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Dr. Ashley J. Tellis

PIVOT OR PIROUETTE: THE U.S. REBALANCE TO ASIA



NATIONAL INSTITUTE OF ADVANCED STUDIES

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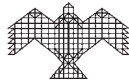
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PIVOT OR PIROUETTE: THE U.S. REBALANCE TO ASIA

Dr. Ashley J. Tellis

Thank you Professor Chandrashekar, for that kind and generous introduction. I am very glad to be here in Bangalore which, if memory serves me right, I have come back to after ten years. It is remarkable to see how the city has changed since I last visited, sometimes, but not always, for the better.

It is great to be at NIAS. It is my first visit here. I want to thank Professor Ramamurthy and NIAS for inviting me. I have always watched the work done at NIAS with a certain degree of awe from a distance. As I was telling the NIAS faculty this afternoon, NIAS is one of the few places that has attempted to do public policy analysis by integrating technical work. Many of the challenges we face today are not simple challenges of public policy; they involve very detailed, recondite aspects of human knowledge. It is wonderful to have an institution such as NIAS, which reminds me of RAND - where I worked for many years - as a place where you can bring together technical and policy analysis in the hope of better informing the choices we make.

The subject that I am going to speak on today is somewhat remote from the kind of work that NIAS has focussed on, but I think is very important for the future of both our countries: the United States and India. I am going to talk about the U.S. effort that is underway to rebalance to Asia. It is important because it goes to the issue of what kind of geo-political environment is going to exist in this part of the world in the years to come. If we do not quite get that context right, then obviously the choices that it will impose on all the states that inhabit this region will be far more difficult. Understanding what the United States is trying to do, I think, is a useful first step in trying to assess the future of the broad Indo-Pacific region. Therefore, I am going to focus my remarks on this subject: understanding the genesis, the phenomenology and the consequences of the U.S. rebalance to Asia.

Why the U.S. Rebalance to Asia?

Let me start by trying to answer a very simple question. Why rebalance in the first place?

The best way to answer that is to remind ourselves of a famous American 19th century bank robber named Willy Sutton. After a series of very successful bank robberies, Willy Sutton was finally apprehended. Like most bank robbers, I suspect, he was not a great intellectual. So when asked by the arresting officer why he robbed banks, Willy said very laconically, “because, that’s where the money is.” That answer captures in a nutshell why the United States is rebalancing to Asia. The United States is rebalancing to Asia because that is where the “money and the action is” in contemporary geopolitics.

I do not need to remind any of you that the broad swath of littoral Asia, particularly the maritime dimensions of Asia all the way from the North East to the Indian sub-continent, is going to be the new centre of gravity in the international system. In this crescent lies the productive motor of the global economy, many nuclear weapon states, unresolved rivalries, and the paradoxical intersection of nineteenth century balance of power struggles with twenty-first century patterns of economic integration. And how exactly we manoeuvre in this interaction between a nineteenth century world, which continues to define politics, and a twenty-first century world, which continues to define geo-economics, is going to be a challenge for all the countries involved.

However, these facts have been known for a long time. Since at least the early 1990s it was obvious that the broad Indo-Pacific littorals were going to shape the future global system. There has been a steady shift of power as well as of productive base from the old Anglo-Saxon world to the new peripheries of Asia. So it has been easy to forecast this transformation, which was brought about by American investment in Asia in the aftermath of the Second World War.

Why the delay in the U.S. rebalance to Asia?

So the question then is: why did it take the United States so long to rebalance? In 2012, the Obama Administration announced for the first time that it was going to be intensifying its role in the Asia-Pacific in a way that it had not done before.

At that time, the then National Security Advisor, Mr. Tom Donilon, offered the following explanation:

“The rebalance is ultimately oriented to making certain that international norms and law are respected, that commerce and freedom of navigation are not impeded, that emerging powers build trust with their neighbours and disagreements are resolved peacefully without threats or coercion.”

Apart from being a diplomatic explanation for the rebalance, it is also very useful. Every component of the statement has an element of truth which must be taken seriously. However, it is a diplomatic way of illuminating what is a somewhat undiplomatic reality. This reality - to use the language of the movie *Star Wars* - is that, “there is a disturbance in the force.” This disturbance is essentially caused by the fact that there has been, for many years now, and will continue to be a transformation in the continental balance of power that could have a very serious, disruptive impact. This transformation has arisen because of the growth of a state called China. However, China is not a new state; it has been around as a civilization for many thousands of years. It is not even a new nation state, as China has been around since 1949 in its modern incarnation. But it is certainly true that China is a new force of geo-political consequence since at least the 1980s when Deng Xiaoping’s liberalisation of the Chinese economy led to its progressive integration with the world.

This dramatic transformation, slowly working its way since 1978, has created - in China - a new power in the international system. In 1978, if one had to ask a U.S. policy maker whether within thirty years, this country would have the second largest economy in the

world, military capabilities capable of challenging the United States, and could potentially become a rival to the United States, the answer would have been a resounding 'No'.

In fact, I have argued that part of the reason that the United States proceeded to integrate China into the global economy post-1978 was because of two divergent, but complementary, drivers. First, there was the desire to expand the global economy and the international system that had been so successful as a result of America's post-war investments. To that degree there was a certain altruism in the concept.

But there was also an expectation that, even if this integration took place, it would not cause any fundamental change in the geo-political system. Because, if the U.S. had understood in 1978 that what it was about to do would create this fundamental geo-political disruption, I am not sure American policy makers would have pursued integration with great enthusiasm. On the other hand, there are many things that the United States does out of fits of absent-mindedness, so it is entirely possible that the United States would have followed the policy even if it eventually proved to be a completely counterproductive one. But if the United States had fullness of imagination and presence of mind, I am sure U.S. decision makers would have given it at least a second thought. But now all that is behind us.

The United States has made investments in Asia since 1945 that have sown the seeds of globalisation. Through this the United States has created opportunities for an international division of labour on an extraordinary scale. And when these opportunities were complemented by a very calculating, conscious strategy of

maximisation that was then pursued by the Chinese leadership, one got exactly the outcome very few in the U.S. had anticipated in 1978. This outcome was the rise of a new great power that is potentially a serious competitor to the United States in Asia and around the globe.

Certainly by 2012, it became apparent to U.S. policy makers that this disruption in the traditional geo-political balance was well underway and that this disruption had consequences that the United States would have to manage. The biggest consequence was the fact that its treaty allies in Asia - which the United States was committed to defending through a solemn international agreement - were becoming increasingly nervous about the fact that the most important power center in their part of the world was literally at their doorsteps. Even more consequentially, this new power was increasingly acquiring the capability to threaten their security and to prevent the United States from coming to the defence of its allies if it needed to in a crisis.

Thus, the United States had to confront a reality that it had last confronted only at the high tide of competition with the Soviet Union. This reality was that there was now a power in Asia which had the capacity to decouple the United States from its alliance partners in the Asian periphery. And given this reality, the United States essentially had the choice of doing one of two things.

One is to walk away and accept the fact that new geo-political realities would prevent it from underwriting the commitments it had accepted in the past. The other is to make certain that it could make a comeback and do the things that were required of it to assure its allies that they did not have to succumb to the rise of new Chinese power and could

continue to rely on the United States as a durable security guarantor in Asia. This recognition had actually dawned on the United States long before 2012. And if you look, for example, in the pre-election speeches of candidate George W. Bush, you can see in those speeches a very clear recognition that there was a challenge emerging on the horizon that fundamentally revolved around the rise of China. There was also a recognition that the United States would have to come to terms with this challenge and find ways of managing it. And thus in the first few months of the Bush administration there was actually an effort made to do what would a decade later be called rebalancing.

Unfortunately for the United States, the tragedy of 9/11 intervened. What 9/11 did was that it distracted the United States from what was the central geopolitical challenge into managing what, at the end of the day, in my view, is still is a peripheral challenge. This is not to say that terrorism is a pleasant business. It is nasty at the best of times and, in India, one does not have to make this point with any emphasis because there are very few countries in the world that have had to deal with the ravages of terrorism for as long as India has. But even you know that terrorism is not a threat that calls into question the survival of the nation, unless of course it is linked to things like weapons of mass destruction. Yet the United States, because of the shock of 9/11, ended up in the global campaign against terrorism, which of course had a lot of benefits. But unfortunately, at the end of the day, it resulted in a significant expenditure of American blood and treasure that made us more incapable of dealing with this new emerging power that existed on the horizon.

Thus, by the time President Obama came into office, the United States had become more conscious of the fact that it had to go back

to basics: in other words, continue to invest in advancing the most important geopolitical objective that the United States has had in Asia since the Second World War, which was to prevent the rise of a regional hegemon in the Eurasian landmass. The United States had fought a Cold War with the Soviet Union to prevent it from becoming that geopolitical hegemon in Eurasia. There is absolutely no reason why the United States can treat China any differently if China is on the cusp of becoming such a regional hegemon.

So the rebalancing is really a strategic effort to go back to dealing with the fundamentals of the strategic situation. First, it is evidence of the American recognition that China's rise is an enduring rise and not a flash in the pan. China is not suddenly going to disappear and take care of itself because of some internal crisis. Of course, China will have its share of internal challenges, but I think there is a broad judgment that the Chinese state has enough resilience to deal with these challenges and still ascend as a major player in the international system.

It is the second element of rebalancing, the objective of managing China's rise, which is going to be an extremely challenging one. Managing China is going to be a challenging task because it requires the United States to simultaneously socialise, integrate, deter and reassure China. This is going to be very different from the challenge that the United States faced with the Soviet Union. Dealing with the Soviet Union was difficult in practical terms because it was a formidable and ambitious military power. But in logical terms, it was simple because the United States and the Soviet Union shared absolutely no interconnectivity except in the security arena. In the security arena, both countries were tightly interdependent. What the

Soviet Union did impacted the United States and what the United States did impacted the Soviet Union. But there were absolutely no civilizational, social or economic ties and so the United States could afford to treat competition with the Soviet Union as a simple zero sum game. And in the zero sum game, you know exactly what the Nash equilibrium is. It may be hard to implement the strategies required by that equilibrium, but you know what you have to do. And, as the historical record now shows, the United States did much better with this strategy than it had itself anticipated.

Speaking parenthetically, I will not forget a conversation I had with my colleague Zalmay Khalilzad, who became the NSC Senior Director for Afghanistan after the Soviet invasion of Afghanistan - the first event that precipitated the crisis in 1979. As you are aware, the Reagan administration, when it came into office, mounted a major campaign to arm the indigenous Afghan tribes to fight the Soviets with Saudi support and also with the support of other Islamic countries. Towards the end of that campaign, the United States made a monumental decision which changed the course of that war. This was the decision to arm the Afghan rebels with Stinger missiles. When that decision was made, the Soviet air power superiority in Afghanistan essentially disappeared and Soviet forces could thereafter be destroyed piecemeal by the Afghan insurgents.

I asked Zalmay many years later when both of us were at the RAND Corporation as to why the United States took this decision because it was such a fraught and risky one - we now know in retrospect the result of those choices. He said the United States made that decision because it never believed that the Soviet Union would leave Afghanistan or that the Soviet Union would collapse. Zalmay

said, "We all imagined that this was going to be a thousand years struggle against Soviet power." So, even the United States was surprised by the success of its own Cold War strategy and even more so that the Soviet Union collapsed peacefully without a major global conflagration.

China is going to be an entirely different challenge. This is because, even as we compete with China in geopolitical and military terms, we are deeply intertwined with it in economically. So the problem of 'how do you go to war with your own banker' takes on an entirely different complexion; where even as you are competing with this country, you are helping this country grow, just as the economic ties that link both countries are helping your own growth as well. So what does competition mean in such an environment where you are tied so deeply in economic terms and yet are geopolitical rivals? The last time we saw such a development in international history was about the time of the First World War when Great Britain and Germany were tied economically even while they were slugging it out on the battlefield of Europe. And, if you think that interdependence at that time was significant, think how much deeper the interdependence is between the United States & China in the current situation.

So the complexity of our challenge is really significant and occurs at a point where Chinese power is causing disequilibrium in the region, which in turn puts U.S. allies in a position where they are anxious and demand even greater American support. Yet even U.S. allies do not have the appetite for supporting what would otherwise be the default American strategy in dealing with a rising power such as China, i.e. containment.

Containment, unfortunately, is infeasible and impossible to implement. It is infeasible because it would mean that the United States would have to cut off its own economic links with China and go back to the kind of economic relations the United States had with the USSR, which were essentially non-existent. No American ally in Asia wants to be in a situation where the United States cuts off economic links with China, nor do they want to be in a position where the United States compels them to cut off economic links with China. So, we now have a peculiar difficulty where our allies want the United States to defend them against Chinese depredations, but they do not want the United States to do anything that will put at risk what are productive economic linkages.

So given that containment is essentially off the table, we have to come up with a new strategy and that is what rebalancing is about. It is an effort to pull together a new strategic solution that satisfies both the economic demands of interdependence, while protecting the United States against the geopolitical risks associated with China's rise. In that sense, this effort at rebalancing shares continuity with the long standing U.S. policy of preserving Asia whole and free. But there are three important twists to the new strategy.

The components of the U.S. rebalance to Asia

First, the United States has the ambition of developing an integrated strategy that involves diplomatic, economic, as well as military components, while making the Asia-Pacific the centre piece of U.S. global strategy writ large. This is new. In the old days, the United States had integrated strategies, but the geopolitical focus was Europe. That has changed as a result of rebalancing.

Second, the administration is making the effort to expand the concept of Asia Pacific to include the Indian Ocean because everyone recognises that a successful rebalancing to Asia cannot occur if India is not part of the equation. Now what that means in practical terms has to be negotiated. And as someone who has had the pleasure of negotiating the Indo-U.S. civil nuclear deal, I have to tell you that neither will it be quick nor will it be easy. However, to exclude India from the definition of rebalancing would be catastrophic from the point of view of American interest.

The third twist is the specific military focus on ensuring that the United States will be able to put in place the capabilities to defeat any effort to deny it the freedom to project power. There is an understanding that if any adversary acquires the capabilities to deny the U.S. freedom to project power, then essentially the rebalancing is over. Because if the United States is unable to deter China from misbehaving, it will not be able to assure its allies that they will be protected.

So in practical terms, what will the rebalancing involve? Rebalancing essentially involves three components.

The strategic component is the one which has acquired a lot of attention in the public discourse. There are many dimensions to this component, but the most important thing is the intention of the United States to maintain the requisite military capabilities in the region. This is important for purposes of deterrence, reassuring U.S. allies, and preserving the requisite 'over the horizon' military capabilities, which are capable of entering the region when required under conditions of necessity. This is the germ of strategic rebalancing, which manifests itself in many different ways.

The first is an effort to increase and diversify the kind of military presence that the United States has in Asia. The United States is no longer in the business of building new bases in the Asia-Pacific. Rather what the United States wants to do is maintain a very flexible network of presence where it is constantly visible; constantly visiting the region, constantly deploying with indigenous states and constantly engaging in military activities in order to build up this network that can help shape China's choices.

So to that end, the United States is focused on maintaining new naval force components. For example, in Singapore there will be modest naval presence and in Darwin, a modest marine presence; an effort is being made to look at Perth as a host station for new U.S. capabilities. The island of Guam is going to be the centre piece for a very significant forward military presence in Asia. So presence is going to be the key, but it is not a presence tied to the old Cold War style bases. The presence will be everywhere in flexible forms.

The second element is developing counter-access capabilities. As all who follow the Chinese military know, China has made significant investments in what is called "Anti-Access and Area-Denial." The United States wants to be able to neutralise these capabilities and operate as close as is necessary to the shores of the Asia-Pacific without putting its own assets at risk. There is a whole range of efforts, ranging from technology to doctrines to new concepts of operations that are being explored in order to be able to deliver on this task.

The third element of the strategic prong is force restructuring. For the foreseeable future, the U.S. Navy and U.S. Air Force will continue to enjoy far greater priority than the land components in the U.S.

military because everyone knows that the Indo-Pacific is a maritime theatre. The era of long land wars in Asia is over. Instead, the United States will focus on expeditionary capabilities which are centred on naval and air power.

Lastly, the United States is going to focus on improving the capabilities of its partners. The single best investment that the United States can make outside of recapitalising its own military is to build up the capability of its friends and allies in Asia, because the strategic calculus is a very simple one. The stronger the powers of countries that exist on China's periphery, the more limited would be China's ability to misuse its power.

Then there is the diplomatic component of the rebalancing strategy. The diplomatic engagement will essentially involve subtlety. The United States is not going to make invidious judgments about Asian fora as it did in the past where some organisations were dismissed as being talk shops and therefore unworthy of U.S. attention and interest. Even if they are talk shops, the United States has concluded that it is worth a very concerted effort to stay engaged in all multilateral fora, because this is part of the reassurance and shaping mechanism. It allows the United States to make certain that what happens in these multilateral fora do not rebound adversely on its own interests. Furthermore, the United States is going to walk a tightrope of deepening its alliances and strategic partnerships, while also doing whatever it can to improve relations with China.

Remember, that the key to the success of the rebalance is doing exactly the opposite of what containment required. Containment required isolation of your adversaries. It also required making certain that you

had absolutely no ties with your competitors. Rebalancing is going to involve an entirely different approach. The United States will continue to stay engaged with China because it has no choice. Engagement in every issue area is inevitable, but even as that engagement deepens, the United States is going to continue to hedge by deepening its alliance relationships with its friends and partners, because the idea is to essentially smother China with kindness; if you can pull that off, then the United States will have really achieved something that is going to be of immense significance. It is important to recognise that the United States is not looking for a new fight with China.

When people talk of rebalance, they tend to think of the rebalancing using the metaphors of the Cold War, to think of it as a devious strategy of containing the Chinese. I think that the United States has long recognised that when trade with China obtains at levels that currently exist between the United States and China, containment is no longer an option. The United States thus has to engage China, but cannot be pollyannish about the terms of its engagement. The United States has to recognise that even as we hope that deepened ties will induce China into behaving responsibly, it always has to prepare for contingencies.

Part of preparing for these contingencies will be building up American partnerships with key states in Asia and there are a small number of key states that fit this definition. Japan is an obvious one as is Korea. To the degree that they want a relationship, Taiwan is an obvious one. India is an obvious one, as is Singapore and possibly Australia and a few others. So there will be a very concerted effort that the United States makes to develop its relations with these countries.

An important element of the diplomatic component is to emphasise the need to resolve disputes without recourse to force. Whether it is maritime issues in the South and East China Sea or continental disputes over borders, the principle that the United States would like to see enshrined is that force not be used to resolve disputes.

The third component of rebalancing is economic and in many ways it is an extremely important prong. What the United States is attempting to do with respect to economics is twofold. It is attempting at one level to expand the global multilateral trading system, which is centred on the World Trade Organisation (WTO). In many ways, the WTO is America's best and most glorious baby: begotten as a result of American power in the post-War period, which led to the creation of the global multilateral trading system. But the United States is very conscious that it is going to be harder and harder to expand the global trading system as it did in the past because the new nations that are entering are at a very different level of development compared to the mature powers that already exist in the system.

The United States thus has to confront what is a difficult reality: how do you create a global multilateral trading system with a uniform set of rules when you have two different sets of countries involved? One set of countries are capital rich and developed and another set of countries are capital poor and underdeveloped. Though one can create rules, the quality of the rules will be meagre because when trying to reconcile interests between countries with such disparity, the only rule that satisfies both is the lowest common denominator. So yes, the United States will seek to expand the global multilateral trading system, but the marginal gains accruing from that expansion will likely be extremely modest and meagre.

If you follow the debates in the WTO over last several years, you know how difficult it has been to move even a few inches forward in regard to creating a global consensus. Therefore, the United States has embarked on a strategy that is potentially very rewarding and also incurs high risk. It is seeking to supplement the global expansion of trading regime with new preferential free trade agreements with its partners. The idea is simple. If you cannot expand global multilateral trading system at levels that you want, create subset agreements with partners that are mutually compatible. What you hope to get are higher gains from trade from such agreements.

The United States is focussed very heavily on two preferential trading agreements in opposite parts of the world. One is the Trans-Pacific Partnership (TPP) which involves eleven Asia-Pacific countries and the second is the US-EU Free Trade Agreement (FTA) which will essentially integrate the EU economies and the United States. Of course, there is the third area which does not get enough attention and that is revitalising the North-Atlantic Free Trade Area (NAFTA) because that is still the most productive trading centre in the global system.

What then are the benefits and risks of such a strategy? The benefits are that the gains from trade would be higher for the United States if it were able to liberalise trade among countries that had comparable per capita incomes. Say, if the United States gets the Japanese to open markets, the gains would be much higher for the United States than say trading with Africa. But the risk is that the United States could end up creating a set of segmented arrangements that, over a period of time, results in the progressive atrophy of the global multilateral trading system. If countries that become part of preferential free trade agreements begin to sense that the gains from trade for them are

greater in preferential agreements, they will then have less incentive to invest in expanding the global multilateral regime.

Thus, quite paradoxically, the United States could end up destroying the most valuable contribution it has made to global integration since the Second World War. But at this stage U.S. policy makers feel they have no choice. The need to compete with China is imperative and the need to increase the relative gains that the United States enjoys from trade is so important that they are willing to consider preferential free trade agreements at least as supplements, if not substitutes, for a global trading system.

These are the three components that the administration has discussed when it talks of rebalancing. The idea, at the end of the day, is if all three components work as planned, the United States will begin to do much better than it did before in economic terms. That improved wealth and welfare performance will translate into greater availability of resources to the American state with respect to national defence. Those marginal increases in defence capabilities will in turn contribute to both defeating Chinese efforts to prevent the United States from being able to operate in Asia, while simultaneously reassuring American friends and allies. That, in a nutshell, is the logic of the strategy.

Other important components of U.S. Rebalancing

There are two other components that do not receive much attention when people talk of rebalancing. First is the revitalisation of the U.S. economy. I have always believed that the success or failure of rebalancing will depend less on what we do abroad and much more on what we do at home. If the United States is not smart, it could

end up being very successful with respect to external initiatives and being extremely dumb and short sighted with respect to the choices it makes at home. There is no nation in history that has actually survived as a great power simply on strength of external achievements if they come at increased cost of internal weakness and domestic enervation.

The second component is whether the United States will be able to enforce a certain degree of institutional coherence within its own state. It is nice to have a strategy, but at the end of day it has to be implemented, and that requires you to have institutional and organisational coherence. The right hand must know what the left hand is doing. The United States was built on a system of divided sovereignty. It would therefore not be surprising to me if we do not manage the necessary institutional coherence that is required for success.

Let me end by saying a few words about the risks accompanying each of the components of the rebalancing strategy. The biggest risk to the strategic component in my mind is financial. The U.S. economy will have to pull out of the slump that it has experienced for the last several years and go back to the path of being a high growth economy. The bad news is that pulling out of the slump has been much slower than anybody would like. The good news is that the United States has come out of slumps before and has the capacity to come out again. In fact, if you look at U.S. economic growth in the last two quarters, it has been astounding. For a mature economy to be growing at +3% is quite remarkable. Thus, there is reason to hope that if the United States can get its dysfunctional domestic politics in order, it might be able to reach an agreement that puts American

public finances on the right track and then uses those rebuilt public finances to make a comeback.

The United States still has tremendous advantages as an innovation society. If you look at the disruptive innovations that are out there on the horizon, every one of them is American. Thus the United States has the capacity to generate what economists would call Schumpeterian revolutions – disruptive revolutions that really transform the nature of economy – and it possesses this capacity better than any other nation. So the hope is that over a period of time, if the United States gets its act together in terms of its public finances, in terms of creating a national consensus on where it wants to go, in terms of managing the dysfunctionality in its politics, it can begin to put the pieces back together.

On the diplomatic component, managing a partnership with China and your partners simultaneously is going to test the skills of the best magicians. There is always a certain degree of tension. The closer you come to China, the more you unnerve your partners. The closer you come to your partners, the more you unnerve China. There is no magic algorithm which allows you to figure out what the optimal solution is. Rather, one has to grope towards a solution and, obviously there is no assurance that one will end up along the path that is most productive. But the United States has no choice. Thus, on the diplomatic challenge, the real issue is going to be, can the United States do this tightrope walk with the adroitness that it requires for success?

One also has to remember that this is a multi-player game. There is a U.S. relationship with China, there is a U.S. relationship with partners, and there is a relationship between partners

and China. There is also a relationship among the partners themselves, and some partners do not happen to like one another. Whether the United States will be able to command the sophistication and skill to pull this off remains another area where success is not certain.

The third and the last question is economic. As I said before, I have a lot more confidence that the U.S. economy will make a comeback. What I am less certain about is if the strategy of preferential free trade settlements will yield the kind of rewards that we are hoping they will. If they do, it will be highly beneficial for the United States. However, the diversities of the countries the United States is negotiating with are so great that if there is not sufficient political will on all sides, one can end up getting a very low grade agreement. While that is a risk the United States has to take, we still do not know how this approach will work out. There is furthermore the huge question of whether, even if these preferential free trade agreements are successful, the United States has hammered one more nail into coffin of the global multilateral regime and what does that mean for the future of global integration?

So if one were to take stock about the prospects of rebalancing, the point I would make is this: U.S. intentions are noble. These intentions represent continuity with a strategy that the United States has followed in the Asia-Pacific since end of World War II, but the success of this strategy is still quite uncertain. If the United States fails, then the Indo-Pacific region is likely to see the rise of a new ordering regime. It will move closer towards a world that centres on China and the implications of that world for many of the countries on China's periphery are very significant.

For countries like India, Japan, Korea, and Australia, important nations that have proud histories and seek independent destinies, the success of U.S. rebalancing is vital. This is so because it is not yet clear to me that these countries have the capacity, either individually or in collaboration, to balance China independently of the United States. If that was the case, then the worst fears that the United States has with respect to Asia would be attenuated. Until the point where countries like Japan, India and Australia can muster the resources to assure themselves that they can successfully balance China, the best alternative for this part of the world is for U.S. rebalancing to be successful. Let me end on that note because I think that captures succinctly the stake that we all collectively have in this endeavour.

Thank you very much!

