

SINO-US RELATIONS A NEW COLD WAR BREWING? A24  
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# OPINION

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## Riding on economic disruption

The National Day Rally speech yesterday took an unsentimental view of the economic road ahead. No one would deny that securing Singapore's place in the world is a fundamental requirement for a globalised city-state without natural resources. Indeed, meeting this challenge constitutes the key chapter in Singapore's transformation into a success story since Independence. An ability to adapt to the shifting demands of the global market, by changing domestic work attitudes and practices, placed Singapore on a growth trajectory that saw its economy expand beyond expectations. Even in the last decade, which was not an easy one by any means, the economy grew between 5 per cent and 7 per cent on average. Yet,

this pace is no longer sustainable, given a maturing economy and slower growth in other economies to which Singapore is linked.

Much of the answer lies in exploring new frontiers, as Prime Minister Lee Hsien Loong indicated in his speech. Hearteningly, Singapore companies are making their entrepreneurial mark already in digital space. Mr Lee cited the case of Ascent Solutions, a logistics small and medium-sized enterprise (SME), which has developed a tracking device and lock called iSpot that is used to secure a container. The company's success in taking its product to East Africa reiterates the global reach that companies should have if Singapore is to continue to thrive.

Apart from digital space, opportunities exist for SMEs that do not let their size come between their capabilities and their ambitions. This is seen in the ability of Hope Technik, a home-grown engineering SME, to win a tender by Airbus after having beaten top engineering firms in the world. Also, Singapore companies should focus clearly on the immediate region even as they set their sights on wider global forays. A firmer economic hinterland is appearing in South-east Asia, which has overtaken the United States to become the largest market for Singapore's goods and services.

At home, structural, continual and rapid economic disruption, brought on by technology and globalisation, needs to engender a popular mind-

set that views change as the only constant. Online shopping, for example, is making substantial inroads into the retail scene, and private car-hire services Uber and Grab are disrupting the traditional taxi industry. Even disruption will be disrupted by the advent of driverless taxis. Painful though the transition could be for many in the affected sectors, it would be unwise to delay – let alone seek to stop – disruptive change that gives consumers more choice. Younger Singaporeans are attuned psychologically to the creative destruction that produces new industries and jobs while shedding old practices relentlessly. Older Singaporeans need to keep picking up skills to survive the economy's new normal.

# War and peace in East Asia

Much attention is focused on potential immediate causes of war in East Asia, such as those arising from unexpected incidents. But underlying causes driven by unequal growth between rival powers also merit attention.

**Martin Wagener**

For The Straits Times

East Asian politicians love to talk about peace, but they continue to prepare for war. This is illustrated by the procurement of fighter jets, submarines, anti-ship cruise missiles, ballistic missiles and missile defence systems, or the build-up in amphibious landing capabilities. These weapons systems are not needed to handle the consequences of natural disasters. Rather, they make interstate military clashes possible.

How could war in East Asia break out? Analysts distinguish between immediate causes of war, that is, the short-term triggers of conflict, and underlying causes of war.

The latter are rooted in the anarchic structure of interstate relations. In East Asia, there are four hot spots and one conflict between a leading and a rising great power. Different immediate and underlying causes could lead to war in each of these five cases.

### HOT SPOTS

The following scenarios are conceivable:

- Japan-China: The dispute between China and Japan over the Senkaku/Diaoyu/Diaoyutai Islands escalates. Because of the 1960 US-Japanese security treaty, which also covers the contested areas in the East China Sea, American troops participate in the conflict.
- Taiwan Strait: In the second scenario, war breaks out in the Taiwan Strait, with Beijing invoking the 2005 anti-secession law and claiming that Taipei has refused to enter into serious reunification talks. Or China reacts to a declaration of independence by new President Tsai Ing-wen from the Democratic Progressive Party. If Beijing provoked the crisis, Washington joins the fighting on Taiwan's side.
- South China Sea: Third, Vietnam and the Philippines launch concerted operations against China's activities in the South China Sea. Hanoi wants to retake parts of the Parcel Islands. Manila wins the upper hand on Scarborough Shoal. The People's Liberation Army (PLA) Navy then immediately launches a military response.
- Korean Peninsula: Fourth, there is a rerun of the 2010 provocations on the Korean Peninsula, during which North Korean forces torpedoed and

sank the South Korean corvette Cheonan, causing 46 fatalities. In the same year, the Kim Jong Il regime shelled the island of Yeonpyeong (four fatalities). Now, South Korean forces are holding their ground, and the frequent skirmishes escalate into full-fledged fighting.

Besides these four hot spots, there is also a possibility of an open conflict between the hegemon United States and its challenger China due to both sides failing to peacefully dampen their contest for supremacy in East Asia through trade and diplomacy.

### UNDERLYING CAUSES OF WAR

In any one of those ways, military conflict could break out in East Asia – and any war would be the first since China's "punitive mission" against Vietnam in the spring of 1979 (not counting the 1987/1988 border war between Thailand and Laos).

Except the situation on the Korean Peninsula, it is China's growing strength that shapes these bilateral and multilateral conflicts.

The struggle between the US and China is a classical hegemonic one. And both in the East and South China Seas and the Taiwan Strait, China's growing economic and military clout is having an impact on its ambitions. With a stronger PLA, the Middle Kingdom can back up its "core interests" – through coercive diplomacy or even with military threats. These are possible underlying causes for war.

Nevertheless, the scenarios vary significantly in their potential for escalation. Conflicts that could entail direct combat between the US and China are the most problematic. Obviously, that is a possibility in the Taiwan Strait and the East China Sea.

In contrast, it is unlikely that a war on the Korean Peninsula would include clashes between the US and China, as it did in 1950. While Beijing and Pyongyang have maintained a Treaty of Friendship, Cooperation and Mutual Assistance since July 1961, China has significantly downgraded both the pact and relations with North Korea more generally over the past years.

In the South China Sea, the US would become involved only if the sea lanes of communication were affected; the hegemon will not go to war over individual islands. For example, the United States has early on impressed on Manila that the Mutual Defence Treaty of August 1951 (in force since August 1952) does not cover the Spratly Islands (Kalayaan Island Group), which the Philippines claims.

In the age of traditional interstate wars from 1648 to 1945, states mostly pursued a specific goal – territorial gains – when they attacked their neighbours. That remains conceivable in East Asia: China could decide to end the conflict with Taiwan by invading it, and Beijing or Tokyo might believe it can settle the dispute in the East China Sea once and for all by occupying the Senkaku/Diaoyu/Diaoyutai Islands. In both cases, one side may have the intention to use military force to resolve a conflict in its favour.

### POSSIBLE IMMEDIATE CAUSES OF WAR

Most observers currently focus not on the underlying but the possible immediate causes of interstate war in East Asia. For example, "crisis instability" could lead to war. In particular, the US and China know that whoever attacks the other's military infrastructure first has the better odds of winning. This could strengthen the case for pre-emptive strikes, and an initially harmless dispute between Washington and Beijing could trigger a conflict that, rationally, nobody wanted.

It is also conceivable that

accidents, misunderstandings, and misperceptions – typical immediate causes – trigger a military crisis which, because of the lack of military channels of communication or of the pace of escalation, cannot be contained.

In this context, pundits discuss the problem of "escalation control". One of the ironies of a potential war in East Asia would be that while it is plausible against the backdrop of longstanding bilateral tensions, its outbreak would be entirely unwanted. That could be the result of, for example, clashes of military vessels on the high seas or in contested waters. If one actor assumes the other acted intentionally, an assumption rooted in negative stereotypes or narratives, a spiral of escalation could ensue.

For example, China sees Japan as an aggressive, nationalist power that has not learnt from its history. Tokyo in turn views Beijing as seeking regional hegemony. Such negative stereotypes or narratives could exacerbate crisis situations. Intentional ramblings of vessels in the past are already cause for concern, such as between a Chinese fishing boat and two Japan Coast Guard units in the East China

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Sea in September 2010. In May 2014, a Chinese vessel rammed a Vietnamese fishing boat, which then sank. In both cases, the Chinese side was the aggressor.

In addition, the US Freedom of Navigation operations in the South China Sea in October last year, and January and May this year, were not without risk.

As time passes, however, it also becomes more likely that states will find mechanisms to neutralise at least the immediate causes for war outlined above.

China and the United States have been maintaining a military-to-military hotline since 2008, and

Beijing and Tokyo are also working on establishing one. Furthermore, it would be useful to negotiate a binding code of conduct for the South and East China seas, which China opposes.

In that respect, agreeing on a Code for Unplanned Encounters at Sea (Cues) at the April 2014 Western Pacific Naval Symposium was a success. Among its 21 members are the United States, China and Japan.

As part of the bilateral talks between President Barack Obama and President Xi Jinping at the November 2014 Asia-Pacific Economic Cooperation Summit in Beijing, the two sides' defence ministers agreed to a memorandum of understanding (MOU), which includes rules of conduct to prevent unintended clashes of their naval and air forces. But Cues and the MOU are only declarations of intent, not international law. The documents mark progress. They demonstrate an awareness of the issue and the willingness to act. Both were put into effect after signing, although with limited success so far. Since 2014, member states sometimes followed the rules, sometimes ignored them.

However, East Asian heads of state demonstrate that they are afraid of the possible immediate causes of interstate war. This is good news. But they will not neutralise the law of uneven growth, which governs the rise and fall of states.

### LAW OF UNEVEN GROWTH

The economic growth of great powers is never equal. After some years, relative gains are only on one side. Even if two great powers could augment their capabilities, one always gains more. This could influence the security dilemma if the faster-growing state harbours new military ambitions.

One possible outcome is a revisionist power that is unsatisfied with the status quo, and thus new underlying causes of war emerge: The new rising great power tries to undermine the hegemon's position – be it through diplomacy, trade or even force.

This is the current relationship between the United States, the hegemon, and China, the revisionist power. But there is some hope: In comparison to the past, pronouncements from Washington and Beijing demonstrate that both sides are aware of the risk of hegemonic conflict. Therefore, they strive for a "new model of major-country relations".

Mr Obama and Mr Xi voiced this notion at their June 2013 meeting in Sunnylands (California). China had previously suggested it.

Peace can only be managed and is never guaranteed. It is a very fragile good in an anarchic system.

Due to the law of uneven growth, even times of interdependence and mutual cooperation do not spell the end of interstate conflict.

Perhaps East Asian states will successfully neutralise the immediate causes for war. To overcome the underlying causes of war, however, is almost impossible.

stopinion@sph.com.sg

• The writer is a Professor of Political Science/International Relations at the Federal University of Applied Administrative Sciences in Bruehl and Munich (Germany).