

Michael Colopy

Global Trends, Foreign Policy, and China Affairs Expert

East Asia At a Turning Point. More commerce crosses the oceans of East Asia today than in any place or time in human history. Even a hiccup in that activity can severely damage economies in many other parts of the world. Yet rising political turbulence is threatening regional relationships and prosperity, a circumstance that could quickly worsen. This presentation offers a broad view of important indicators; it looks at instability in Thailand, stalled economic progress in the Philippines, transition in Vietnam, changing leadership in several important regional economies such as Taiwan, Malaysia, Myanmar and Indonesia as well as America's intensifying military engagement. Michael Colopy reviews these developments against the backdrop of the competing big power agendas of China and Japan that could threaten peaceful coexistence, commerce and sustainable stewardship of dwindling natural resources.

The South China and East China Seas. The US is engaged in the largest transfer of military capacity to the Asia Pacific theatre since the height of the Vietnam War. The reasons for it are many and urgent, not the least of which is the increasing hostility between Beijing and Tokyo over the demarcation of maritime boundaries in the East China Sea. The broader dispute between China and six of its neighbors over other areas, especially in the South China Sea, has intensified as two of them, the Philippines and Vietnam, struggle to resist the forceful and encroaching naval presence of China's rapidly strengthening PLA. In his presentation Michael Colopy outlines the historical, military and commercial aspects of the disputed boundaries, the tactics employed by each country to advance or defend its interests – including access to rich resources deep beneath the troubled waters of the South and East China Seas, and the web of relationships that both spur and restrain America's maneuvering, in terms both of diplomatic policy and naval deployment.

The World's New Strong Man. Xi Jinping is China's first leader not chosen by Mao Zedong or Deng Xiaoping to achieve ultimate power since 1949. No Chinese leader in recent decades has consolidated power so efficiently and made better use of his knowledge of the Chinese Communist Party, state, military and industry. He combines leadership attributes of both Mao and Deng but has the revolutionary standing and near absolute control of neither – yet. He faces enormous risk in managing a challenging shift in China's economy, party control and foreign affairs while dealing with rising discontent on several fronts. Confronting Xi is the possibility of serious disruption caused by both acute need to stimulate the consumer economy and the near-exhaustion of China's export driven growth model. At the same time the fraying of China's traditional safety net, a strikingly severe wealth gap and smothering pollution have combined to spark increasingly fierce resistance across the country. Rampant corruption at every level of government has alienated much of the populace and corroded party control, making this a dangerous moment in the turbulent history of this

enormous and unique society. Entrenched factions within the party competing for decisive influence on appointments to top posts in government and industry threaten to make the Chinese Communist Party irrelevant – and therefore illegitimate in the eyes of an increasingly restive population enraged by the nation's rampant corruption and resentful of its widening wealth gap. The danger of accidentally unifying myriad eruptions of discontent into something more coordinated and destabilizing haunts every decision confronting this uncommonly canny new leader. The world has an enormous stake in the reform-minded leader's success. China is entering a period of high risk. How nimble will this new strong man of Asia prove to be? What are the near term and longer term hazards? Will he have enough time to navigate the dangerous currents immediately ahead? How will coming events affect American interests, including security, investment and trade? These important questions comprise the focus of this timely presentation.

BRICS or Dust. An analyst in the London offices of Goldman Sachs in 2001 speculated about the investment prospects of emerging economies, suggesting that some of them may have key shared elements of interest to investors. In a strange example of a cause chasing a moniker, the named countries, Brazil, Russia, India, China and South Africa, subsequently formed an official organization using the acronym, BRICS. It was formed around a general unease with western (US) dominated institutions such as the World Bank and the International Monetary Fund and vaguely echoing the mission of the Non-Aligned Movement of the Cold War. There have been BRICS summits featuring elaborate promises to offer emerging economies an alternative financial structure but none took form. Meanwhile, nasty trade disputes among the BRICS has blighted their original cause as the grand idea dissolves into farce, with its pointlessness the main story. This presentation uses the peculiar history of the BRICS to illustrate how an anti-American stalking horse can misjudge the viability of their cause, and an example of how the PR game can become an amusing sideshow within global politics in the digital age.

Betting on Beijing v. Moscow. There is a dash of Vladimir Putin in Xi Jinping's aggressive bolstering of the security state as he consolidates power ahead of what will likely be a turbulent economic transition in the next few years. But Putin and Xi differ in ways that are more important to US interests than they are similar, especially in their effect on global trade and security. For one thing, US business has much more riding on outcomes in China than in Russia. Even the tough guy stance each affects has distinct purposes. Whatever the seeming similarities between the Putin and Xi preferences for force over negotiation, the differences are immense because the disparity in the scale of their agendas and the challenges each confronts in the immediate future. Xi is steward of the world's second largest economy, more than four times the size of Putin which ranks 9th. Beijing is entering a period of potentially serious internal disruption and it must have stability to bring off the urgently needed adjustments to its economic model that Xi Jinping seeks to achieve. This presentation makes the point that since China is getting the better of its trade partners in most cases, it can afford to play the long game on important noneconomic issues, prodding and pressing incremental commercial and territorial adjustments on its resistant neighbors and skeptical trade partners. Russia's short term intentions mean that it doesn't have that option.

Unfinished Business. The Pentagon dispatched two B-52 strategic bombers – unarmed, to traverse the air security zone Beijing had just announced was from then on to be considered within its sphere of control. All foreign aircraft must notify China of their presence and intended route. This unilateral declaration of China's intent to assert sovereignty over huge areas of the western Pacific in one act alarmed its neighbors and many trade partners. The flare up in regional tensions over territorial rights and the access to the resources known to be below the seabed served to justify America's intensifying focus on regional security, strengthening relationships that without such threat would remain nominal. "Reversing history" is the sacred and deadly serious intent of China's leaders and a key element of their legitimacy at home. In practical terms it means building China's strength and stature for the task of rolling back foreign dominance in East Asia, reasserting imperial territorial claims, settling old scores, securing reliable supplies of energy and raw materials, establishing dependent relationships – all for the central purpose of returning the Han Chinese to their historical position, second to none. Japan played the most insistent and destructive role throughout the "century of shame" (1842 to 1949), participating in three armed invasions, capped by its vicious military subjugation of China between 1937 and 1945; for which reason it is still portrayed as the great ogre that has not fully relinquished its control of Chinese territory seized in the late 19th century. The ownership of the unpopulated islands now in contention dates from that period. This is why the Chinese Communist Party must show itself to be tireless in erasing the effects of the Century of Shame. The key first part of that mission is to assure that China's fate is determined in Beijing, not in London, Tokyo, or Washington. What follows from that intention is a string of policies that would otherwise seem absurdly rash and unexpected. This talk identifies the re-ignited tension in the East China Sea as one symptom of an historical obsession China's trade partners ignore at great risk.

Corruption is China's Ultimately Fatal Plague. The new leaders of the Chinese Communist Party signaled from the first moment of their ascension to power that they knew their legitimacy and ability to rule China would be lost if they didn't make major, visible gains against rampant official corruption. The Part Secretary, China's president Xi Jinping, beginning with his first public appearance on assuming office, has repeatedly and forcefully declared war on official corruption. Across the entire structure of the party and the government it controls, investigations, dismissals and arrest bear out the seriousness of Xi's campaign. Many ask if this merely the removal of allies of his rivals or a sincerely purging of the guilty from positions of power. While the changes may serve that less lofty purpose, Xi knows that in the short term he cannot correct many of the serious problems that enrage his restive countrymen and must tackle the greatest threat to the party's legitimacy to rule: corruption. This talk describes the traditional patronage system ("guangxi" networks), how the party has evolved to embrace it alongside contradictory Marxist principles, the reason many think it cannot be eradicated and why it may eventually prove fatal to the party's control of China, as Xi has warned. In this presentation numerous and varied examples of corruption at every level are used to underscore the severity of the dilemma.