

First, it lacks financial resources. While it has raised US\$6 billion so far,

COVAX's leaders estimate that it will require at least another US\$2 billion to achieve its goals. US President Joe Biden's recent announcement of a US\$4 billion contribution to COVAX should provide a significant boost.

Second, the initiative needs to overcome serious logistical hurdles—transporting the doses quickly, maintaining the cold-storage requirements, training enough medical workers to administer the vaccine and conducting public information campaigns.

Finally, some wealthier countries are negotiating their own deals with

vaccine manufacturers, jumping the queue by offering to pay more. By doing so, they circumvent COVAX and increase the amount of time that other countries will have to wait for their doses.

The second effort is vaccine diplomacy, specifically efforts being undertaken by the Indian and Chinese governments. Vaccine diplomacy refers to governments providing other countries with access to vaccines as part of a strategy to build goodwill internationally.

India, which is home to 60 per cent of the world's vaccine manufacturing

capacity, and China, which has developed at least two COVID-19 vaccines, are both well-poised to make doses available to their Asian neighbours and have undertaken aggressive programs to do so. This comes in contrast to the United States and other wealthy states buying up existing vaccine stocks, and is part of a concerted effort by both countries to build alliances with regional partners.

India is giving free COVID-19

vaccines to Nepal, Bangladesh and Sri Lanka—all three of which have experienced tense relations with the Indian government in recent years. China is making its vaccines freely available in Sri Lanka, Indonesia and other Southeast Asian countries as part of its Health Silk Road Initiative.

The obvious advantage to Asian states from these vaccine diplomacy efforts is that they allow more people—primarily people who would

have had to wait years—to gain access to the vaccine. This will sustain the successful efforts that many of these states have already undertaken to limit COVID-19's spread.

But one main challenge is how recipient states navigate the geopolitical tensions that helped give rise to Indian and Chinese vaccine diplomacy. Both countries have sought to use the vaccines to curry favour with regional partners, rebuild frayed diplomatic ties and counteract diplomatic moves by the other.

This could have far-reaching foreign policy effects for the receiving states, particularly if China and India 'overpromise and underdeliver'. There are also questions about China's unwillingness to share accurate and complete data about the efficacy of its vaccines, raising suspicions about its motivations.

The other challenge is rooted in Indian and Chinese domestic politics. Both countries are making vaccines available to other countries at times when their own internal vaccination campaigns are in a nascent state, a situation that could lead to questions about why Beijing and New Delhi are not prioritising their own citizens.

Because Asian states have largely done a good job containing COVID-19, they may not face the same immediate pressures to unleash widespread vaccination campaigns. But that reality should not hide the glaring inequalities around access to COVID-19 vaccines and the need to overcome them. [EAFQ](#)

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A woman poses for a photo after receiving a dose of COVISHIELD, a COVID-19 vaccine manufactured by the Serum Institute of India, at a vaccination centre in Mumbai, March 2021. PICTURE: FRANCIS MASCARENHAS / REUTERS



The 123-storey Lotte World Tower building in eastern Seoul epitomises the dominance of large business conglomerates throughout the South Korean economy.

Chaebol reforms are crucial for South Korea's future

SANGIN PARK

TO understand the South Korean economy is to have an understanding of the chaebol, large business conglomerates controlled by their founding families. South Korea's rapid economic growth since the 1960s—the miracle on the Han River—was driven by a government-led and chaebol-centred development strategy. This strategy enabled South Korea to overcome deficiencies in its financial markets and the markets for industrial parts and components, and to play catch-up through imitation-led growth. But this development strategy had its weaknesses.

Then-president Park Chung-hee, who came to power after a military coup in 1961, had to establish his political legitimacy through economic development. With the country lacking natural resources and foreign aid, Park chose an export-led development strategy and provided a variety of business favours to high-performing exporting firms. This was a merit-based perks system.

South Korea's economy was transformed through this process of economic development. Park's strategy increasingly concentrated economic power in the chaebols and consolidated major industries around big chaebol firms.

While the chaebols undeniably contributed to government-led economic development, they also caused a number of economic and social problems. These include the relationship-based allocation and tunnelling of assets and profits, price squeezing and intellectual property (IP) expropriation through exclusive subcontracting. The chaebols have also been identified as a fundamental cause of South Korea's 1997 economic crisis, while the deviant behaviour and economic crimes of their controlling families have been widely criticised. Yet, chaebols continue to dominate the South Korean economy.

Intra-group trade is extensive

within the country's chaebols. Between 2009 and 2017, intra-group trade occurred within 80 per cent of chaebol group firms, accounting for about 13 per cent of their total sales. Tunnelling through related-party transactions—which sees funds from a group firm with lower cash-flow rights transferred to a group firm with higher cash-flow rights to the benefit of family shareholders—has been rife.

To combat this behaviour, new regulations on related-party transactions within chaebols were introduced with the Monopoly Regulation and Fair Trade Act in 2014, but inadequate legal provisions have meant that such transactions are yet to be eradicated. According to a 2018 report by the Korea Fair Trade Committee, the proportion of intra-company transactions decreased temporarily and then increased again in companies subject to the regulation. Furthermore, for companies able to take advantage of loopholes within the new regulations, the proportion of intra-company transactions has remained high.

There is clear evidence that the effects of economic concentration go beyond tunnelling within business groups where the controlling minority shareholder is the group's founding family.

Economic concentration and industrial consolidation accelerated after the Asian financial crisis in 1997. In the Korean automobile industry between 1998 and 2004, Hyundai Motors acquired Kia Motors while other major carmakers went into bankruptcy before being sold to foreign firms. This merger and reshuffle activity led to monopolisation in the automobile market and monopsony in the automobile parts and components market. Today, Hyundai Motors accounts for about 80

The chaebol are reminiscent of the trusts and large businesses that dominated the United States in the beginning of the 20th century

per cent of domestic automobile sales.

Once a monopsonist establishes exclusive supply chains with suppliers of parts and components, it begins to engage in price squeezing and IP extortion when bargaining with its suppliers. Without punitive damages and rules of discovery in place in South Korean civil lawsuits, subcontractors have no choice but to accept exploitation from monopsonists. They know that they can be cut out of the monopsonist's exclusive supply chain and left without viable alternative buyers.

Faced with profit squeezing and IP extortion, suppliers have less incentive for innovation. They become largely indistinguishable and replaceable and even more vulnerable to price squeezing. This is how small- and medium-sized enterprises (SMEs) lose both the incentive and the capacity to innovate and are forced to compete in terms of price alone, rather than in terms of quality-improvements or technological capacity. My ongoing research—on monopsony, price squeezing and sub-optimal investments—suggests that subcontractors invest substantially less in research and development (R&D) if they are engaged in such exclusive contracts.

As long as price squeezing provides an easy way for a big

chaebol firm to guarantee its own price competitiveness, it also has less incentive to push for innovation. The ratio of consolidated sales to R&D spending in Hyundai Motors is just 2.4 per cent, while that of Volkswagen was over 5 per cent in 2014. The devastating consequences of monopsony on innovation have already been observed in the US automobile industry by Raghuram Rajan and Luigi Zingales in *Saving Capitalism from the Capitalists*.

Competing on price alone will not work any longer. Price squeezing is reaching its limit in low-end automobile models since new carmakers—especially those from China—have become viable in this segment of the market. As a consequence, the market share of Hyundai Motors in China plummeted from 10.4 per cent in 2014 to 5 per cent in 2017. The lethargic pace of innovation by South Korea's car and parts producers has jeopardised its automobile industry as connected cars and electric vehicles gain traction.

In an economy concentrated in a small number of big business groups, monopsony and exclusive supply chains drive the widening wage gap between workers at SMEs and those at big chaebol firms. According to the Korea Small Business Institute, wages in small firms (with 10 to 99 employees) were 57.2 per cent of those in large ones (over 500 employees). To take Japan as a comparison, the same measure of this wage gap was only 83.8 per cent in 2017.

This discrepancy reflects price and profit squeezing by large monopsonists against small subcontractors in South Korea. As shown by the Korean Metal Workers' Union in 2014, Hyundai Motors, the monopsonist, enjoyed an 8.5 per cent operating profit. In contrast, operating profits were 5.8 per



Samsung Electronics vice chairman Lee Jae-yong leaves the Seoul High Court, October 2019.

cent in large primary subcontractors, 3.8 per cent in medium-sized primary subcontractors and 2.8 per cent in small secondary subcontractors. The wage gap between SMEs and large firms is a key contributor to widening income inequality in Korea.

The decline in competition is common in other manufacturing industries. Manufacturing has traditionally been the leading source of South Korea's economic growth and accounts for a large proportion of the country's economy (29.3 per cent of GDP in 2016). The growth rate of the manufacturing sector has fallen compared to the overall economic growth rate since 2012. The country's export growth has slowed substantially from the annual rate of about 12 per cent in 2001 to 2011 to the annual rate of about 3 per cent in 2011 to 2017 (OECD Economic Survey Korea 2018).

The profitability of manufacturing industries has been on a downward trend since 2011, with a few exceptions such as semiconductors.

The chaebol are reminiscent of the trusts and large businesses that dominated the United States in the beginning of the 20th century. But fighting 'bigness' in Korea has failed.

The first chaebol regulations were introduced into the Monopoly Regulation and Fair Trade Act in 1986, but much like related party-transactions regulations, these had loopholes from the beginning and were loosened later on in the name of economic revitalisation. Chaebol reform recommended by the International Monetary Fund during the 1997 Asian financial crisis saw the adoption of US-style corporate governance, which turned out to be ineffective in resolving economy-wide

concentration by chaebols.

The concentration of economic power in South Korea has led to a greater risk of governmental capture, judiciary capture and media capture. The country today is experiencing the same undermining of the market economy and political democracy that ushered in the Progressive Era in the United States in the early 20th century.

The Moon Jae-in administration has been slow to implement pledged chaebol reforms since taking office after the Candlelight Demonstrations in 2016–17. It has passively urged the chaebols to voluntarily unwind the concentration of their economic power. Worse still, the administration has pursued pro-chaebol policies even as Moon's Minjoo Party racks up victories in local elections. In 2019, a special law on internet-only

banks was enacted, retreating from the principle of prohibition of controlling banks and non-financial firms by the same entity (either a company or individual). The Moon administration is also considering the introduction of dual-class shares in the name of fostering entrepreneurialism.

Furthermore, the so-called 'Samsung clause' has not yet been amended in the Insurance Business Act. Currently, an insurance company cannot have affiliated firms' stocks and bonds whose combined value exceeds 3 per cent of its assets. But affiliated firms' stocks and bonds are valued at their acquisition prices, while assets are based on market prices set by the Enforcement Decree. Because of this clause, Samsung Life Insurance can hold about 8.5 per cent of the shares of Samsung Electronics, which is the key shareholding for control of Samsung Electronics by the Lee family.

South Korea's judiciary system has also been notorious for its lenience toward chaebol founder families, most often known as the 'three-five rule': a three-year prison sentence suspended for five years regardless of the type or nature of the crime.

In 2005, Doosan Group chairman Park Yong-sung and vice-chairman Park Yong-maan were accused and received suspended sentences for embezzlement. Both ultimately

Interaction between political institutions and chaebols has significant implications for South Korea's economic growth

received pardons in early 2007. Before receiving a pardon in late 2007, Halla Group chairman Chung Mong-won was charged for breach of trust. In 2008, Hyundai Motor chairman Chung Mong-koo was charged with embezzlement and breach of trust, and SK Group chairman Chey Tae-won was charged for fraud. In the same year, Hanwha Group chairman Kim Seung-youn was sentenced to 18 months in prison for assault and Booyoung Construction chairman Lee Joong-keun to three years in prison for embezzlement and tax evasion. All were given suspended jail sentences. This is but a short list of examples.

These lenient court rulings are not because of the practical challenges involved in finding evidence of a crime. Even if evidence is clear and irrefutable, the court typically argues that the founder families of chaebols are so valuable to the economy that it may serve the public interest not to hold them accountable for their crimes. When the string of suspended sentences drew strong criticism because of the application of separate legal standards for the rich, the Supreme Court's Sentencing Commission tightened its guidelines mandating strict minimum statutory punishment for significant embezzlement or breach of trust. In practice, these guidelines have not been well observed by judges.

Following Park Geun-hye's

impeachment in late 2016, changes to the malpractice of the three-five rule were highly anticipated. But less than 18 months later, the Court of Appeals sentenced Lee Jae-yong, then vice chairman of Samsung Electronics, to two-and-a-half years in prison with a four-year probation for embezzlement and bribery of Park and her close confidante. In August 2019, the Supreme Court overturned the Court of Appeals decision and ruled that the total amount of bribes and embezzlement by Lee Jae-yong had been underestimated—increasing to an amount that mandated at least five years in prison. Still, in the retrial, the presiding judge of the Seoul High Court exercised discretion and sentenced Lee to only two-and-a-half years in prison this past January.

The capture of the country's judiciary is closely related to judges' career interests. Many judges retire if and when they are not promoted to a higher rank. According to a 2019 report from the Judicial Policy Research Institute, each year from 2013 to 2016 between 47 and 67 judges resigned before they reached mandatory retirement, most of them aged in their 40s and 50s. Considering that only 83 to 111 new judges were appointed annually during this period, the number of resigning judges is substantial.

Retired judges typically join the legal teams of chaebol firms or law firms whose big clients are chaebol firms. When particular families control a significant portion of a country's economic resources, judges with career concerns are likely to make distorted judicial decisions which may be beneficial to these families' private interests. The South Korean case indicates that the concentration of economic power can be a fundamental threat to democracy and the market

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Technicians work at SK Hynix plant in Icheon, South Korea August, 2015.

economy via judiciary capture.

It also shows that business groups with significant economic power can influence the media, even when big business groups are prohibited from holding news media assets in their portfolios. Following the Appeals Court decision in favour of Samsung's Lee Jae-yong, for example, some newspapers ran pieces supporting the court's decision.

The media's advertising dependence on chaebols is critical. The proportion of total advertising spending by companies affiliated with the five largest chaebols among Korea's top 100 advertisers was 35.9 per cent from January to September 2018. For newspapers alone, the top five chaebols spent 37.3 per cent of the total advertising outlays of the top 100 advertisers. Among them, the advertising costs of Samsung-affiliated companies accounted for the highest portion, at 12.79 per cent. According to a survey conducted in 2017 by the

Korea Press Foundation, 74.2 per cent of field reporters picked advertisers as the most important factor that directly or indirectly restricts press freedom in South Korea.

Journalists' career concerns are closely related to media capture as well. A chaebol-friendly stance promises a variety of future benefits. Journalists, who typically retire in their 40s and 50s, often find post-retirement positions in chaebol-affiliated institutions. Marriage between chaebol founder families and media owner families such as Samsung and the Dong-A and JoongAng media groups may also play a certain role.

The interaction between political institutions and chaebols has had significant implications for South Korea's economic growth since the 1960s. The country's economic expansion was driven by a government-led and chaebol-centred strategy of development, which was accompanied by increasing economy-

wide concentration by the chaebols. As a result, the political elite changed from dictators to chaebols, particularly after political democratisation in 1988, when chaebols became the gatekeepers of advancement within South Korean society.

South Korea is now at a crossroads. Economic concentration is the root of the structural problems now faced by the economy and society. The shift to an advanced industrial structure and innovative growth goes against the interests of the chaebols. An economic crisis may not be avoidable without fundamental changes in the country's economic structure and policies. Chaebol reform is the key to these indispensable changes. **EAFO**

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A protester in the guise of President Xi Jinping controls a marionette of president Trump while demonstrating in front of the Trump International Hotel, Washington DC 2020.

The world needs US leadership on cyber and tech priorities

JULIA VOO

UNDER former President Donald Trump US global leadership on cyber issues came to a screeching halt. But as President Joe Biden has proclaimed, 'America is back'. Expect to see the development of a sensible policy, crafted by experts that does not totally abandon the previous administration's focus on technology competition and trusted networks but unpicks the policy discord.

The current plan prioritises strengthening trusted techno-democracy alliances and going beyond attribution in response to cyber-

attacks. While reassuring, parallel efforts need to be made to grow the United States' sphere of influence with non-democratic and developing countries including through revamping global cyber governance regimes with the techno-democratic alliance of countries for greater long-term national security and stability.

Biden has placed seasoned cyber and technology experts at the heart of the National Security Council (NSC) and charged them with coordinating an interagency approach. Anne Neuberger, former cyber security director at the National Security Agency (NSA), has been appointed

to the newly created NSC role of Deputy National Security Advisor for Cyber and Emerging Technology. Michael Sulmeyer, senior advisor to the NSA, and US Cyber Command leader General Paul Nakasone, will assume the position of Senior Director for Cyber in the White House. The Director of the Office of Science and Technology Policy has been elevated to Biden's cabinet, a first for this position, placing science at the centre of policymaking. Other confirmed appointees who have worked in broader portfolios, such as Secretary for Homeland Security Alejandro Mayorkas, also have significant

experience dealing with cyber issues. Under Obama, for example, he dealt with numerous international cyber security agreements as deputy secretary of the department.

These appointments and structural changes are a shift from the past four years, which saw the termination of the Council's cyber security coordinator role and the closure of the State Department's office for coordinating cyber issues. It seems that US inability to develop a comprehensive response to cyber issues and engagement on cyber issues at the global level will be remedied. As identified by the US Cyberspace Solarium Commission, the United States needs a more strategic approach towards cyber attacks. The creation of a new Office of the National Cyber Director (NCD) within the Executive Office of the President has been incorporated into the annual National Defense Authorization Act. While this role is yet to be appointed, the NCD will be tasked with coordinating defensive strategies for federal and critical infrastructure organisations, industry engagement, efforts to deter adversaries, and diplomatic initiatives relating to cyber security.

Now the United States has an experienced team of both Asia Pacific and cyber experts who recognise that diplomacy is an important tool and are empowered to act on cyber challenges. On substance, it is likely that the norms articulated under the Obama administration will endure. These include refraining from conducting cyber activity that could damage critical infrastructure or interfere with cyber emergency response teams; not conducting cyber theft of intellectual property; mitigating domestic malicious activities; and helping allies when attacked through cyber means.

However, at the multilateral level

Now the United States has an experienced team of both Asia Pacific and cyber experts who recognise that diplomacy is an important tool and are empowered to act on cyber challenges

diplomatic efforts will be complicated by fragmented global cyber-governance that lacks a single source of authority. The use of diplomatic tools to resolve issues arising in the cyber domain occurs at many levels with an assortment of actors with various geopolitical interests. These actors range from states and industry to civil society, and they engage in technical, multilateral and multi-stakeholder bodies sometimes with overlapping remits. The current state of global cyber governance is messy and, in some areas, ineffective.

For example, discussions between states on the application of the Law of Armed Conflict in the cyber domain have fractured. In December 2018, the Open-Ended Working Group, initially proposed by Russia, was established as a forum for all interested parties to attend. This is in contrast to the UN Group of Governmental Experts, a more exclusive group of countries including the United States that issue reports on the development of norms, rules and principles such as how international law applies in cyberspace.

Under President Trump, the United States did not demonstrate much-

needed global leadership. Perhaps due to the lack of consensus at the UN level, French President Emmanuel Macron announced the Paris Call for Trust and Security in Cyberspace which seeks to establish international norms for the internet, including digital hygiene and the coordinated disclosure of technical vulnerabilities. It is the largest multi-stakeholder group ever assembled in support of an international cyber security-focused agreement. The United States, notably, is not involved in this global endeavour, although many leading US companies are.

With a new president who believes in global leadership and the power of alliances, particularly in dealing with China, we can expect a lot of activity from the Biden administration. It will seek to balance democratic interests against authoritarian forces by building trusted proprietary technology alliances. Cyber priorities will likely include strengthening trusted technology alliances, shaping data flows and going beyond attribution in response to cyber-attacks. Plans to utilise global governance systems to address these issues as well as reaching out to countries outside of the United States' immediate circle of allies are notably absent.

Distrust of some foreign-owned companies and the need to protect technological advantage drives localisation efforts worldwide. The guarantee of future cyber attacks creates urgency for robust information exchange and the gradual increase of cyber security requirements across all markets. Recognising the cost and challenge of recreating an entire supply chain within a single country is broadening the alliance of trusted democracies and lengthening the list of issues on which they cooperate.

In the first three weeks of his



White House Deputy National Security Advisor for Cyber and Emerging Technology Anne Neuberger gives an update on the Biden administration's response to the SolarWinds hack, February 2021.

presidency, Biden reached out to Australian Prime Minister Scott Morrison and South Korean President Moon Jae-in. Biden's National Security Advisor, Jake Sullivan, has called ASEAN ambassadors to discuss opportunities to enhance cooperation on climate change, the COVID-19 pandemic and economic recovery, maritime security and people-to-people ties, as well as 'the importance of ASEAN centrality'. Sullivan also contacted counterparts in South Korea and India. While there was no urgency to call President Xi it seems clear that building a coalition of allies will be the tool of choice for key US priorities, such as China. It is this effort, where we can expect a greater US interest in cooperating with Asia Pacific economies particularly Australia, India, Japan, and South Korea.

Of these potential allies, the D-10,

an alliance of 10 democracies, will gather in June in the United Kingdom under the auspices of the G7. While cyber and tech issues are not the primary focus of the D-10, the United Kingdom has brought Australia, South Korea and India to the table to address the pressing issues of 5G mobile communications and supply chain security issues as a group.

Techno-democratic alliances that include governments and companies, such as the proposed T-12 alliance which includes Sweden (Ericsson) and Finland (Nokia) will likely appear in a rewired version of Trump's 'Clean Network Initiative'—which focused on keeping Huawei out of United States and allied 5G networks by encouraging allies to use non-Chinese suppliers—to ultimately build a cohort of trusted vendors.

In anticipation of better relations,

the EU Commission proposed a new transatlantic agenda in December 2020 ahead of Biden's inauguration. It highlights two key points: the need for a closer partnership on China, where both sides view China's growing assertiveness as a strategic challenge but differ on approach; and deeper

We can expect some efforts to position the United States as a shaper, and not a taker, of international rules governing global data exchange

cooperation in the Asia-Pacific region to support democratic progress. That effort will need to be balanced with issues on which the European Union and United States are not aligned, such as digital taxes and policing big tech companies (which are overwhelmingly American).

On privacy and data governance, Biden has stated that the United States should be doing more on setting standards in the space, not unlike the Europeans have done with the 2016 General Data Protection Regulation (GDPR). The Asia-Pacific region has also proven itself as a leader in data standards—although not to the same degree as the EU’s GDPR—through the voluntary APEC Cross-Border Privacy Rules system, which was established in 2011 and has since been adopted outside the region. We can expect some efforts to position the United States as a shaper, and not a taker, of international rules governing global data exchange.

While there is much debate about the efficacy of the attribution of malicious activity, the Five Eyes (United States, Australia, United Kingdom, Canada, and New Zealand) public attribution of cyber-attacks will likely continue. The appointment of Anne Neuberger and Michael Sulmeyer suggests that a strong response to the SolarWinds breach—the biggest cyber attack on the US government in recent years—will be a priority, and a strong response to future cyber attacks will be the norm. Biden’s Chief of Staff, Ron Klain, suggested that the administration’s response to the recent supply chain attack on SolarWinds software used across US government IT systems may include not only public attribution but also financial penalties and retaliatory hacks on Russian infrastructure.

The appointment of cyber experts and strengthening old democratic alliances to tackle cyber challenges are welcome improvements,

however, those efforts alone are not sustainable. In an age where both authoritarian and democratic countries lead the development and application of digital technologies, what seems to be Biden’s plan so far is too skewed towards democracies with high-tech capabilities. This risks creating a democratic technology bloc that appears to have no aspirations of finding middle ground with less-democratic high-tech countries, democracies with limited technological capability, and a majority of the developing 100+ countries who are likely to be courted by China. A US-led techno-democratic alliance could collectively drive a global effort to improve governance of the cyber domain for increased security and stability for many countries, not just a few. [EAFQ](#)

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A man looking at a phone is seen through digitally decorated glass during the World Internet Conference (WIC) in Wuzhen, China, November 2020.



PICTURE: ALY SONG / REUTERS

Looking beyond the North in South Korean foreign policy

CHUNG MIN LEE

AS President Joe Biden begins to recalibrate the United States' role and place in the world after Trump's tumultuous presidency, South Korean President Moon Jae-in enters his last year in power. How much influence Moon can have in shaping Biden's North Korea policy is unclear. A more important question is how receptive Biden will be to the weight Moon will want to give jump-starting stalled US–North Korea talks. Despite lingering hopes in the Moon government that Biden will opt to re-engage fully with North Korea, Biden is unlikely to focus like a laser on North Korea.

While the Moon government's overarching stance is to support US efforts in reaching a landmark nuclear deal with North Korea, what the Biden administration really wants to see from its ally is for Seoul to expand its global footprint as a critical middle power. Unlike any other time in their alliance, the time is ripe for South Korea to bolster its international role on issues such as climate change, the multilateral pandemic response, restructuring the free trade regime and enhancing coordination and cooperation between so-called techno-democracies. On all these issues, South Korea can make vital contributions when the United States needs crucial input from major allies in Asia and Europe.

China has made strides in most of the manufacturing sectors where South Korea has traditionally dominated, such as shipbuilding,

consumer electronics and computer chips. The only way that South Korea can maintain an edge is by becoming more innovative than China. Crucially, as a vibrant democracy with a robust alliance with the United States, South Korea can enhance its global leverage by expanding the scope of this alliance. The real question confronting the Moon government is whether it has the strategic bandwidth to revamp the alliance as the Biden administration begins to grapple with constraining Chinese power and influence or whether it will continue its emphasis on elusive breakthroughs with North Korea.

Biden entered office with a full foreign policy plate and will only begin to implement his own North Korea policy after his administration conducts a thorough policy review. For the time being, the lion's share of Biden's attention is going to be on the increasingly fraught US–China relationship, the hurdles of re-joining the Iran nuclear accord and resetting ties with Moscow. Despite the resounding assurances that America

is back—in a more recognisable way—Biden's presidency is unlikely to fundamentally alter the global balance of power in a way that will fully restore US supremacy. Given his decades of experience as a senator and vice president, the last thing Biden will do is restart the erratic, dangerous, self-serving and ill-prepared North Korean adventures initiated during Donald Trump's term.

President Moon, however, is hoping that Biden will at least come half-way in fostering renewed engagement with Kim Jong-un. It's not clear how realistic this expectation is. Even Trump walked away from a half-baked deal at the second US–North Korea summit in Hanoi in February 2019. Trump's then-national security advisor John Bolton subsequently described Moon's ideas on denuclearisation with North Korea as 'schizophrenic' and 'nonsense'.

Undaunted, South Korea's new Foreign Minister and former National Security Advisor, Chung Eui-yong, has suggested that North Korean denuclearisation is entirely possible if the right constellation of security commitments are aligned. Chung played a key role in the inter-Korean summits in 2018. In February, at his confirmation hearings, he declared his belief that Kim Jong-un was sincere in his quest for denuclearisation subject to absolute guarantees of security on the peninsula. Chung has also reaffirmed the Moon government's aversion to restarting large-scale military exercises with the United States.

President Moon... is hoping that Biden will at least come half-way in fostering renewed engagement with Kim Jong-un



South Korean President Moon Jae-in speaks during an online New Year news conference, January 2021.

Moon’s fixation on putting into place a so-called permanent peace regime on the Korean peninsula is all the more urgent given that he will leave office in May 2022. All presidents want to leave legacies that will outlast their years in office and Moon is no exception. But as the world grapples with the worst pandemic in a century, it makes eminent sense for South Korea to look beyond North Korea as the defining element in Seoul’s national security and foreign policies. There is every reason to maintain the highest level of vigilance and defence-readiness in the face of growing North Korean nuclear and other asymmetrical threats. But in an era of escalating power competition—marked by intensifying US–China rivalries that will cut across all sectors, worsening climate change, unparalleled technological disruptions

driven by AI, and increasing nationalism—South Korea needs to extricate itself from a North Korea-centric worldview.

A lasting road to peace and prosperity on the peninsula can only be achieved if South Korea amplifies its international leverage by enhancing its contributions to the global commons. This cannot happen if it continues to focus myopically on a peninsular peace regime without taking into account the gross human rights abuses of the North Korean government or crafting a more realistic roadmap towards verifiable denuclearisation. South Korea will also miss out on a key opportunity to strengthen its alliance with the United States at a time when Washington needs crucial support from allies.

As important as the North Korea issue is, Seoul would gain significant

dividends by focusing on global areas of cooperation with the United States and mending seriously strained relations with Japan. Globalising South Korean foreign policy should receive bipartisan support. In an era of unprecedented decoupling, but also growing entanglement, it makes sense for South Korea to accentuate its increasingly prominent role as an outward-looking techno-democracy. To do otherwise would be to go back in time and forfeit a rare opportunity to augment South Korea’s strategic regional and global leverage. [EAFQ](#)

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President Biden, Vice President Harris and US Secretary of Defense Lloyd Austin tour the Pentagon, 2021.

Domestic divisions leave blanks in US Asia policy

GORANA GRGIC

IN the flurry of analyses of Joe Biden's early policy moves, there is a common thread that depicts the 46th president as an agent of change towards predictability in policymaking, and as a much-desired course correction after the chaotic Trump years. In undoing the political and reputational damage done by his predecessor, Biden has a hefty task of convincing both Americans and America-watchers that the United States still occupies a central role in

the international system and can act as a force for good.

Unlike Donald Trump, Joe Biden is a foreign policy veteran, having served as the Senate Foreign Relations Chair and a two-term vice president. Much like the famous rhyme for marital success, Biden has decided to opt for 'something old' and surround himself with people he has had a track record working with. His foreign policy team comprises long-time practitioners and experts, many of whom were integral to the Obama administration and the Clinton cabinet.

Overall, there is little uncertainty about the general beliefs and attitudes of the new administration. It will work to prioritise diplomacy, elevate multilateralism and incorporate values in the conduct of foreign policy. However, there is also the 'something new' aspect of Biden's nascent foreign policy doctrine that will differentiate it from his Democrat predecessors. Biden's foreign policy will be more constrained by situational factors at home and abroad. Deep political divisions and multiple crises—emerging from or amplified by the

COVID-19 pandemic—will limit his presidential attention and action. And as the world grows more unstable, uncooperative and illiberal, US foreign policymakers will have significantly less room to manoeuvre.

RATHER than a radical departure from the Trump era, there are still elements from the previous administration that could qualify as ‘something borrowed’. While the new administration is talking up cooperation on transnational issues such as climate change, global health and arms control, it is bound to maintain the inherited competitive disposition towards China. It has made it abundantly clear that economic statecraft will remain a vital aspect of its strategy.

Yet, there is uncertainty around the policy specifics, much of which will hinge on contingency planning and bureaucratic politics. While we can only speculate as to what Chinese foreign policy will look like over the next four years, there is less room for guesswork when it comes to the key divides in Biden’s team and the impact of domestic politics on his Asia Pacific policy.

First, there is the question of setting policy priorities. There are some well-founded fears that a divide over traditional and non-traditional security issues is beginning to drive a wedge through the administration. On one hand, there are those who believe the greatest threats to the United States are of primarily kinetic origin. On the other, there are those who argue the largest threats are anthropogenic.

The former argue that the United States should maximise its military and economic capabilities to compete with China. The latter maintain that climate change is the mother of all

questions that can only be addressed if the world’s two largest economies work together.

Second, there is a generational divide within the top echelons of the executive branch. The president’s younger appointees generally advocate for a more assertive response to China, while the older guard are wary of a new Cold War. Some describe the intellectual sparring as a duel between ‘restorationists’ and ‘reformists’. Seen through this prism, the restorationists’ agenda most closely aligns with Obama-era policies.

The reformist playbook is more comfortable with the Trump administration’s strategic diagnosis—that Washington needs to adapt to a world dominated by great power competition—even if their policy prescriptions are in stark contrast to those implemented by the 45th president. Others see this through the lens of international relations scholarship and the perennial tension between realist and liberal institutionalist tendencies in US foreign policy.

Finally, the interaction of bureaucratic and domestic politics will have a decisive impact on Biden’s policy direction. The Obama years are a telling example of the long road between strategic planning and policy implementation. Obama began his first term with a dovish outreach to China, but as China appeared to grow more assertive the more hawkish response advocated by the State Department became the preferred policy. The infamous ‘pivot to Asia’ was never fully implemented because US domestic politics and partisanship got in the way of ratifying the Trans-Pacific Partnership, and attention to seeing through this agenda in Obama’s second term shifted with the reprioritisation of the Middle East and

Europe.

What these variables might look like during the Biden years remains to be seen. Nonetheless it is not wildly imprudent to assert that bureaucratic rivalries will surface and affect the formulation of policies. Partisan politics and the slimmest of margins in Congress will further complicate policymaking. Key questions—such as how much competition with China is productive and the merits of Washington’s decoupling strategy—will also create domestic winners and losers who will lobby for their preferred outcome.

THE early signals point towards President Biden’s willingness to confront Chinese leadership over a whole range of issues—from unfair trading practices, gross human rights abuses in Xinjiang, and the crackdown on democracy in Hong Kong to growing assertiveness over Taiwan. Biden is far from the first US president to excoriate Chinese government’s actions. The forthcoming months will tell to what extent rhetoric will be matched by policy response.

For those in Asia, perhaps the greatest takeaway remains that while the Biden team is a known entity and the administration recognises the region as the critical theatre of the 21st century, there are still plenty of unknowns regarding the policy specifics. These blanks will be gradually filled as the United States heals on the home front and adapts to navigating the world after having had its credibility severely challenged under Trump. **EAFQ**

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Biden's brief window to reform global institutions

ADAM TRIGGS

FORMER US president Donald Trump was right about one thing: many of the world's international institutions are flawed. His arguments as to why were usually wrong, often veiled attempts to find a scapegoat for his own domestic woes. His response to those institutional flaws was worse. Like the kid who takes their ball and goes home, Trump's approach was to run away, not pursue reform.

Instead of working to fix flaws in the World Trade Organization (WTO), the World Health Organization (WHO), the International Monetary Fund (IMF) and other institutions, Trump either ignored the problem, attacked the institution or withdrew from the institution altogether. He recklessly surrendered one of the most powerful

weapons in the US arsenal: the ability to lead in writing global rules and shape global institutions.

Re-writing global rules and reforming the world's institutions isn't easy. Past reforms have been painstakingly difficult. Historically, successful reforms have required at least three things: leadership from the President of the United States, approval from the US Congress (at least when funding is required) and a quorum of major countries that support the change. For the first time in more than a decade, all three pieces of the puzzle could be in place.

The Democrats' dual January Senate wins in Georgia mean they now control both houses of Congress and the White House. President Joe Biden understands that much US power comes from the institutions

and rules it created to cement US interests and influence. Want to trade or invest internationally? You'll need US dollars for that. Want to access the global payments system? Then don't upset the United States. Need an IMF bailout or a World Bank loan? Only the United States has veto power.

But these institutions have not aged well and US influence has suffered as a result. Past reforms have helped but more is required. The WTO is a relic of the past. The global trading rules need to be updated to cover subsidies, state-owned enterprises, forced technology transfer and the digital economy. These issues have fuelled tensions and trade wars.

The IMF is little better. Its quota formula—which gives too many votes and funding responsibilities to Europe and too little to Asia—should be updated to reflect the modern economy, along with its Executive Board. Without reform, the IMF's legitimacy and funding suffers; forcing it to be a minority lender in major bailouts while relying on temporary loans (which progressively expire from 2023 to 2025) for half its funding.

The WHO's budget is smaller than the budget of most big hospitals. The share of unearmarked funding is low, with membership dues representing less than 20 per cent of the agency's total budget. The WHO's mandate is too broad and its governance structure is too narrow—excluding voices from civil society—while its technical expertise is too limited in areas

ncillary but critical to effective health responses: logistics, urban

Workers board up the International Monetary Fund building to Biden's presidential inauguration



PICTURE: ERIN SCOTT / REUTERS



Biden is shown overlooking the White House South Lawn during his vice presidency in the Obama administration, April 2015.

design, economics, law and information technology.

Many more global institutions need reform. Like the IMF, the World Bank's governance needs to reflect the global reality. The out-of-date-membership of the International Energy Agency means that the body meant to represent energy consuming countries now excludes a majority of the world's energy consumers.

The consequences of these out-of-date institutions are the same: more fragmentation and less US influence. As the funding, legitimacy and effectiveness of these institutions dwindle, regional competitors emerge. For the WTO, it's a plethora of plurilateral and bilateral trade agreements. For the IMF, it's the European Stability Mechanism, the Chiang Mai Initiative and hundreds of bilateral currency swap lines. For the World Bank, it's the Asian Development Bank, the Asian Infrastructure Investment Bank and bilateral agencies among others.

Fragmentation makes the global system less effective. Most global, regional and bilateral trade agreements are incompatible with each other and create a nightmare for businesses to navigate. Responses to financial crises are now slower, more cumbersome and more political. Responses to health crises, development challenges and energy transitions are less effective and less coordinated.

As US-dominated institutions fade into the background, so does US influence. But for the first time in more than 10 years, Biden has a window of opportunity to fix this. Holding the White House and both houses of Congress, the United States can lead reform in these institutions and create new rules where there are none today: from tax, trade and climate change to competition policy, data and the digital economy.

Countries overwhelmingly support change, especially in Asia. Indonesia will host the G20 next year and has been a stalwart leader on the case for

WTO reform. Asia's bitter memories of the IMF's past failings have seen them spend decades calling for reform. A region desperate for investment will benefit substantially from reformed and better coordinated development banks while climate change is an opportunity for constructive engagement on a common priority between the United States, China and the Asian region.

Indonesia's G20 host year in 2022 is an opportunity to get this done. If history is anything to go by, Biden will lose the House of Representatives, the Senate or both in the November 2022 US mid-term elections. He has no time to wait. [EAFQ](#)

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What Southeast Asia wants from the Biden presidency

Construction of the Walini tunnel marks a major milestone of Indonesia's Jakarta–Bandung high speed rail, a project made possible by the China High Speed Railway Technology Company, February 2019.

DEWI FORTUNA ANWAR

SOUTHEAST Asians are predisposed to welcome the Biden presidency after four years of tumultuous US foreign policy under Donald Trump. There is a general belief that President Biden's foreign policy will be similar to that under president Barack Obama, given that Biden served as vice president in the Obama administration. But the United States faces an uphill battle to re-engage and strengthen its alliances in the region.

The Obama administration was a strong supporter of multilateralism, prioritised diplomacy as the primary tool of US foreign policy, cooperated with allies and partners to tackle common challenges and paid special

attention to ASEAN. These policies were largely overturned by Trump.

Southeast Asian states increasingly see US policy towards the region as a function of the US–China relationship. China's growing influence in the region prompted Obama to strengthen US relations with Southeast Asian allies and to pay more attention to ASEAN. After leaving office in 2016, Biden wrote that the incoming Trump administration needed to continue working with ASEAN to advance a rules-based international order and cultivate a relationship with China where competition and cooperation could co-exist.

American attitudes towards China have hardened in recent years. China's economic rise is interpreted as a by-product of unfair practices, and its

increasingly assertive foreign policy is seen as a threat to US domestic interests and its international position as the preeminent power, particularly in the Indo Pacific.

Trump's neglect of ASEAN, exemplified by his failure to appoint a US ambassador to the body and frequent absences from ASEAN-related summits, has contributed to a lack of confidence in the United States as a reliable strategic partner among Southeast Asian countries.

The ISEAS-Yusok Ishak Institute's *The State of Southeast Asia: 2020 Survey Report* showed that the majority of those surveyed had little or no confidence in the United States as a reliable strategic partner, with only 30.3 per cent having some confidence and 4.6 per cent having

full confidence. Compared with the Obama administration, 77 per cent of respondents observed that US engagement with Southeast Asia declined under Trump. Despite this, the 2020 survey also showed that 60.3 per cent of respondents believed that this gloomy perception of US reliability could be reversed with a change in American leadership.

The Institute's same survey for 2021—published shortly after Biden's inauguration—shows a much more favourable attitude towards the United States. A full 68.6 per cent of respondents predict that US engagement in the region will increase under Biden. A further 55.4 per cent expressed confidence in the United States as a reliable strategic partner and provider of regional security, and only 23.7 per cent expressed no confidence.

In the face of US–China rivalry, the default position of ASEAN is not to take sides while endeavouring to enhance ASEAN's resilience and ability to ward off external pressure. If ASEAN were forced to take sides, however, the ISEAS surveys show that the majority of respondents favour the United States over China—61.5 per cent chose to align with the United States in the 2021 survey report, compared to 53.6 per cent in the 2020 survey.

The change in attitude of four ASEAN countries is particularly noteworthy. Cambodia, Indonesia, Malaysia, and Thailand all favoured aligning with China in 2020, but preferred to align with the United States in 2021. Indonesia has shown the most significant change in attitude, with 52 per cent of respondents favouring an alignment with China in 2020, but 64.3 per cent choosing the United States in the 2021 survey report.

In Southeast Asia, the United States has already lost its former, preeminent status to China. The ISEAS surveys demonstrate that China is seen as the most influential economic power by ASEAN respondents, increasing from 73.3 per cent in 2019 to 79.2 per cent in 2020 and falling slightly to 76.3 per cent in 2021. US economic influence also trails far behind China, at 7.9 per cent in 2019 and 2020 and 7.4 per cent in 2021.

China is also seen as the most influential political and strategic power in Southeast Asia, although this view decreased from 52.2 per cent in 2020 to 49.1 per cent in 2021. The perception of US influence increased from 26.7 per cent in 2020 to 30.4 per cent in 2021.

THE Biden administration has clearly engendered goodwill and high expectations among ASEAN countries through a renewed pivot towards the region. In light of Southeast Asia's growing distrust of China—both because of its overwhelming economic presence and increasingly assertive foreign policy, particularly in the South China Sea—ASEAN countries are eager to welcome a more engaged US policy in the region.

ASEAN countries would like to see more American investment as an alternative source of funding. However, the United States faces an uphill battle to compete with China in providing foreign direct investment (FDI) for infrastructure development in the region, which has led to many ASEAN countries welcoming China's Belt and Road Initiative. For instance, according to the Indonesian Board of Investment, China was the second largest source of FDI to Indonesia in 2019 with US\$4.74 billion worth of investment, while the US came a

distant eighth with US\$989.3 million worth of investment.

The majority of ASEAN member states will also welcome greater US engagement, particularly in helping to restore democracy in Myanmar after the recent military coup and prevent the latest political crisis in Myanmar from further destabilising the region and thus undermining ASEAN unity and centrality. At the same time, given the diversity among ASEAN member-states, Biden's focus on revitalising democracy will likely receive a mixed reception. Many ASEAN governments are likely to be apprehensive that the Biden administration will also be critical of the democratic shortcomings and human rights abuses in Southeast Asia as a whole, not just in Myanmar.

Besides great expectations there is also some scepticism directed towards the Biden presidency. The United States faces many challenges on the domestic front, particularly the public health and economic impacts of COVID-19 and the increasing polarisation of American society. These challenges may detract from its ability to fulfil the region's high expectations. There are also concerns that like Obama, and unlike Trump, Biden will limit the number of freedom of navigation operations (FONOPS) in the South China Sea which may further embolden China. Of even greater concern is the frequent sharp swing in US foreign policy from one administration to the next, which gives a strong impression of US unpredictability and unreliability in the long run. [EAFQ](#)

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How will strategy on South Asia differ?

MICHAEL KUGELMAN

PRESIDENT Joe Biden's foreign policy will be very different from that of his predecessor, Donald Trump. Biden has vowed to bring back US global leadership, value international diplomacy, restore US alliances and promote democracy and human rights abroad. He intends to undo the dramatic—and in his view deleterious—changes that the Trump administration made to US foreign policy.

Yet while Biden may engineer a full-scale foreign policy reset, his administration's likely South Asia policy will be an anomaly—a rare example of considerable continuity with Trump. Biden, like Trump, strongly supports a withdrawal from Afghanistan. Under Barack Obama, he was a vocal opponent of his boss's troop surge. He will side with Trump in supporting a workable relationship with Pakistan that, at least initially, revolves around securing Islamabad's assistance in advancing a fledgling and fragile peace process in Afghanistan. He will also fully back a rapidly growing US–India partnership that enjoyed much forward movement during the Trump years—just as it has throughout every administration back to the Bill Clinton era.

Biden is a long-time friend of India. He once described the US–India partnership as the defining relationship of the 21st century. The Biden administration will maintain a focus on two key areas of US–India cooperation during the Trump years:

the promotion of a 'free and open Indo Pacific' and the strengthening of ties with two close maritime partners in the region, Australia and Japan, as part of the 'Quad' arrangement. Tellingly, according to the State Department's readout of an initial call between Secretary of State Antony Blinken and Indian External Affairs Minister Subrahmanyam Jaishankar on 29 January, 'The Secretary underscored India's role as a preeminent US partner in the Indo Pacific and the importance of working together to expand regional cooperation, including through the Quad.'

The two core shared interests that drive the partnership—combating terrorism and countering China—have Biden's full-throated support. He has also expressed his admiration for the large Indian–American community, a constituency that further strengthens the bilateral relationship.

MEANWHILE the rest of South Asia will receive less strategic focus, as it did during Trump's term. The attention it does garner will largely be framed through the lens of US–China rivalry and, increasingly, India–China rivalry amid Beijing's deepening footprint across the region, fuelled by its Belt and Road Initiative.

So expect Biden to shake up Washington's current foreign policy, but not its present South Asia strategy. And yet the very different approach that Biden takes on foreign policy will have considerable implications for South Asia and could produce some new outcomes for the region, both

good and bad.

First, the style and tone of Biden's international engagements will be softer and kinder, as well as more consistent and predictable. Washington's partnership with India will not be undermined by concerns about impolitic distractions resulting from mocking remarks about India's leaders, policies or challenges. Washington's delicate relationship with Pakistan won't be upended by abrupt moves, such as a sudden decision to cut security aid. And the administration will take a careful approach to the complex challenge of withdrawing its remaining forces from Afghanistan, even while supporting a nascent and fragile peace process between Kabul and the Taliban that is playing out against a backdrop of intensifying violence. Indeed, the administration is undertaking an extensive review of Afghanistan policy, including the 2020 Trump–Taliban accord that requires all US troops to depart by 1 May this year. Despite the urgency on the ground, the White House's initial moves in Afghanistan will focus on getting up to speed rather than making quick decisions.

Second, Biden takes an especially robust position on counterterrorism. It is a key lens through which he has long viewed the world, including South Asia. He may well hold the Taliban's feet to the fire and condition further US troop withdrawals from Afghanistan on the insurgents ending their cooperation with al-Qaeda. He may also increase pressure on Pakistan to shut down the India-focused



Supporters react during a 'Howdy, Modi' rally celebrating India's Prime Minister Narendra Modi at NRG Stadium in Texas, September 2019.

terror networks on its soil, especially with the receding US footprint in the region making the Afghanistan-focused networks less of a concern for Washington.

Third, Biden's position towards three key US rivals—Iran, China and Russia—will likely diverge from Trump's, with notable implications for South Asia. He will seek modest improvements in relations with the first two, while pursuing a more confrontational policy with the third than did Trump.

The prospect of even modestly improved US relations with Iran would be a net positive for both New Delhi and Islamabad, which value commercial cooperation with Tehran and prefer a relaxed US sanctions regime. A slightly less toxic US–China relationship would please Islamabad,

which prefers that its top ally have better relations with Washington. But it would present a complication for New Delhi, which has seen its relations with Beijing plummet to their lowest point in decades.

Increasingly bitter US–Russia ties would be an unwelcome development for India, which knows that its longstanding friendship with Moscow constitutes one of the few entrenched tension points in US–India relations.

Biden's emphasis on democracy and rights promotion means that South Asian states, including those often overlooked by the United States, could end up on Washington's radar for the wrong reasons. Crackdowns on dissent, assaults on rights and democratic backsliding are prevalent across South Asia. Biden will likely go relatively easy on India for strategic

reasons, but Pakistan, Bangladesh and Sri Lanka could find themselves subjected to sharp and frequent criticism.

Fortunately, climate change—a paramount Biden priority and a major threat to South Asia—offers an opportunity for less tense US engagement with the wider region.

In short, South Asia policy under Biden will be a rare case of continuity. But it will still be impacted by the sea change the incoming administration will usher in for US foreign policy, presenting both new opportunities and fresh challenges for the region. [EAFQ](#)

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Shared burden of a new vision for the Asia Pacific

NICK BISLEY

THE relief is palpable. After four years, Washington's Asian allies have got what they hope is their old partner back. US President Joe Biden won't shake down Japan and South Korea, hector Australian prime ministers or fawn over Chinese President Xi Jinping's strong man tactics.

Yet the eagerly anticipated return to normality will not be a reversion to the status quo ante. Each ally in the region is concerned not just with how the 46th president will approach their bilateral relationship, but also with the broader question of Biden's strategy toward the region that both his predecessors recognized was the world's most important.

For Australia, this is a highly consequential period. Its Asia strategy lacks coherence. It upended a long-term regional approach of developing positive relations with all the major regional powers by shifting to a confrontational approach to the People's Republic of China (PRC), without a risk mitigation plan or substantive support from Washington. Given the centrality of the US alliance, the direction taken by Biden will be critical to Australia's ability to chart a successful foreign policy over the coming years.

In contrast to Trump, Biden is likely to have an Asia strategy worthy of the name. While the 45th president and his secretaries spoke regularly about the 'free and open Indo-Pacific', what that actually meant was

unclear. Exactly what Biden will seek to do is also still uncertain, but Kurt Campbell and Rush Doshi, now both key figures in Biden's National Security Council (NSC), set out a blueprint for Washington's Asia strategy: to preserve what they call the 'regional operating system.'

Their approach is based on the Kissingerian belief that stable regional orders must rest on a balance of power and a shared sense of legitimacy about the order and its purpose. The implication is that US strategy in Asia should seek to ensure a stable military balance and a shared sense of order. The problem is how to square this with an ambitious and assertive China whose view is not compatible with this vision.

A neo-Kissingerian view requires giving China at least some space and legitimacy, an idea at odds with the language of US officials who intend to retain Trump's hard-line posture towards China. Indeed, in Defense Secretary Lloyd Austin's first communication with his Japanese counterpart Kishi Nobuo, he deliberately underscored the Free and Open Indo-Pacific frame established by the Trump administration.

The question is whether Biden's ambition is to defend the regional status quo—to maintain US primacy in the face of mounting Chinese power—or to adjust the broader setting. Here, domestic politics are likely to prevail and the defence of the old is likely to remain the long-term ambition of the United States. This may prompt

a much more competitive and combustible regional dynamic than the kind of arrangement sketched by Campbell and Doshi.

The role of regional institutions and alliances will also see more change from Washington. Where Trump saw alliances as a liability, Biden's team will see them as an asset. In particular, they will see their alliances in Asia as having three roles: as order stabilisers, force multipliers and legitimacy anchors. Allies will be expected to play a greater part in not just the narrow work of shared security challenges but also in establishing a new equilibrium of force and also to play a part in trying to drive a shared sense of legitimacy among countries in the region.

The discordant messages allies received from the disparate voices of the Trump administration will be no more, and alliances will be more prized. But Washington will increasingly expect their partners to carry a greater burden in the overall strategy than in the past. This will test the alignment between the US vision for the region and the interests of its alliance partners.

Biden's vision for Asia is likely to align well with Australia. A renewed emphasis on institutions and a greater priority on alliance partners and their respective interests will benefit Australia. Biden also represents a chance for Australia to reset its misaligned regional policy. The approach to China is a case in point. Opting to toughen relations with China without a sense of the longer



The Australian frigate *Ballarat* and Indian Navy destroyer *Shivalik*, foreground, seen from the deck of *USS John S. McCain* during the Malabar 2020 exercise in the Indian Ocean in November 2020. The Biden administration's priority on alliance partners will give Australia an opportunity to reset its regional policy.

game it was playing and without reliable support from its senior partner left it badly exposed. If Biden's approach to China aligns with the direction taken by Canberra then Australia will benefit from the political and diplomatic support Washington will provide.

One of the central challenges for Biden and the United States, as for other countries, is the growing disjuncture between the region's geopolitics and its economic relations. Washington's former primacy was based on the close fit between economic and strategic interests that existed for most countries. China's emergence and the broader transformation of Asia's trade and investment patterns has ended that.

Former president Barack Obama's Asia policy tried to address this, principally through the Trans-Pacific Partnership (TPP). Trump scuppered the TPP and launched a trade war

on China. This began a process of decoupling the world's two biggest economies and making the task of aligning the economic and the strategic extremely difficult.

Managing the disconnect between US economic and strategic interests is the most uncertain component of the Biden administration's approach to the region. How the administration approaches decoupling and trade policy towards China will be hugely consequential. Biden's team has staff who recognise the complexity of this challenge, but it seems likely that domestic politics will prevent shrewd management. It is difficult to see Biden having the political space to join the TPP successor, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or take meaningful steps to reduce Beijing's economic influence in the region.

Australia will welcome the new administration, notwithstanding

the uncertainty around economic affairs. Yet before too much sparkling shiraz is popped in Canberra, the reality that Australia faces a much riskier international environment remains. There also remains the expectation that its close friend in Washington wants it to shoulder more responsibility and risk.

Strategic competition with China over Asia's order will be the dominant feature of the coming years. While that competition is likely to be better managed under Biden, and indeed it is welcome to have a clearer sense as to what the competition is actually about, a region dominated by competing great powers is a dangerous one indeed. [EAFQ](#)

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Domestic challenges could limit new US climate policy

ROBERT N. STAVINS

AFTER US President Joe Biden and Vice President Kamala Harris were inaugurated on 20 January this year, the new administration initiated the process of re-joining the Paris Agreement on climate change. Thirty days after the necessary paperwork was filed with the United Nations, the United States resumed its status as a party to the agreement. Shortly after Inauguration Day, more executive orders were issued, including one which identified climate change as having a central role in foreign and national security policy.

That was the easy part. The hard part is coming up with a quantitative statement of how and by how much US emissions of greenhouse gases (GHGs) will be reduced over time in a new Nationally Determined Contribution (NDC). The new NDC needs to be sufficiently ambitious to satisfy (at least to some degree) both domestic green groups and key countries within the international community—despite the likelihood that Biden and his special envoy for climate, John Kerry, will initially be warmly welcomed by most world leaders.

The NDC must be more ambitious than the former Obama administration's target of a 26–28 per cent reduction in GHG emissions by 2025 compared with 2005. It will need to compare favourably with the announced targets of other major emitters, like the European Union's target to cut emissions 55 per cent

below its 1990 level by 2030 and China's recent pledge to achieve carbon neutrality (zero net emissions) by 2060.

If significant ambition is one necessary condition for the new Biden NDC, there is another one, namely that it be credible, hence achievable, given existing and reasonably anticipated policy actions. These necessary conditions can only be met with aggressive new domestic climate legislation. But even with the Democrat-controlled US Senate—with its one-vote margin—meaningful and ambitious climate legislation will be difficult, if not impossible. This is because of the Senate tradition of filibusters, which can only be stopped with 60 votes.

The budget reconciliation process, where only a simple majority is needed to pass legislation rather than the 60 votes required to cut off Senate debate, can be used to reverse some of Trump's last-minute policies that

The new administration may or may not find creative ways to break the logjam that has prevented ambitious national climate change policies

are connected with the tax code or mandatory spending. But for broad and ambitious climate legislation, the 60-vote threshold will be the binding constraint.

Executive orders notwithstanding, it will be challenging for Democrats to enact Biden's climate plan, including its US\$2 trillion in spending over four years with the goal of making all US electricity carbon-free in 15 years and achieving net-zero emissions economy-wide by 2050. The prospects over the next two to four years for comprehensive climate legislation—such as a carbon-pricing system—are not good.

But other legislation that would help reduce GHG emissions in the long term may be more feasible. That includes a post-COVID-19 economic stimulus bill, which may have a green tinge. Another candidate will be infrastructure legislation—something that both parties seem to recognise is important to upgrading ageing US roads and bridges. This could include funding for improvements in the national electricity grid, which will be needed to facilitate greater reliance on renewable energy.

Finally, there are possibilities for less ambitious but fundamentally bipartisan climate legislation, with much less stringent and lesser scope than Biden's climate plan. The key approaches might involve tax incentives and subsidies targeting wind and solar power; carbon capture, storage and utilisation; nuclear power; technology initiatives and electric vehicles.



Birds fly over a closed steel factory where chimneys of another working factory are seen in background, in Tangshan, Hebei province, China.

But such modest, bipartisan initiatives are unlikely to satisfy either the demands of domestic climate policy advocates or international calls for action. So the new administration will likely have to opt for regulatory approaches. While this may be an attractive option, using new regulations under existing legislation rather than enacting new laws raises another problem—the courts.

New regulations are now much more likely to be successfully challenged in federal courts. The 228 Trump-appointed federal judges and a six–three conservative majority on the Supreme Court gives executive departments and agencies much less flexibility to go beyond the letter of the law or to interpret statutes in innovative ways.

Even if little can be accomplished at the federal level over the next two to four years, surely the Biden

administration will not be hostile to states and municipalities taking more aggressive action. Climate policies at the state level (as in California) and regional level (the Regional Greenhouse Gas Initiative in the Northeast) became increasingly important during the Trump administration. Bottom-up evolution of national climate policy may continue to evolve from Democrat-leaning states, representing over half of the US population and an even larger share of economic activity and GHG emissions.

The new administration may or may not find creative ways to break the logjam that has prevented ambitious national climate change policies from being enacted (or, if enacted, from being sustainable). Optimistically, the Biden–Harris team, in sharp contrast with the Trump–Pence administration, gives every indication

that it will embrace scientific and other expertise across the board. The best epidemiologists and infectious disease experts will lead efforts on designing an effective strategy for the COVID-19 pandemic, and the best scientists, lawyers and economists will cooperate on designing sound, politically feasible climate policies. [EAFQ](#)

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