

Good morning, Mr. Chairman, Ranking Member Risch, and members of the committee:

It is an honor to be invited to testify before this committee and its distinguished members. It is a great privilege to join you today to discuss the system of alliances the United States has built and maintained over the past several decades, and the future of that system in Asia. International politics are changing rapidly, and not for the better, and it is altogether appropriate to assess how well the current configuration of American alliances addresses the needs of the American people and their friends around the world.

The first step in any strategic assessment is to identify priorities: only by understanding what is vital, what is important, and what is desirable can we determine what the United States needs to accomplish abroad. But it is only the first step. After establishing priorities, an assessment must also evaluate how to achieve these objectives. In the next few minutes, I would like to describe the core goals of American foreign policy and how our different kinds of alliances help accomplish these goals.

## I. America's Grand Strategy

Although much of the world has changed significantly over the past century, American objectives have remained remarkably consistent. Before World War I, Great Britain was the most powerful of the European states, and it maintained both a global balance of power and an international economic order that allowed nearly a century of general peace and prosperity from the end of the Napoleonic Wars until 1914. There were still many savage conflicts, and some of the national wars in Europe took on a genocidal character, so the world was far from tranquil. But it was spared the horrors of a prolonged conflagration between great powers.

As Americans determined that Britain was no longer capable of shouldering this burden, and as they saw that this failure cost hundreds of thousands of American lives in two world wars, they moved in fits and starts toward creating a new international order that was based on American rather than British power. To do this, they endeavored to make their hemisphere peaceful and secure, maintain a favorable balance of power on both ends of the Eurasian landmass, and to create a reasonably well-integrated global economy in which Americans, their friends, and neutral countries alike could access economically important goods, such as oil and other forms of energy, and communicate freely across the global commons. The challenge of Soviet Communism underscored the importance of this national strategy, as that strategy provided the tools to contain the USSR and to ensure that the postcolonial nations emerging from the collapsing European empires aligned with the Free World rather than the Communist bloc. Those efforts led the United States to incorporate, with mixed success, goals like economic development into its national strategy.

America's alliance network, the largest and most effective system of alliances among free nations in the history of the world, is both the product of this strategy and a means by which we have achieved our goals at less risk and cost than we would have faced acting alone.

Before I describe each of these goals and how our alliances factor into them, I would like to make a further observation about American foreign policy that informs much of this testimony. In some countries, foreign policy is largely restricted to the actions of the state. This has never been true in American history, and I see no reason for this to change in the years to come. Ever since the United States gained its independence, American traders, missionaries, military experts and development workers have affected how other countries view the United States and have in turn shaped American foreign policy. In many cases, the actions of American citizens acting on their own initiative have done more to change the world than the official representatives of our government. While I will restrict my remarks today to government actions, none of us should forget that the American people will continue to change the world through their religious and civic activism, their universities, and their business activities.

The first pillar of American security is the maintenance of a favorable balance of power on both ends of the Eurasian supercontinent. Americans have believed that any nation that dominated the immense resources of East Asia or Europe would have the ability to threaten American security and to cripple our trade.

During his tenure in the White House, Teddy Roosevelt used the power that the United States developed during the Industrial Revolution to restrain revisionist states in Europe and Asia. His diplomacy to end the war between Russia and Japan won him a Nobel Peace Prize, but his main goal was to prevent any one country from dominating East Asia. Similarly, he warned Germany against attempting to overturn the British-led order in Europe. George Kennan, the most eloquent articulator of the containment strategy that won the Cold War, argued for a “strongpoint defense” against Communism that focused on the same regions. As he saw it, control over the industrial heartlands of Europe and Japan would decide the contest between communism and democracy. To that end, he recommended that the United States do everything in its power to reconstruct Europe’s and Japan’s economies and to develop strong alliances in both places. A bipartisan consensus formed around that strategy, which served the country well throughout the Cold War.

Maintaining the balance of power has benefitted the United States and its allies. Keeping the Red Army at bay was an expensive proposition, and at times a fraught one, but it cost much less in lives and treasure than a third major conflict in Europe and East Asia would have. The current confrontation with China is similarly tragic, but it is far better than ceding some of the most economically and strategically important parts of the world to a rival.

Allies have always been important in these efforts. In recent years, our allies have stepped up in meaningful ways to preserve and maintain this system. Japan has long been an important economic and diplomatic counterbalance to China, and as Prime Minister Kishida’s visit last week demonstrated, his country is increasingly important in the security realm as well. It is even contributing to the defense of Ukraine. South Korea is assisting Europe’s security through arms sales and transfers, along with its work to defend its own country, which has become an important part of the global economy. The Philippines is contesting Chinese claims in the South China Sea,

one of the most important arteries of the global economy. And Australia, which has fought alongside the United States in every major conflict for more than a century, is playing a major role through the Quad, AUKUS, and other critical initiatives.

From the American Revolution, fought as we can read in the Declaration of Independence in part to free the American economy from unfair British trade restrictions, to the present day advancing Americans' economic interests by preserving our rights to trade (and protecting American producers from predatory practices by overseas, state-aided rivals) has been the second pillar of our national strategy. After World War II Americans organized the global economy around a dollar-based system of international finance and trade that helped propel both this country and our allies to unprecedented levels of prosperity. Today, thanks to the abuse of the system by China, changes in patterns of investment and trade and to errors in the post-Cold War construction of the World Trade Organization, the old system is badly in need of reform. Nevertheless, building and upholding a trade system that favors the interests of Americans and binds our allies into a common system remains a key task for American policymakers.

America's economic and security needs are often connected. Economic activity requires energy, and securing plentiful and stable sources of energy is important for the global economy to function. The free flow of information and goods between countries is similarly important. The interstitial spaces through which that information and those goods move, such as international waters and outer space, must be kept secure for American prosperity to continue.

Stability in global energy markets is even more important for many of our Asian allies than it is for the United States. The International Energy Agency estimates that net imports account for 90 percent of [Japan's](#) total energy supply and 85 percent of [South Korea's](#). India is not an ally, but [one-third](#) of its total energy supply comes from abroad. The United States is a net exporter of energy, by comparison, and we nevertheless feel keenly the effects of high oil prices. This hearing is not about the Middle East, but I would be remiss if I did not note that the security and stability of the oil-exporting regions of the world is a matter of economic survival for our key allies and partners in Asia, and that they pay careful attention to our Middle East policy.

Preventing any single country from dominating the Middle East or acquiring the ability to block the flow of Middle East energy to world markets remains an essential component of American global strategy. The interests of the State of Israel and the United States are not identical, but the aspirations of Iran today, and perhaps of other countries in the future, to dominate the Middle East threaten Israel's survival *and* vital American interests. For this reason, Israel (and Gulf Arab states with similar concerns) are important strategic partners for the United States. Building a solid framework of regional security in which local actors like Israel and its Arab neighbors take the lead, with American support in reserve, is the best way to protect basic American interests at the lowest risk and cost.

Keeping the interstitial spaces free and clear is also important for the American and the global economy. In recent years, we have seen resurgences of piracy in various parts of the world, including

off the coast of Somalia, and Iran's Houthi proxies are significantly disrupting global trade by attacking international shipping near the Red Sea. There are two other potential flashpoints that I would like to discuss today.

The first is in the South China Sea. In 2016, the United Nations [found](#) that over one-fifth of global trade passed through this disputed waterway. China has built and militarized a set of islands in the South China Sea as part of its campaign to claim the waterway as part of China's territory. An arbitration court at The Hague has found these Chinese claims to be meritless, but China has ignored the ruling. Recently, it has escalated its harassment of Philippine ships as our treaty ally maintains its own territorial claims there. Among others, ships from our Australian and Japanese allies have joined our efforts to defend Philippine sovereignty. There are many possible causes of a broader conflict there, and the consequences for the global economy would be dramatic.

The other is around Taiwan. My recent travels in Northeast Asia have reinforced how devastating a war around Taiwan will be for the global economy. High-tech industries around the world will grind to a halt if Taiwan's semiconductor industry can no longer export. Fighting in the waters around Taiwan will immediately restrict Japan's and South Korea's abilities to import food and fuel for their populations, to say nothing of the other inputs their economies need to function and trade with other countries. Bloomberg [estimates](#) that a conflict started by a Chinese invasion of Taiwan would slash global GDP ten percent in the first year of fighting. Japan and the Philippines are each taking measures to deter such a conflict, and the Biden administration has reached many agreements that should make Beijing hesitate about using force in the Taiwan Strait.

The core objectives of American grand strategy are remarkably constant, but as circumstances change, our enduring interests require changes in policy. We should understand that the nature of American leadership is to promote and accelerate technological, economic and social change as our dynamic capitalist economy innovates and expands. The Information Revolution today is introducing changes as profound, and sometimes as destabilizing, as the Industrial Revolution did in its day. A changing America must manage its affairs in a changing world. From the development of nuclear weapons to the impact of information technology and artificial intelligence, scientific developments are continually changing and, usually, making more complex the tasks of our diplomats and military leaders. This is a feature not a bug of America's activity in the world, and we must continually update both our tactics and our strategies as the situation at home and abroad rapidly evolves in an era of accelerating and often disruptive technological progress.

Europe was once the center of American foreign policy concerns. Today the center of gravity in world politics has shifted decisively away from the European Union and its neighbors. And while Russia's revisionist foreign policy goals and deep hatred (under its current leadership) of the United States and our values make it a rival, Vladimir Putin's Russia poses a less immediate threat to the European balance of power than did the Soviet Union under Stalin and his successors. As the United States seeks to prevent Russia from becoming a more formidable enemy, we seek to cooperate with NATO allies and others to limit Russian power. America's goal for NATO should be

to promote the ability and the will of our European allies to stand up for their own security even as our priorities move elsewhere.

China today, both as a powerful actor in the Indo-Pacific and as a source of strength and support to other American rivals like Russia and Iran, is the chief threat to both the geopolitical and economic interests of the United States. China is a more formidable rival than the Soviet Union was. The possibility of a never-ending struggle against such an adversary is a grim one, and although our geopolitical track record has been a good one, it is not clear who would prevail in such a contest. But there is another way to achieve our objectives in the region and ensure another century of American peace and prosperity.

## II. The Problem of Uneven Economic Development

When we look at the history of Asia and of American engagement in the Indo-Pacific, the geopolitical consequences of uneven economic development have led to the most serious challenges to the balance of power that America seeks. In the late 18th and throughout the 19th century the British and the Europeans established colonial empires because they were able to achieve a level of modernization and industrial development much faster than Japan, China, and India. Japan's early industrial success made it the greatest power in Asia by the early 1900s, and aspirations for regional supremacy went to the heads of Japan's rulers, driving them on a destructive and ultimately ruinous quest for hegemony.

Today, China's success has made it the greatest regional power and tempted many in Beijing to follow the path of Imperial Japan. Take its outsized share of the region's GDP: in 1980 mainland China accounted for approximately [11%](#) of the combined GDP of East Asia and the Pacific. In 2022, it accounted for nearly [57%](#) of the region's total GDP. To specifically see the kind of power inequities this causes it is helpful to examine the evolution of the Indian and Chinese economies since 1980.

According to World Bank figures in chained dollars, in 1980 India's GDP was 64% of China's. By 2001 when China joined the World Trade Organization, India's economy was only 28% as large as China's. And, despite several years of rapid growth in the 21st century, by 2021 India's economy had fallen even further behind and equaled only 17% of the Chinese economy. Even as India has caught up with China in population and built a world-class technology sector, it has not emerged as the kind of manufacturing powerhouse that could rival China's economic weight in Asia and beyond.

If India's economy had kept pace with China over the past 40 years, India would currently have a GDP of \$10 trillion instead of \$2.73 trillion. Between the military spending an economy of that size can support and the economic and political clout it would give Indian businessmen and diplomats, there would be no "China threat" in the Indo-Pacific. When and if the gap between India and China

begins to close, the balance of power in Asia will also start to shift, and China will need to rethink its approach to regional and world politics.

China today, like Japan in the 1930s, is a country whose rapid development seems to put Asian supremacy within reach, but Beijing has lucked into a fortuitous moment in history, not an era. As India, Indonesia, Vietnam, the Philippines, Thailand, Bangladesh, and Burma all continue to modernize and reach their potential, a rising Asia will become too big for any country to dominate. In this sense, the objective of American strategy towards the region should not necessarily be either to crush China or to change its form of government but to promote development and modernization across the rest of the region. Our goal should not be a defeated, embittered, impoverished or divided China. It should be an Indo-Pacific so big, so rich, and so powerful that no single country now or in the future can successfully pursue a hegemonic strategy. As the rest of Asia rises, Beijing's chance at supremacy begins to shrink – and our allies in the Indo-Pacific will be able to bear more of the costs that keeping the peace requires.

### III. The Missing Piece: Economic Development

In order to help push the region towards a more natural balance of power, it is helpful to take a step back and look at American strategy in the decades following the end of World War II. The progress toward free trade and the development of an international legal and political system that supported successive waves of expansion and integration across the entire world economy was one of the great triumphs in American foreign policy, even as an Iron Curtain had descended on much of Europe. American leaders realized that unless important countries could recover from the calamitous destruction of World War II and regain their prosperity, the United States would have no foreign customers for its products, no strong military allies in the struggle with the Soviet Union, and the poverty and misery felt by many would enhance the appeal of communism around the globe. To avoid this outcome, the United States opened its markets to foreign goods from Europe and Japan – often on a non-reciprocal basis – while also promoting American aid and investment abroad, maintaining a stable system of exchange rates, and bearing a disproportionate share of the burden of the common defense. The role of the dollar as a global reserve currency, along with the expansionary bias of American fiscal and monetary authorities, facilitated America's assumption of the role that became known as “the locomotive of the global economy” and “the consumer of last resort.” American trade deficits stimulated production and consumption in the rest of the world, significantly increasing both the prosperity of other countries and their willingness to participate in the American system.

While the decision to grant foreigners access to our domestic markets was one of the most debated aspects of American foreign policy, it was imperative that countries from France and Germany to Japan and South Korea recognized that the advantages of partnering with the United States were greater than those of aligning with the Soviet Union. This policy helped consolidate support around the world for the American system and was very much a critical element of our strategy to contain and ultimately roll back the Soviet empire.

Unfortunately, today, it is not clear that many in the region are convinced that the benefits of working with the Americans outweighs the benefits of working more closely with our communist adversaries in Beijing. A recent [annual survey](#) of business, political and civil-society actors by the Singapore-based ISEAS-Yusof Ishak Institute found for the first time this year that a slim majority of Southeast Asian leaders would, if forced to choose, opt for China over the U.S. as their “preferred alignment choice in the region.” Thailand, Indonesia and Malaysia were among the countries where majorities would choose China. What I have heard from senior officials and business leaders across the region is that vague -- even if well intentioned -- initiatives like IPEF do not provide many nations with what they really want, which is access to American markets. For many of these countries, trade and investment with the United States is seen as an engine for development and a pathway towards the kind of wealth and prosperity that we have enjoyed in the West for generations.

Many things have changed since the 1940s and the United States cannot return to the non-reciprocal trade relationships of the past. But the development of a truly integrated, efficient and dynamic economic system that attracts partners around the world remains necessary to America’s security and economic interests.

#### IV. The Eroding Military Balance

It is important to note that the Biden administration has had several notable accomplishments that have strengthened our hand in the Indo-Pacific over the last few years. Last summer, the US and India signed several [important agreements](#) that deepened cooperation between the world's two largest democracies. Many countries, alarmed by Chinese saber-rattling and heavy-handed diplomacy, have looked towards the United States in order to strengthen security ties, leading to significant initiatives such as the launch of AUKUS. The administration's diplomatic efforts have helped facilitate a temporary easing of the [often-strained relationship](#) between Japan and South Korea. Additionally, strategically located Pacific Island nations such as [Papua New Guinea](#) have granted the United States permission to station U.S. troops and supplies on the island nation which is close in proximity to vital shipping lanes. The American-led campaign to limit Chinese access to sensitive computer technology has chalked up important wins. Passage of the flawed but consequential Inflation Reduction Act, and Chips Act demonstrated America’s economic resilience and refuted claims that Washington is hopelessly gridlocked. However, the alliances and partnerships that give the U.S. the strength to manage its relationship with Beijing ultimately depend on military power and our will, and perceived will to use it when necessary. The erosion of American deterrence is the biggest single problem facing American foreign policy, and our inability to get this issue right has led to catastrophe in both Ukraine and the Middle East and could potentially lead to war in Asia.

Over the last twenty years, China has launched one of the greatest military buildups in the history of the world and America’s failure to match this epochal military buildup—not a lack of diplomatic activism—is the root cause of the region’s geopolitical insecurity. China recently announced a 7.2%

increase in defense spending. In contrast, when adjusted for inflation, the President's \$850 billion request for the defense budget in 2025 is actually a reduction. China possesses the world's largest navy, and recent estimates suggest that their shipbuilding capacity is over 230 times greater than that of our own. The [Center for Strategic and International Studies](#) has noted that as we have allowed our defense industrial base to shrivel up, Beijing has invested in and is in the process of acquiring high-end weapons systems and equipment five to six times faster than the United States. As [many war games have shown](#), it is not even clear if we have enough long range precision guided munitions to last a week if all-out war breaks out over Taiwan or in the South China Sea. Earlier this month, the Navy released a [fact sheet](#) showing that several of its key shipbuilding programs are facing years of delays. These are just a few examples that I know you are all aware of, but it is becoming increasingly clear that the military balance in the Far East has shifted from a clear American advantage into a gray zone and Beijing is now closer than ever to having the capability to forcibly unify with Taiwan. Better security cooperation with our allies, like we have seen with Japan and the Philippines last week, can help at the margins, but a serious policy for the Indo-Pacific requires larger investments from the United States than both parties seem currently unready to provide. This reality is well understood in capitals across Asia and many nations are beginning to take steps to hedge their position.

#### V. Moralism, Morality, and Global Issues

This discussion has focused primarily on American interests, and a listener could object that American values have made some fleeting appearances, but I have not placed much emphasis on them. Dean Acheson, one of the architects of the American-led post-World War II order, once made an insightful comment about the difference between morality and moralism in American foreign policy. Years after he served as Harry Truman's secretary of state, he argued that "the righteous who seek to deduce foreign policy from ethical or moral principles are as misleading and misled as the modern Machiavellis who would conduct our foreign relations without regard to them." As he saw it, moral progress could only come through the responsible exercise of power, and throughout his life he sought to make sure that the United States did that.

America's Cold War policy aimed at stopping the spread of Soviet tyranny was, Acheson rightly believed, deeply moral. Today, the Chinese Communist Party has become an expansionist, tyrannical power whose inordinate ambition endangers freedom worldwide. America's interests and values both lead us to oppose that ambition, even as we seek to avoid the catastrophe of another great-power war.

Moral foreign policy often requires pragmatism. Defeating Nazi Germany required an alliance with the equally evil Soviet Union. And President Nixon's rapprochement with Mao's China, then at the horrifying acme of the Cultural Revolution, similarly was driven by the need to counter the greater threat posed at that time by the Soviet Union. Today, America and its democratic allies, even at their best, are not strong and united enough to handle the world's geopolitical challenges without enlisting the help of nondemocratic and even antidemocratic partners. In pursuit of objectives that are



fundamentally moral and legitimate, the United States will need to draw on our pragmatic tradition of foreign policy that recognizes realities while aiming at the promotion of human freedom and flourishing.

Since the end of the Cold War, many American analysts and policymakers assumed that geopolitical competition was largely irrelevant, and that the United States needed to redefine its interests around a set of what some would call “posthistorical goals” and global issues. Eliminating global poverty, addressing social injustices ranging from the marginalization of women and sexual minorities to economic inequality within and between countries, fighting climate change, strengthening the role of law and of rule-driven institutions in international life, and promoting human rights replaced the more limited goals of traditional statecraft.

It is not wrong to care about such things and many of these goals reflect objectives that the American people intend to pursue either through government policies or through the activities of NGOs and religious organizations. But for American strategists at a time of limited resources and mounting international challenges it will be necessary to distinguish between the achievable and the aspirational, and the “must haves” and the “nice to haves” among these goals. Furthermore, we must rigorously reject the seductive illusion that soft power and the power of example can be the principal tools of American foreign policy in times like these. The failure of America and our allies to maintain our military margin of superiority in the South China Sea and the Taiwan Strait has done more to endanger peace than anything we have done or could have done in the realm of soft power to preserve it.

In the absence of a military coalition that has the will and the means to uphold the peace, none of the global goals dear to the hearts of many Americans can be achieved. Building that coalition and doing America’s share to provide the resources and power such a coalition requires, must in today’s world hold the central place in American statecraft. A network of strong alliance partners in the key theaters of world politics backed by American economic, technological and military power remains the best and the cheapest way to secure our essential interests and to provide a foundation for the pursuit of higher and more complex goals.