

# Thailand and ASEAN Centrality Geopolitics

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## Abstract

The paper will argue that although Thailand has its own national geostrategic framework ranging from 1) exploiting “buck-passing” and buffer states with “mini” proxy warfare 2) offshore balancing, and 3) international organizations like the UN, whereas ASEAN is a new regional architecture had been developed quietly and continually. But with the natural development of ASEAN, it will fit with the future geostrategic framework of Thailand, albeit a requirement to get a deeper rethink of ASEAN architecture to address the coming challenges. The major regional challenges will come from the contest of power between the US and China in the Indo-Pacific. While both countries will construct several layers of international and regional institutions to draw ASEAN members to join in, in the end, ASEAN will be preserved independently. From the perspective of national interest to maintain neutrality, Thailand will deliberately support ASEAN centrality to maintain its influence over major powers. The term has continuously evolved since 2011 into various definitions. But this time, for Thailand, ASEAN centrality will be impelled toward a more unified ASEAN similar to the platform of the European Union. During the gradual evolving process, the new concept of ASEAN centrality will face internal contradictions between the double stages of economic development. This contradiction will inevitably dictate the geostrategy of ASEAN centrality to adjust accordingly into two types of internal subgroup into 1) the “old ASEAN” or the maritime ASEAN which are upper middle income economies and developed economies that will generate more unified ASEAN, and 2) the “new ASEAN” or the mainland ASEAN which are underdeveloped in term of economic development than the former one. The two subgroups will not break apart from the ASEAN framework, but instead, it will reinforce each other to cope with the intense competition among rival major powers in Indo-Pacific region.

**Keywords:** Thailand, ASEAN, Indo-Pacific, Geopolitics

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## **Introduction**

This paper will discuss ASEAN and Thailand's challenges and opportunities as follow<sup>3</sup>:

- Why is ASEAN centrality so important to Thailand? How does Thailand benefit from ASEAN centrality in terms of its strategic position?
- What types of action has Thailand taken to promote and strengthen ASEAN centrality?
- What challenges do you see Thailand facing trying to play a greater role in the organization?
- Despite all 10 members' pledges to promote ASEAN centrality, there appears to be a divide over the South China Sea dispute. How can ASEAN resolve this issue at the next Summit? How can Thailand-as a non-claimant to the conflict-play a constructive role to mediate the conflict? Will they play any role at all?

## **ASEAN Formation and Characteristics**

In order to make an assessment of the dynamism and the evaluation of ASEAN and its importance of ASEAN centrality, it is needed to firstly reinvestigate its history and background. ASEAN has been established in 1967 in order to regularize the members' political contacts in a structured multilateral setting to correspond to the two challenges at that time which were 1) the escalation of the U.S. war in Vietnam and 2) integrating post-Sukarno Indonesia into a regional order without any domination from them (Weatherbee, 2009). ASEAN has been built upon several principles such as the 1967 Bangkok Declaration, 1971 Treaty of Amity and Cooperation in Southeast Asia (TAC), 1976 Declaration of ASEAN Concord, 1995 Treaty on Southeast Asia Nuclear-Weapon-Free Zone (SEANWFZ), 2000 ASEAN Troika, and 2003 Declaration of ASEAN Concord II, for example (Huang, 2020). Although via ASEAN centrality, ASEAN has become an integrated part of East Asian regional institutions by setting up both interregional and intraregional discussion forums, there are still key concerns among ASEAN member states regarding the continuing US presence in the region and the economic and military rise of China (Jetschke, 2011).

To deal with such concerns, Asian middle powers use several mechanisms and strategies, but generally, it can be said that those Asian middle powers tend to "tame" rather than contain China. This will, in the end, institute varies in responding to the region's increasingly active alliance, the Quadrilateral Security Dialogue (QUAD) that might impact the future direction of ASEAN either, such as South Korea may choose to engage with QUAD, while Vietnam may apprehend QUAD as a hedging mechanism, whereas Indonesia will still rely on ASEAN centrality to making an engagement with QUAD (Jung, Lee, & Lee, 2021).

According to the recent survey, the State of Southeast Asia 2022 Survey conducted by the ASEAN Studies Centre at ISEAS-Yusof Ishak Institute (Seah et al., 2022), it has stated that ASEAN has a more positive view of QUAD (58.5% pros to 13.1% cons) on dealing with tangible cooperation in areas such as vaccine security and climate change more than AUKUS (36.4% pros to 63.6% cons) on dealing with security area. ASEAN has been concerned about the growing assertive influence of China (76.4% concern to 23.6% welcome), while it has welcomed more on the US's growing influence (37.4% concern to 62.6% welcome). In

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<sup>3</sup> The authors would like to thank several international diplomats on their inquiry of Thai political development inspiring the following questions and thus to formulate the idea of this essay.

maintaining rules-based order and upholding international law, ASEAN has trusted the US the most (36.6%), followed by the association itself (16.8%), the EU (16.6%), and China (13.6%) and Japan (7.7%)<sup>4</sup>. But at the dimension of overall confidence in major powers, ASEAN has trusted Japan the most at 54.2%, followed by the US at 52.8%, the EU at 48.5%, China at 26.8%, and India at 16.6%.

The contemporary strategic view of ASEAN is considered by the member states as a platform, to correspond to outsider influence, for greater maneuverability among the great powers, to augment but not to replace the traditional bilateral diplomacy (Weatherbee, 2009). While in internal regional Southeast Asian affairs, ASEAN will also still rely on the “ASEAN way” or consultation and a consensus mechanism among members, which is actually a conflict-avoidance system relying on informal negotiation for “not to allow bilateral disputes between ASEAN states to disrupt wider regional stability and the functioning on ASEAN itself” (2009). This is a *de facto* conflict management mechanism of the association, and it has been seen again in the Myanmar crisis, in which from the result of the survey mentioned above, that ASEAN has addressed and has taken active steps appropriately to mediate the crisis (42.5%), doing its best within the institutional limits to handle the problem (30.1%), and recommend to use dialogue as a major instrument among stakeholders (37%) and mounting a coordinated and unified response with international partners (24.4%) rather than employing harder methods such as sanctions (19.6%) to cope with the crisis<sup>5</sup>.

Although strictly codified in the article 2 of TAC stating that there should be “noninterference in the internal affairs of one another” reflected the institutionalized “ASEAN way” as explained above, as we will see that ASEAN frequently employs this kind of “quiet and informal diplomacy” or even the so-called Indonesian style *empat mata* (four eyes diplomacy) of ASEAN way, although there used to be a call for “constructive engagement” rather than ASEAN way to resolve the problem of 1997 coup in Cambodia by the then Malaysia’s Deputy Prime Minister Anwar Ibrahim and also “flexible engagement” by appointing ASEAN “troika” consisting of the foreign ministers of Indonesia, Thailand and the Philippines followed by Cambodia troika as an ad hoc ministerial body to resolve the crisis of democracy in Myanmar in 1998 by the then Thailand’s Foreign Minister Surin Pitsuwan. But those extensive mechanisms were both shunned by ASEAN members.

ASEAN has been designed from the necessity of the situation of its time, it is no surprise Thailand was the main actor to formulate the association at that time of the outburst of the Cold War era. At first, with the close cooperation between Thailand and The Philippines with the US, they have first cooperated with the free world, Vietnam had broken with Wikipedia into the North to side with the Communist camp, and the South with France and later the US. The Southeast Asia Treaty Organization (SEATO) had been organized in the same year by Australia, France, New Zealand, Pakistan (including East Pakistan, now Bangladesh), the Philippines, Thailand, the United Kingdom, and the United States to counter the Communist movement. Actually, SEATO was a continued anti-communist effort by the then Thai government under the concept of detaining the enemy in the faraway conflict zone out of the internal conflict or neighboring countries. The Korean war was proof of this concept to detain

<sup>4</sup> Noted that the trust in Japan has declined from 2021 at 11.6% as well as the EU at 32.6%, while the trust in ASEAN itself can be considered in the same level at 17.5%. However, ASEAN’s trust on China has increased from 2021 at 4.4%. This might be because of relatively assessment of the changing of US administration from Trump to Biden in 2020 and his increasingly active foreign policy to preserve the rules-based international order, as we have seen that ASEAN’s trust has significantly increased from 2021 at 24.5%.

<sup>5</sup> Please noted that this is contrary to the correspondents from Myanmar that they’ve proposed harder method as much as 43.4%, followed by employing the dialogue at 22.0% and cooperate with the international partners at 21.4%. Which is not surprised because it reflects the belief from the correspondents inside the country to wish for more active mechanism than the correspondents from other member states.

the communist invasion at the 38th parallel in 1953, one year before the creation of two Vietnams and the birth of SEATO. The Vietnam war, however, was different. The US withdrawal from Vietnam after the Tet Offensive in 1968, despite military advantages over North Vietnam, led to the collapse of South Vietnam in 1975 and turned Laos into a communist in the same years, generating a question of the domino effect and survival of Thailand itself.

Nevertheless, there was a détente between the US and China in order to break the Sino-Soviet camp during the Nixon administration<sup>6</sup>. And there was a CIA memorandum discussion between Henry Kissinger and the Washington Special Action Group, meeting held on August 10, 1973. It was two months before the popular uprising of October 14, 1973, in Thailand toppled Thanom's military-led government. Early in that year, the US had withdrawn all military out of South Vietnam. The signing of the Paris Peace Accords made Kissinger win Nobel Peace Prize, but instead of peace, it was a ceased fire, The North Vietnam would make an invasion in 1975 and reunite Vietnam as a single country in the same year. The Thai conservative and the army elites had felt insecure and negotiated with a "certain" number of the US army, especially the arms and equipment in Thailand. The situation had changed dramatically in Thailand and in Indochina, it had forced the Thai elites to endorse the infamous "bamboo diplomacy" and "a secret channel to Beijing" quietly led by Marshall Phibun and Zhou Enlai after the Bandung conference in 1955. Led by the then Thailand Minister of Foreign Affairs, Thanat Khoman, to mediate the conflict between Indonesia and Malaysia during the 1960s, it has evolved into the foundation of ASEAN with neutrality from the great powers, according to Zone of Peace, Freedom, and Neutrality (ZOPFAN) in 1967, and ASEAN would thus gradually replace SEATO which had been dissolved in 1977. ASEAN has been perceived as a continued architecture from ASA (from 196 to 1963) and Maphilindo. We can say that with the birth of ASEAN, Thailand can entertain further options for her foreign policy from the only balance of power among great powers to the regional architecture platform as an extensive instrument that she could not possess before the beginning of the Cold War. ASEAN has functioned well ever since for both Thailand and the member states until recently.

## An Evolved ASEAN Centrality

ASEAN centrality has been firstly coined by various scholars after a remark by former US Secretary of State Hillary Clinton in 2011 to explain ASEAN as “the fulcrum of an evolving regional architecture”. Those claims including an Australian analyst, Malcolm Cook when he saw both the US and Russia attended in the East Asia Summit (EAS) mentioning clearly that “ASEAN’s claim to its centrality in East Asian and Asia Pacific regionalism is confirmed” (Caballeo-Anthony, 2014).

There are several further interpretations of the concept of ASEAN centrality as shown in Mueller (2021), such as 1) “centrality of substance” via “setting the agenda, providing direction and resolving disputes” (coined by the late Surin Pitsuwan), 2) “the ability to maintain consensus, carry out collective action and achieve its stated goals” (suggested by Cabellero-Anthony), or even 3) ambiguous and unclear objective (proposed by See Seng Tan) for example. However, the authors do agree with Mueller’s definition judged by benefits from ASEAN centrality’s function as “a mechanism to manage the organization’s resource dependence by managing resource supply risks and by preventing the incorporation of ASEAN in the institutional designs of external actors” including “to offset hedging strategies by

<sup>6</sup> See “The Beijing-Washington Back-Channel and Henry Kissinger’s Secret Trip to China”, especially document number 34. The discussion between Zhou Enlai and Kissinger, dubbed “constructive ambiguity”, leaving room for the future “evolution of Sino-U.S. relations from a philosophical perspective”, the origins of the ambiguity of “Taiwan question”, the Shanghai Communiqué (including the two others) to normalize relations between Washington and Beijing, <https://nsarchive2.gwu.edu/NSAEBB/NSAEBB66/>, accessed at June 26, 2022.

individual ASEAN member states by precluding contestation of ASEAN's strategic objectives at the regional level". And ASEAN can do so by using its networking strategy to "increase its potential to shape outcomes despite its relative lack of power."

Although these definitions of "ASEAN centrality" are very useful for understanding the concept, but it is necessary to understand that "ASEAN centrality" as well as "ASEAN" is means rather than ends, and it will never replace the primordial objective of nation-state which is a survival of nation or "reason of state" (*raison d'état*) which was firstly popularized the term by Richelieu (Poole, 2015). In the next section, the authors will explain thoroughly why and how the definition of "ASEAN centrality" will evolve from merely benefits mentioning earlier to the necessity of crafting a more unified ASEAN and thus to elaborate a contradictory of various factors ranging from distinctive Thailand's and ASEAN member's national interest including challenging from a competition between major powers especially the US and China in the region. The essay will finally observe the possible strategic optimality on how to strike a sweet spot among those mentioning challenges.

## **Thailand Geopolitics and Lessons from Europe**

China has concerned about the involvement of the US in Myanmar regarding its similarity to the Russian response to its neighbors' "color revolutions" and that Myanmar is at its "soft underbelly" (Embassy Bangkok, Wikileak, 2007a) and China told Thai diplomat that "they will never let Burma be like Iraq" (Embassy Bangkok, 2007b; Zawacki, 2021). It seems there would be the repeating of the history since the ancient era, because of its geostrategic centered on the Southeast Asian mainland, this has led to the centuries of the geopolitical potential of conflict along with Thailand's neighboring countries like Laos, Cambodia, Vietnam, and Myanmar (Weatherbee, 2009). In 1775, Siam (Thailand) at that time had secured Lanna or nowadays Northern Thailand to be its vassal state to buffer against centuries invasion of Burman force on the Western front, while Cambodia was a joint Siamese-Vietnamese suzerainty in the conclusion of Siamese-Vietnamese War in the Eastern front. This dilemma of the two-pronged attack would continue further into the colonial era; Siam would choose to help the British empire to conquer its long rival, Burma, just to discover that Siam would be the buffer state between British Raj in the West and French Indochina in the East again. After ceding the eastern bank of the Mekong to France as a result of the Franco-Siamese War in 1893, King Chulalongkorn would start his European visiting campaign in 1897; Siam would bother to align with the Kingdom of Prussia and the Russian Empire as a diplomatic deterrence against both British Empire and the French Republic. While during the World War II, Thailand led by Marshall Phibun would align itself with the Japanese Empire, just to end the War by switching to side with the Allies, thanks to the underground Free Thai Movement led by "Ruth"<sup>7</sup> or a war-time codename for Pridi Banomyong, and this flexible diplomacy would repeat itself again during the Cold War era when Bangkok would on one hand, shoulder-to-shoulder join with Washington to wage war in both Korean war and Vietnam war, while on the other hand, it would secure the back channel to establish the secret diplomatic tie with Beijing.

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<sup>7</sup> The inspiration of the codename has come from "Book of Ruth" in which "Ruth (רָתָה), being a pure heart or emotional nature, helps the being so that in time Mahlon, the lower consciousness, dies and as the story proceeds, Ruth (the pure heart) will be united with the higher mind that she as helped to bring into the being."

Instead of interpreting this kind of Thailand's geostrategy as merely "bamboo diplomacy" as mentioned in Kislenko (2002; 2020)<sup>8</sup>, but actually, Thailand has precisely followed the "offensive realism" strategy suggested by Mearsheimer (2014) that Thailand as a middle power in Southeast Asia, it has to use "offshore balancer" to contain its strategic rivals in the region either Myanmar or Vietnam or both. Because of the series of Sino-Burmese wars from 1765-to 1769, the Burmese had to focus on its northeast territory just to pave the way for Siam to free itself from the fall of Ayutthaya in 1767 led to the unifying of Siam in 1771, Siam would rely on major European powers to balance against both British Empire and the French Republic, later Thailand would switch back and forth between the Axis and the Allies during World War II, while at the first period of the Cold War, Thailand had relied on the US, and then it would side with China to counter the Vietnam offensive in its eastern border during the late period of Cold War.

This kind of behavior is similar to Germany which will inevitably face a two-pronged attack from either France or Russia. Furthermore, Mearsheimer (2014) has suggested that in this kind of situation it would prone to the risk of an escalation of the total war between these three major powers because of the miscalculation buck buck-passing France and Russia to miscalculate Germany's intention on which side it will invade first and that this miscalculation due to buck-passing was one of the major factors to lead to the war twice in the European continent.

In order to resolve this dilemma permanently, France, by the suggestion of Alexandre Kojève has initiated the European Union (EU) project by inducing Spain and Italy to help formulate the "Latin Empire" and then to negotiate with Germany separately later (Kojève, 1945; Kletzer, 2006). Therefore, I'd like to argue that Thailand will treat ASEAN similarly to France and Germany's idea of the EU. A reliance on "offshore balancer" and the regional "balance of power" alone will not enough in the 21<sup>st</sup> global politics. The formation of ASEAN led by Thanat Khoman coincided with the situation in the Cold War era when the country had to deal with complicated international affairs and rising liberal global order that was beyond the national capability alone. ASEAN is for Thailand as well as other members in the association a platform "to augment but not to replace the traditional bilateral diplomacy". But for the changing the global situation, similar to the EU, Thailand must rethink the revision of ASEAN into the next stage, a more unified ASEAN. However, there is a need to rethink the lesson of the EU's several crises ranging from Brexit, illiberal democracy, and the rising trend of renationalization of politics (Kirchick, 2017).

The two major strategic choices to move ASEAN further, to borrow the motto from the Chinese Warring States period, are 1) "horizontal alliance system" advocated by Zhang Yi to side with Qin and 2) "vertical alliance system" advocated by Su Qin to unite against Qin. China in the 21st century is similar to the Qin problem during the Chinese Warring States period, albeit we will use the word "to tame" China, not to "against" during its ascending to global superpower. The decision to choose the pattern of the alliance will inevitably dictate the outcome of both Thailand, ASEAN, and Indo-Pacific since Thailand is the center of

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<sup>8</sup> Although Kislenko's articles, mentioning Klausner (1993), have been referred widely such as in chapter 5 of Strangio (2020) and in chapter 1 of Poonkham (2022) for example; but after carefully examining, the authors do not find any exact "ancient Siamese proverb" anywhere in Klausner (1993). Although there are some references on the poem about bamboo in page 17, but it's obviously Klausner's "Haiku", without any specific Siamese proverb regarding the bamboo. Klausner has, however, delicately mentioned about "Siang Miang" or the northeast folktale of the similar central folktale of "Srithanonchai", a scheming antihero. It seems Siang Miang's story might inspire Kislenko to coin the term "bamboo in the wind" in his own articles. The earlier mentioning about "flexible diplomacy", however, can be found in Likhit Dhiravegin (1974), mentioning Kumut Chandrung's book of "My boyhood in Siam", stating that King Chulalongkorn believed that "a flexible tree does not break in a storm" (the authors' emphasize).

geostrategy in Southeast Asia, and ASEAN as well will be the center of geostrategy of Indo-Pacific.

In ASEAN, the horizontal alliance system will be Myanmar, Thailand, Laos, Cambodia, and Vietnam, while the vertical alliance system will be Thailand, Malaysia, Indonesia, Brunei, The Philippines, and Singapore<sup>9</sup>. Actually, the vertical alliance system is the original founding members of ASEAN (except Brunei), while the horizontal alliance system is the late members joining the association in 1967, and this alliance system is already recognized in the platform of CLMVT, the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) and Greater Mekong Subregion Economic Cooperation Program (GMS Program). We can depict the characteristics of both alliances in Table 1 below:

**Table 1** Comparative Statistics Among Major Alliances and Actors in Indo-Pacific

| Alliance system  | Members   | Total Population in Million | Total GDP (nominal) in Trillion USD | GDP per capita in USD |
|--|---|-----------------------------|-------------------------------------|-----------------------|
| 1. Vertical alliance (founding members of ASEAN plus Brunei) | Brunei, Indonesia, Malaysia, The Philippines, Singapore, and Thailand                                   | 495.41                      | 3.06                                | 6,176.65              |
| 2. Horizontal alliance (CLMVT)                               | Cambodia, Laos, Myanmar, Vietnam, and Thailand  | 246.66                      | 1.13                                | 4,581.19              |
| 3. ASEAN   | Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, The Philippines, Singapore, Thailand, and Vietnam | 667.39                      | 3.35                                | 5,019.53              |
| 4. China   | China   | 1,412.00                    | 18.46                               | 13,073.65             |
| 5. Northeast Asia  | Japan, South Korea, and Taiwan  | 202.64                      | 8.78                                | 43,332.58             |
| 6. The Quadrilateral Security Dialogue (QSD or QUAD)         | Australia, India, Japan, and the USA  | 1,836.02                    | 35.10                               | 19,120.16             |

Considering alliances and major actors in Table 1, we will find that to “tame” China, it has to be a coalition between ASEAN, Northeast Asia, and QUAD. Given that major powers will interact with ASEAN members in a bilateral manner rather than in a multilateral manner, the horizontal alliance will align itself with China, while the vertical alliance will be more independent and, if necessary, will align itself with Northeast Asia and QUAD<sup>10</sup>. According to the survey (Seah et al., 2022), Northeast Asia will side with the QUAD, while the vertical

<sup>9</sup>This strategic option can be considered as an extended form of “ASEAN Minus X” because “the consensus decision-making process has come at a cost. It has led to the adoption of collective decisions based on the lowest common denominator” (Emmers, 2017).

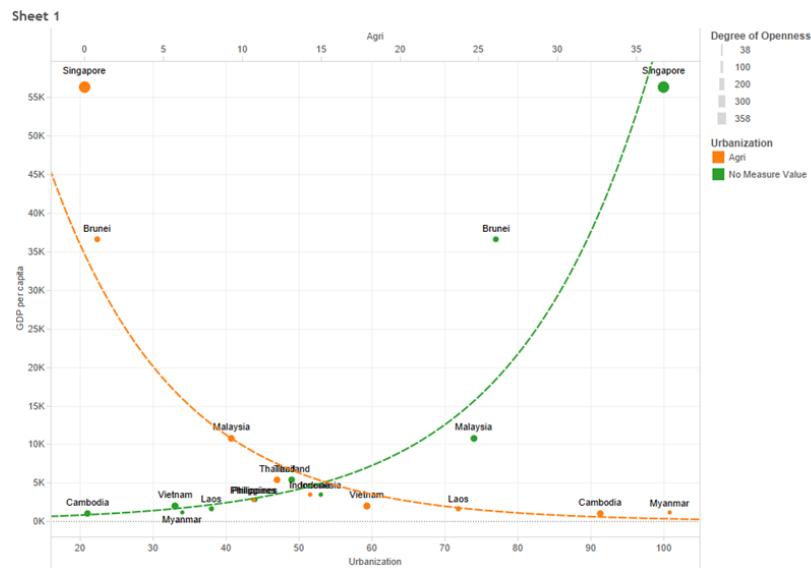
<sup>10</sup>To clarify more in categorizing the alliance, since Thailand will be in both the vertical alliance and the horizontal alliance, as well as Japan will be in both the Northeast Asia and the QUAD, therefore, the table will depict the comparative statistics for strategic insight rather than absolute statistics for any calculation purpose.

alliance will also finally decide to side with both the Northeast Asia and the QUAD, it will be rather done via the “ASEAN centrality” platform. Thus, Northeast Asia will be a close alliance with the QUAD, while the vertical alliance will be a loose alliance with both Northeast Asia and the QUAD.

Nonetheless, we will see that relying on the single ASEAN is not practical for Thailand anymore since too much diversification of the members will drag the whole ASEAN to stay still in the quagmire, or to borrow the famous quote, “two steps forward, one step back”. Consider the case of the human rights problem in Myanmar, it will face several vicious circles of civil war against the ethnics, the coup and the suppression of its civilians, and the temporal democratic climate. Such characteristics of the governing body of ASEAN and “ASEAN Way” will not resolve the problem but leave it under the carpet, albeit it will serve as the de facto mechanism to contain the problem within a specific area, in this case, Myanmar for decades. Thailand needs to push ASEAN into further steps with the vertical alliance. But before talking about the policy recommendation, let’s observe the strength and weaknesses of each form of the alliance first.

The horizontal alliance will be in favor of Thailand in terms of location and cultural and religious similarity except for Vietnam, major religion in this alliance is Buddhism with 97.1% in Cambodia, 66% in Laos, 87.9% in Myanmar, 14.9% in Vietnam<sup>11</sup>, and 93.5% in Thailand, compared to the dominance of Islam in the vertical alliance with 80.9% in Brunei, 86.7% in Indonesia, 61.3% in Malaysia, while there are more diversified in Singapore (31.1% of Buddhism, 20.0% of no religion, 18.9% of Christianity, and 15.6% of Islam), and dominance of Christianity in the Philippines at 88.7%.

But in terms of economic modernization and urbanization, Thailand will be categorized naturally with the vertical alliance thanks to the early economic development policy during the Cold War era, see Figure 1 below:



**Figure 1** Economic Modernization (Measured by GDP Per Capita) vs Urbanization.

<sup>11</sup> Major religion in Vietnam is folk belief at 45.3%, followed by no religion at 28.4% and Buddhism at 14.9% and Christianity at 8.5% respectively, given that its governmental form is unitary Marxist-Leninist one-party socialist republic which tend to be more secularist than other member countries of ASEAN, at least officially.

The orange dash line (descending from left to right) represents the agricultural area (see top horizontal axis) vs GDP per capita while the green dash line (ascending from left to right) represents urbanization (see bottom horizontal axis) vs GDP per capita, both lines depict the similarity correlation between economic modernization and urbanization rate (the more economic development, the more urbanization, the less agricultural sector). The size of each circle represents the degree of the openness of the economy.

Chen et al. (2014) have argued that the degree of urbanization (migrant/moving people into the city) which can be measured by either the size of the agricultural sector or urbanization indicator may not lead to the successful economic development (an increase of GDP per capita) on its own, or it means that urbanization alone will not automatically trigger the economic development, albeit there is a close relationship between urbanization and economic modernization via GDP per capita. Contrary, the authors suggest that governments and development agencies should focus on creating a mobile workforce, ensuring broad access to goods and markets, implementing government policies that support commerce, and investing in infrastructure. Therefore, “urbanization” will be the by-product of implementing such economic development policy, or we can say, it can be categorized as another indicator of economic modernization.

The members of the vertical alliance especially Indonesia, Malaysia, the Philippines, and Thailand (sometimes called the tiger cubs economy) had enjoined high economic growth rates although they can't strike rapid economic growth rates like Japan and Asian tigers during the 1950s and 1990s and China (since late 1970s) and India (since 1990s) (Echavarria & Arias, 2017). Vietnam's rapid economic growth recently might be considered to move it from the horizontal alliance to the vertical alliance. Brunei's energy export-dependent economy<sup>12</sup> might not fit well with the “economic modernization” and may be prone to a resource curse, but Brunei has set its vision for economic development and diversification as seen in Wawasan 2035's goal number 3 are: 1) to ensure high & sustainable economic growth, 2) to achieve economic diversification, 3) to maintain low unemployment, and 4) to strike macroeconomic stability<sup>13</sup>. To achieve such an ambitious goal, Brunei needs to attain a higher development in Human Development Index (HDI)<sup>14</sup>.

Brunei's strategy is also in line with the endogenous growth theory developed by Gary S Becker and Paul M Romer (Romer, 1990). The theory has been developed as a result of dissatisfaction with the Neoclassical growth theory/ Solow growth model which put too much emphasis on savings and investment in physical capital (e.g., factory, transportation, and irrigation) as means to promote growth. Long-term economic growth is also dependent on “human capital development” (particularly skills and education of the population.) According to data from World Bank's World Development Report 1993-2003, East Asian and Pacific countries can generate high savings and therefore leads to higher economic growth, according to the neoclassical model, but in Latin America, despite they can generate higher saving, it fails to generate higher economic growth like East Asian and Pacific countries, but low growth instead. Endogenous growth theory argues that long-term economic growth is also dependent on human capital development. The focus of this theory is therefore to understand how human capital development can contribute to economic growth. The two researchers mentioned above

<sup>12</sup> See <https://oec.world/en/profile/country/brn>, accessed at April 19, 2022.

<sup>13</sup> See Brunei's Wawasan 2035 target to achieve top 10 GDP per capita, <http://wawasanbrunei.gov.bn/SitePages/Goal%203.aspx>, accessed at April 19, 2022.

<sup>14</sup> Brunei has attained HDI ranked number 43 at 0.845 in 2022, compared to other ASEAN members: Singapore ranked number 9 at 0.935, Malaysia ranked number 61 at 0.804, Thailand ranked number 77 at 0.765, The Philippines ranked number 105 at 0.712, Indonesia ranked number 111 at 0.707, Vietnam ranked number 116 at 0.693, Laos ranked number 137 at 0.604, Myanmar ranked number 142 at 0.584, Cambodia ranked number 143 at 0.581, data retrieved from <https://worldpopulationreview.com/country-rankings/hdi-by-country> at April 19, 2022.

took a study in South Korea and found that human capital development can stimulate economic growth through 1) spill-over effect, more educated workers are not only more productive and can get employment in modern economic sectors, but they also can interact and share their knowledge with their workmates so that the productivity of other workers also rises. And 2) learning-by-doing effect, with education and training, the labor will have more capacity to accumulate and learn new skills and new technologies from their works. This causes an increase in the productivity of labor over time. “Knowledge Management” (KM) can play a role here in improving human capital. Sometimes we cannot use the spill-over effect and learning-by-doing effect to acquire new knowledge because it's a trade secret neither and open knowledge, thus “reverse engineering” may play a role here.

It's obvious that the character of members in the vertical alliance is, therefore, economic modernization via increasing human capital development and the HDI will be a good indicator to carry the members in the vertical alliance out of the middle-income trap.

## **The US Grand Strategy and ASEAN**

Since the release of “Revising U.S. Grand Strategy Towards China” in March 2015 (Blackwill & Tellis, 2015), the US has continuously maintained its strategy according to this paper. Its objective is clear on preserving US primacy in the global system by 1) strengthening the internal US economy by encouraging disruptive innovations, 2) revising trade arrangements among US partners and allies to resume the mutual gain and thus automatically excluding China from the vital value chain, 3) engaging technological-control regime to prevent China from acquiring latest innovation to enable its strategic leverage, 4) improving US military capacity and projecting its forces along the Asian “rimlands” (2015) Considering several developments after since from the US ranged from 1) refocusing its strategic focus on Indo-Pacific militarily<sup>15</sup> and economically<sup>16</sup>, 2) engaging several layers of partners and alliance formation (i.e. AUKUS, QUAD, and Indo-Pacific Strategy), 3) waging economic war and technological trade barrier against China, 4) withdrawal from Afghanistan, and 5) maintains its strategic patience toward Russia's invasion against Ukraine, we will see that the US has pivoted to Indo-Pacific, not Europe, and follows the grand strategy recommended in CFR paper very closely.

The CFR paper has mentioned strategic partners such as Japan, Australia, the Republic of Korea, India, ASEAN, and Taiwan (Blackwill & Tellis, 2015), among these, it has advocated that the US strategy toward ASEAN by engaging military reforms, establishing strategic International Military Exchange Training (IMET) programs, and help to build domestic democratic political capacity (2015). This is also in line with the recommendation in the US Indo-Pacific Strategy that the US major partners will be Australia, Japan, the Republic of Korea, the Philippines, and Thailand, as well as ASEAN (The White House, 2022).

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<sup>15</sup> The US has renamed the former unified combatant command from United States Pacific Command (USPACOM) into United States Indo-Pacific Command (USINDOPACOM) on May 30, 2018. There will be a five-year budget on Pacific Deterrence Initiative (PDI) to ensure the refocusing in Indo-Pacific. See [https://www.voanews.com/a/usa\\_china-accelerates-plans-overtake-us-world-stage-top-commander-says/6203097.html](https://www.voanews.com/a/usa_china-accelerates-plans-overtake-us-world-stage-top-commander-says/6203097.html), retrieved at April 20, 2022.

<sup>16</sup> According to an analysis from the Congressional Research Service (CRS) the Indo-Pacific Economic Framework (IPEF) mentioning that the initiative will include different modules covering “fair and resilient trade, supply chain resilience, infrastructure and decarbonization, and tax and anticorruption”. The paper has recognized the recent in absentia of the US from several trade agreements in Asia such as Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) and thus suggests that the US may use both US-Mexico-Canada Agreement (USMCA) digital trade chapter and the US-Japan Digital Trade Agreement as the template for configuration the new trade agreement in Asia. See paper from <https://crsreports.congress.gov/product/pdf/IN/IN11814>, accessed at April 20, 2022.

We can see that although it has passed for several administrations, it seems the US strategy in Indo-Pacific is quite steady and consistent in a long strategic viewpoint. Thailand and ASEAN should, therefore, adjust their strategy accordingly to the emerging reality via several alliance system layers according to different speeds of modernization mentioned in Table 2 as follows:

**Table 2** Strategic Recommendation for Each Alliance

| <b>Alliance System</b> | <b>Strategic Recommendation</b>   |
|------------------------|---|
| 1. Horizontal Alliance | Fosters economic integration and investment, especially labor-intensive ones, among members provide economic aid and investment as necessary to leverage the CMLV countries toward the upper-middle-income country. This layer will economically integrate with lower regions in China by nature. It's natural to engage with the members in this layer with the so-called "ASEAN way" to avoid escalation of the crisis.   |
| 2. Vertical Alliance   | Pursues domestic economic development toward capital intensive and getting out of the middle-income trap. To enable to achieve this target, it's necessary to rigorously invest in human development to gain higher HDI and a better Global Innovation Index (GII). The members in this layer should push toward a more integrated political platform like in the EU, the European Schengen Area style should be endorsed. This layer could easily integrate with an advanced trading agreement suggested in the IPEF that has a higher standard than RCEP with no problem. However, to pursue the integration politically, the members should consider improving the universal democratic and human rights institutions while carefully preserving each "national identity" to co-exist peacefully together. At this rate, the "ASEAN way" in this layer will be upgraded into some forms of "constructive engagement" or "flexible engagement", the fast track ASEAN automatically. This layer should be considered as the advanced WTO plus. |
| 3. ASEAN               | Maintains ASEAN centrality to leverage regional momentum in diplomatic negotiation among major powers, while integrating more trading agreements with more partners via the existing ASEAN plus platform. ASEAN will support the UN's Sustainable Development Goals (SDGs) and it will cooperate with the major powers to combat inequality, climate change, the pandemic, and terrorism, for example.  |

It seems, however, that the US tries to strike a balance on calibrating between the US Indo-Pacific strategy and relations toward ASEAN (Parameswaran, 2022), this kind of readjustment in ASEAN will help to smooth US security fostering in Indo-Pacific, and in the same time it will pose flexibility in engaging diplomatically and economically with China. Fundamentally, the existing structure of ASEAN still acts as the regional settlement intermediary (RSI) among regional great powers' disputes like the South China Sea via multiple instruments such as the ASEAN Regional Forum (ARF), the East Asia Summit (EAS), and the ASEAN Defence Ministers Meeting Plus (ADMM-Plus). This can be done with several strategies such as institutional balancing, bandwagoning, hedging, and co-option (Koga, 2018).

However, to strengthen the more unified ASEAN, there is a debate about whether Thailand and members of the vertical alliance should endorse the law that will be the lynchpin of the EU such as The European Communities Act 1972 in the UK. Currently, Thailand has enacted its domestic law to conform with the ASEAN charter according to the theory of “dualism” that treats the international and domestic systems of law as separate and independent with the act to protect the conducting of affairs for ASEAN<sup>17</sup> (B.E. 2551) and the act to protect the conducting of affairs for ASEAN (revision 2)<sup>18</sup> (B.E. 2558). ASEAN is recognized by its members as an international organization, but not a supranational organization like the EU. Therefore, there should be rigorous research on both law and policy that how much degree and related law the country should enact to strike the level of optimality to conduct the new concept of the vertical alliance in ASEAN.

## Conclusion

There is no question that the center of geopolitics will pivot back to the Indo-Pacific or what is called the “Yuxi circle”<sup>19</sup> of the new pivot, the centrality of world history in the 21<sup>st</sup> century due to its sheer size of population and middle class. And it’s clear that the Chinese economy will overtake the US somewhere around the 2030s according to the British Think Tank, the Centre for Economics and Business Research (CEBR) (2021), the American economy at the constant price will be at 25 trillion whereas the Chinese economy will be at 27 trillion. The economy is one of the handiest indicators to measure national power apart of the Composite Index of National Capability (CINC), especially GDP per capita. However, the Chinese GDP per capita at that time will still not surpass the US. Furthermore, Beckley’s new measurement which is GDP x GDP per capita, “*To create a rough proxy for net resources, therefore, I follow Bairoch’s advice by simply multiplying GDP by GDP per capita, creating an index that gives equal weight to a nation’s gross output and its output per person. This two-variable index obviously does not measure net stocks of resources directly, nor does it resolve all of the shortcomings of GDP and CINC. But by penalizing population, it provides a better sense of a nation’s net resources than GDP, CINC, or other gross indicators*”, (Beckley, 2018) Compared to the US, China has a less efficient economic system because “*much of China’s GDP is a mirage based on the fruitless investment. It is only when one tours China that the extent of its waste of resources becomes apparent China has built more than 50 “ghost cities” entire metropolises composed of empty office buildings, apartment complexes, shopping malls, and, in some cases, airports. In industry after industry, from refining to ships to aluminum, the picture is the same supply far outpaces demand-and still expansion continues*”, (Beckley, 2020). Therefore, according to Beckley, in the long run, China can’t compete with the US because China’s debt “*has ballooned eightfold and is on pace to total 335 percent of GDP by the end of 2020. China has little hope of reversing these trends because it will lose 200 million working-age adults and gain 300 million senior citizens over the next 30 years*”, and Beckley has warned us that the next decade will be dangerous to international security because instead, a contest of power has come from the rising revisionist albeit it will, it rather comes from “*powers that had been on the ascent but grew worried that their time was running short*”, such as Germany and World War I, therefore, the US must “*not undertake far more drastic measures, such as a full technological embargo, across-the-board trade sanctions, or a major covert action program to foment violence within China. Nor should it dramatically ratchet up pressure on China everywhere at once*” the US needs to “*shows that Beijing cannot overturn*

<sup>17</sup> See (in Thai) <https://www.krisdika.go.th/librarian/get?sysid=740577&ext=htm>, retrieved at April 21, 2022.

<sup>18</sup> See (in Thai) <https://www.krisdika.go.th/librarian/get?sysid=740570&ext=htm>, retrieved at April 21, 2022.

<sup>19</sup> See <http://www.statsmapsnpix.com/2022/02/the-yuxi-circle.html>, retrieved at April 21, 2022.

*the existing order by force and Washington gradually grows more confident in its ability to outperform a slowing China*”, Beckley & Brands (2020).

Therefore, it's expected that the competition line will be on economy rather than security, but the decisive factor will be innovation, given that the American political and social environment will breed the rigorous innovation more than in China, but China will generate varieties of use-case based on its abundant of data according to the enormous of population, so it's uncertain that at the end who will strike the triumph, and we still do not mention about more and more economic interdependent between the two countries, even though the US tries to leverage the embargo on several trading categories.

But the risk remains especially in the question of Taiwan, since Taiwan's growing sense of identity will define itself differently and independently from mainland China<sup>20</sup>, its domestic political dynamics will inevitably challenge Beijing's ambition to unite Taiwan under its regime of “one country, two systems”. The situation in Hong Kong and the invasion of Ukraine by Russia on February 24, 2022, will be generating more concern about security uncertainty in the Taiwanese administration. Taiwan has maintained ambiguous relations with the US, on one hand, the US has recognized Taiwan as a part of China, but the US has obliged to protect Taiwan via The Sino-American Mutual Defense Treaty which is recognized in The Taiwan Relations Act, while China has sent a very strong signal that the independent of Taiwan is extremely unacceptable<sup>21</sup>.

The new revision of ASEAN and the readjustment against the new Indo-Pacific strategy may generate the optimal economic benefits to ASEAN members, and it may help foster both the security architecture in Indo-Pacific in the long run, which may mitigate the possible tension, but it can't help resolve the real issue of Taiwan dilemma. The best it can hope is that the new revision of ASEAN will help strengthen the global governance architecture, and if the competition between China and the US endures without any armed conflict, it may generate global governance that can be acceptable to co-exist peacefully from every side.

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<sup>20</sup> See the growing trend on the survey of Taiwanese “maintain status quo, move toward independence” at 27%, <https://esc.nccu.edu.tw/PageDoc/Detail?fid=7801&id=6963>, retrieved at June 26, 2022. The dangers, therefore, lie in how the Zhongnanhai will dictate the threshold of the degree of sentiment led to the general referendum regarding the secession.

<sup>21</sup> See for example a statement from Wei Fenghe, China's State Councilor and Defense Minister, “The Chinese military won't hesitate to fight anyone who dares to separate the island of Taiwan from China”, <https://www.globaltimes.cn/page/202206/1267817.shtml>, retrieved at June 26, 2022.

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