

## **Cold War 2.0 Comes Knocking at ASEAN's Door: Choices for ASEAN, China, and US**

*By Prof Dato' Dr Woo Wing Thye (Distinguished Fellow, Penang Institute)*

### **Executive Summary**

- With the outbreak of war in Ukraine, Cold War 2.0 becomes a reality for ASEAN and its neighbours as well.
- The global reach of superpowers exerts pressure on small countries everywhere. Small countries must therefore learn how to deal smartly with these superpowers if they are to enjoy peace with a high degree of national autonomy.
- Studying the thinking of key personnel in US foreign policy about China, and the weaknesses in their perceptions, this paper suggests
  1. Five lessons for China to manage its desired peaceful rise, as well as for the US to improve its international standing; and
  2. Closer coordination and integration within ASEAN to ensure that the Southeast Asian front of Cold War 2.0 would not turn hot as in Ukraine.
- The gold standard for regional economic integration in the 21st Century should be the region-specific policy package that would maximise members' progress on the 17 Sustainable Development Goals (SDGs) and not the package of selective free market policies pushed by the US and Western Europe governments at the behest of their large corporations (e.g. Nestle and Goldman Sachs).
- There will be no more global hegemony. The world of multipolar powers requires modernisation and strengthening of the United Nations system to keep global peace, ensure harmony between humans and nature, and enhance socio-economic progress.

# Cold War 2.0 Comes Knocking at ASEAN's Door: Choices for ASEAN, China, and US

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## The World Order is Changing Again

A proxy war broke out in Ukraine in February 2022 between US-NATO and Russia, with China usually branded as a Russian ally. With that, and although Ukraine is geographically far away, Cold War 2.0 is knocking at the door of all ASEAN members, and of every country adjoining Southeast Asia.

On April 22, 2022, U.S. National Security Council Coordinator for the Indo-Pacific, Kurt Campbell, arrived helter-skelter in Honiara, the capital of the Solomon Islands, in the immediate wake of the signing of a security pact between the Solomon Islands and China. Honiara is 6,120 miles (or 16 flying hours) away from Los Angeles, and yet the increased presence of China there is seen as an immediate threat to the national security of the United States, in the same way that the potential NATO membership of Ukraine has been seen as a grave threat to the national security of Russia.

It is indeed abhorrent that just because Russia has the means to bully Ukraine, it is now therefore doing so. A lesson to be learned here is that dealing smartly with bullies – both far and near – is what small countries must be able to do well if they are to enjoy peace with a high degree of national autonomy.

I will use the convenient device of a position paper by the US side to organise my discussion about ASEAN options in the widening of Cold War 2.0. Kurt Campbell and Rush Doshi had written the article, “How America Can Shore Up Asian Order: A Strategy for Restoring Balance and Legitimacy” in early 2021 before they joined the Biden administration to lead the US confrontation with China as the “Asia Tsar” at the White House and the Director for China in the National Security Council, respectively.<sup>1</sup>

My choice of the Campbell-Doshi paper as the starting point instead of a position paper written by China officials is not meant to criticise US participation in Cold War 2.0 and ignore China's role in it. I examine the Campbell-Doshi paper in order to highlight common key elements in the mindsets of superpowers that had led to harmful actions on other nations (and to the superpowers themselves eventually as well, most of the time).

I will also draw five lessons for how fast-rising China should avoid committing the same hubristic mistakes as the US did, and for how the US should handle its international engagements as the rise of China and India transforms the global strategic balance.

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<sup>1</sup> Foreign Affairs, 12 January 2021; <https://www.foreignaffairs.com/articles/united-states/2021-01-12/how-america-can-shore-asian-order>

The basic insight for Southeast Asia from my analysis is the observation in the satire by Jonathan Swift that the collective efforts of the 6-inch Lilliputians were able to pin the towering Gulliver to the ground.

## **The Crux of the Campbell-Doshi Paper**

The Campbell-Doshi position is based on the following six claims:

- The US is “the original architect and longtime sponsor of the present [operating] system” of the Indo-Pacific region;
- This Indo-Pacific operating system is based on the principles of “freedom of navigation, sovereign equality, transparency, peaceful dispute resolution, the sanctity of contracts, cross-border trade, and cooperation on transnational challenges”;
- The Indo-Pacific operating system has endured so long for two reasons: It had “balance and legitimacy”, and it enjoyed “US’ long-standing commitment to forward-deployed military forces” which deterred nations that do not abide by these principles from undermining them;
- With 40 years of “long peace” underwritten by the balanced and legitimate nature of the Indo-Pacific operating system and by US military might, this regional order has “liberated hundreds of millions from poverty, promoted countless commercial advances, and led to a remarkable accumulation of wealth”;
- Newly-risen China, which does not accept the underlying principles of the operating system will seek to undermine “the order’s balance and legitimacy”; and
- China has a proclivity towards military violence (e.g. island-building in the South China Sea, and internal repression in Xinjiang) and towards economic coercion (e.g. discrimination against Australian exports).

Campbell and Doshi concluded that “left unchecked, the Chinese’s behaviour could end the region’s long peace”, and they claim that “the US needs to make a conscious effort to deter Chinese adventurism” in order “to preserve the regional operating system that has generated peace and unprecedented prosperity”. Their proposed US strategy is to “modernise and strengthen... the existing regional operating system” by mobilising East Asian countries<sup>2</sup> to link their military capabilities to those of the Quad<sup>3</sup> and AUKUS<sup>4</sup> to prevent China from changing the status quo. This US approach would (presumably) “ensure that the Indo-Pacific’s future is characterised by balance and twenty-first-century openness rather than hegemony and nineteenth-century spheres of influence”.

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<sup>2</sup> By East Asia, is meant (1) Northeast Asia minus Russia, China, and North Korea (NEA), and (2) Southeast Asia (SEA) consisting of the 10 ASEAN countries.

<sup>3</sup> Quad refers to the four countries – USA, Australia, Japan, and India – that are involved in the Quadrilateral Strategic Dialogue, [https://en.wikipedia.org/wiki/Quadrilateral\\_Security\\_Dialogue](https://en.wikipedia.org/wiki/Quadrilateral_Security_Dialogue)

<sup>4</sup> A security pact consisting of Australia, United Kingdom, and USA; <https://en.wikipedia.org/wiki/AUKUS>

## **Lessons for China and the US from the Weaknesses in the Campbell-Doshi position**

Despite Campbell and Doshi's repeated use of the word "balance" to depict the Indo-Pacific system, the balance of power only ever existed in the military confrontation between US allies and communist states in East Asia (like the standoff on the Korean peninsula). There was never a balance of power within the East Asian capitalist world, and order there took the form of hegemonic stability where the overwhelming force of the US economy and its military had entitled the US to design the global institutional architecture, and then to amend it selectively and unilaterally. For example, the US Dollar instead of John Maynard Keynes's Bancor was designated the linchpin of the Bretton Woods Monetary System, and Nixon closed the gold window in 1971 without consulting any of the closest allies of the US<sup>5</sup>.

The first lesson that I draw for China to manage its rise and for the US to strengthen its international status is that it is very easy for a superpower to be blind to its own self-serving actions, and to behave as if it were not reaping significant benefits from the global public goods that it provides e.g. obtaining seigniorage by allowing the US dollar to serve as the international vehicle currency. The outcome of a superpower having this sense of entitlement is that it is susceptible to being blinded by belief in its own propaganda, and hence would often act in entirely self-serving ways that undermine its moral authority.

Campbell and Doshi's plea for the maintenance of the existing regional operating system rests on the proposition that because the current software had generated immense benefits for all in the past, it would continue to do so in the future. However, even non-Marxists can see that this linear projection of the past is valid only if the optimum institutional infrastructure is independent of the economic structure. While it is nostalgically comfortable to instinctively cling to the status quo, it is logically unjustified to do so as a general way for maximising global and regional welfare, especially given the tremendous expansion and transformation of China's economy and its continued dynamism. In addition, one has to consider the expected technological innovations to come and their certain disruptions of present supply chains, plus accelerating climate change and loss of biodiversity.

Campbell and Doshi are correct in describing China as seeking to reconfigure the regional order to its advantage. The authors are also correct that the reconfiguration will reduce what General de Gaulle has called the "exorbitant privilege" of the US in the US-designed and US-dominated global capitalist system. They may not be correct, however, about the software reconfiguration being inevitably harmful to the welfare of other Asian countries either in absolute or relative terms<sup>6</sup>. In short, defence of the status quo is a defence of US interests and not necessarily a defence of the interests of East Asian countries.

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<sup>5</sup> Yuta Saito, "'Nixon shock' still haunts Japan: ex-financial diplomat Gyoten", Nikkei Asia Weekly, 12 August 2021, <https://asia.nikkei.com/Editor-s-Picks/Interview/Nixon-shock-still-haunts-Japan-ex-financial-diplomat-Gyoten>

<sup>6</sup> The institutional change will most probably reduce US' share of total benefits, i.e. reduce the relative benefits received by the US, but it may not reduce the absolute size of benefits received by the US.

For example, the present operating system is biased towards protecting and enhancing the profitability of large US and European corporations. A recent egregious example of using free trade principles selectively to benefit western corporations would be the US support for infant formula manufacturers by suppressing public health information campaigns by the World Health Organization (WHO) and its member countries to promote breastfeeding.

[At a WHO meeting in 2018,] American officials sought to water down the resolution by removing language that called on governments to ‘protect, promote and support breastfeeding’ and another passage that called on policymakers to restrict the promotion of food products that many experts say can have deleterious effects on young children.

[When the Ecuador moved to implement the WHO resolution, the US Ambassador to Ecuador, Todd Chapman, told Ecuador that if it] refused to drop the resolution, Washington would unleash punishing trade measures and withdraw crucial military aid. [The Ecuadorean government reversed its decision.]<sup>7</sup>

The efforts by the US and Western Europe governments to exempt the products of their firms from regulation in foreign markets and to extend their monopoly status to foreign markets is why they are claiming that the gold standard in trade agreements are extreme free market policies (e.g. no government subsidies and no government regulations but stringent patent laws). This selective use of free market policies in trade agreements really constitutes to economic bullying because these policies are optimum only in a technologically-stationary world with no market failures and no human-induced climate change.

The second lesson that I draw for China in managing its desired peaceful rise is that it would undermine itself in the competition for global leadership if it were to configure its international trade and investment relationships with US-style selective use of free market principles to benefit itself disproportionately. China should propose, and so should the US, that the gold standard of trade agreements in the 21st Century be the group-specific policy package that would maximize members’ progress on the 17 Sustainable Development Goals (SDGs)<sup>8</sup>.

The fundamental flaw in the Campbell-Doshi proposal is that it ignores the fact that the current regional operating system was designed for the Age of the Hegemon and not for the emerging Age of Multipolar Powers. The growing incompatibility between the present US-dominated global institutional superstructure and the facts (and boots) on the ground is ratcheting up steadily the level of resentment in China. China should, however, realise that the Age of the Hegemon would never appear again even if its total GDP were to be four times that of the US when its standard of living reaches that of the US. This is because India is also rising, and its population would at least equal that of China within the next 60 years.

<sup>7</sup> Andrew Jacobs, “Opposition to Breast-Feeding Resolution by U.S. Stuns World Health Officials,” New York Times, 8 July 2018; <https://www.nytimes.com/2018/07/08/health/world-health-breastfeeding-ecuador-trump.html>

<sup>8</sup> <https://sdgs.un.org/goals>

The Age of the Hegemon is truly over, and this is the third lesson for China – and for the US. China should reconcile itself to the fact that it would not be able to dominate the world the way the United Kingdom did in the 19th Century and the way that the US did in the 20th Century.

The lesson for the US political class from the inevitable end of global hegemony, now and future, is to stop using populist America-first foreign policies<sup>9</sup> in order to generate political support for domestic elections. As in any normal relationship between two equals, the US-China relationship will always be characterised by both competition and cooperation.

The ideal US-China relationship would limit competition to the economic and technology spheres, and promote cooperation in the supply of regional and global public goods (e.g. fight climate change, prevent nuclear proliferation, and stop pandemics). To ensure that the competition in the economic and technology spheres would not create so much antagonism that it would overwhelm the goodwill generated by the cooperation, the regulations on economic and technology competition need to be set, updated, and supervised by global organisations (e.g. UN agencies) with enforcement power.

The fourth lesson for China and the US is to prevent the Age of the Hegemon from becoming the Age of Polar Disorders. It would be highly dangerous for the medium-run outcome to be a bipolar disorder between China and US, and for the long-run outcome to be a multipolar disorder involving China, US, EU, and India.

Specifically, the new fast-emerging superpowers (notably China in the medium term) should not adopt the present US as its role model for a superpower. To do so would lead China to establish almost 800 military bases in over 70 countries<sup>10</sup>, an outcome that would maximise the probability of an accidental war with the Quad in the medium run, and with India in the long run.

The fifth lesson for China and US is that the switch from a hegemonic order to a multipolar order is more likely to benefit Southeast Asia than not, and so it would be difficult for the US to motivate Southeast Asia to stick with the current regional operating system. And Southeast Asia

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<sup>9</sup> The following excerpts by Robert Blackwill and associates characterise this populist America-first posture:

Because the American effort to 'integrate' China into the liberal international order has now generated new threats to U.S. primacy in Asia—and could result in a consequential challenge to American power globally—Washington needs a new grand strategy toward China that centers on balancing the rise of Chinese power rather than continuing to assist its ascendancy ... [There must be] the clear recognition that preserving U.S. primacy in the global system ought to remain the central objective of U.S. grand strategy in the twenty-first century. (Robert D. Blackwill and Ashley Tellis, Revising U.S. Grand Strategy Toward China, Council for Foreign Relations, International Institutions and Global Governance Program, Council Special Report No. 72. March 2015.)

[While the US should] avoid a U.S.-China confrontation, [it must work to] maintain U.S. primacy in Asia .... [And an] energized American pivot to Asia is the indispensable ingredient in a successful U.S. policy to participate and project strength more consequentially in the region and to deal with Chinese power and influence under Xi Jinping. (Robert D. Blackwill and Kurt M. Campbell, Xi Jinping on the Global Stage: Chinese Foreign Policy Under a Powerful but Exposed Leader, Council on Foreign Relations, International Institutions and Global Governance Program, Council Special Report No. 74, February 2016.)

<sup>10</sup> David Vine, "Where in the World is the US Military," Politico, July/August 2015; <https://www.politico.com/magazine/story/2015/06/us-military-bases-around-the-world-119321/>

would certainly abandon the present Indo-Pacific order earlier if China stops enlarging its military footprint in the South China Sea and uses its Belt-Road Initiative to actively support Sustainable Development in Southeast Asia. One important implication from the fifth lesson is that it would be a maximisation of enlightened self-interests for both China and US in a multipolar world order if they adopt the fulfillment of the 17 SDGs as their common overarching position in international diplomacy.

## **What is good for Southeast Asia?**

Southeast Asia separates the Indian Ocean from the Pacific Ocean, and being the area of contestation in the geo-strategic competition between the Quad-AUKUS and China, it naturally prefers that the new software of the Indo-Pacific order be diplomatically-biased rather than militarily-biased in its orientation toward problem-solving. Southeast Asia definitely does not want the expansion of the military pacts between the US and Northeast Asia into the region because it would be just as provocative to China as the expansion of NATO into Eastern Europe was to Russia, which helped to precipitate the Ukrainian civil war and the forced return of Crimea to the Motherland by Russia.

Campbell and Doshi claim that their proposed architecture is good for Southeast Asia, but they would have produced an even better proposal had they worked with ASEAN, the regional organisation, in designing the regional architecture. The Campbell-Doshi proposal is a supply-pushed widget and not a demand-pulled one. ASEAN would have demanded that the regional arrangements address the national security concerns of both China and the Quad without disadvantaging either. Freedom of navigation for their carrier groups in the South China Sea is fine but none should linger in the area. The US has military bases in the islands of Northeast Asia, and China has them in the islands of Southeast Asia, and Southeast Asia should demand the suspension of building more of them (or expanding them) in these two locations. Only two Southeast Asian countries were members of SEATO<sup>11</sup> in the Cold War, and none would join a revived version of it today.

Southeast Asian nations want the software of the new Indo-Pacific order to incorporate circuit-breakers in the form of compulsory dispute arbitration managed by neutral regional/global bodies like the World Court and UN agencies. They would want a regional order based on international laws and not on rules unilaterally set by either world power.

The sad assessment is that the Southeast Asian region is unlikely to get the regional institutional software that is best for its sustainable development because an elephant does not take the best interests of grass into account when moving to a more advantageous location in its confrontation or dalliance with another elephant. Many in Southeast Asia have therefore been watching events in the

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<sup>11</sup> <https://history.state.gov/milestones/1953-1960/seato>



European Union closely to learn how obstacles to closer regional integration are overcome, and whether an agency can thus be produced. The first signs are optimistic; both US and China have followed EU in accelerating the decarbonisation of their societies.

This last observation allows me to end on an optimistic note about regional partnerships (SDG #17). If enlightened self-interests succeed in creating a cohesive ASEAN Union<sup>12</sup>, then Southeast Asia will in the near future be able to return Campbell and Doshi the favour of their advice, first, by formulating a better regional operating system for the Americas based on consulting its entire membership about what it wants, and then, by setting an example for US-China engagement about how to reap mutual economic benefits and address national security concerns.

Fundamentally, effective global partnerships are the prerequisite for a safe and prosperous multipolar world. A world economy of a single unified market will be much richer and more dynamic than one with semi-segmented regional markets. The health of the Earth's physical systems and biological diversity requires a holistic approach to environmental stewardship. And there must be a freeze on the arms race, or better yet, a general disarmament of the superpowers.

It is therefore self-evident that what needs modernisation and strengthening is not the Indo-Pacific operating system as proposed by Campbell and Doshi but the United Nations system. This is the historically responsible task which China and the US must undertake, each doing so out of its own long-run self-interests.

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<sup>12</sup> The population of ASEAN and the European Union in 2020 was 661.5 million and 447.3 million respectively: <https://www.statista.com/statistics/796222/total-population-of-the-asean-countries/> and <https://tradingeconomics.com/european-union/population>.

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