

## NOTES AND REFLECTIONS

### FROM GEO-ECONOMICS OF THE "ASIA-PACIFIC" TO GEO-POLITICS OF THE "INDO-PACIFIC"<sup>1</sup>

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#### Introduction

Crafted over the last 60+ years, the member states of the EU, or most of them, have always had a very Cartesian, legal formalistic view of regionalism. They have taken, not unreasonably, a certain degree of pride in their regionally integrative *bona fides*. This pride was underwritten by a Balassian logic of progressive economic integration, especially in the last two decades of the 20<sup>th</sup>, and the now clichéd assumptions about the relevance of Europe's "normative power". These positions were accompanied by an unstated assumption that processes of regional development in other parts of the world would, even if slowly, progress along a similar path to that espoused in Europe. The assumption was that the European model was exportable.

With hindsight we now appreciate this was not to be. Assumptions about the power of European ideas and practices in region building, underwritten by both a political naivety and an intellectual hubris, simply did not come to pass. The route to regionalism in the Asia Pacific has been, and is, many things. But one thing it is not is a facsimile of the EU road to integration. Cartesian legal formalism has found little or no fertile ground in Asia. Asians have chosen not to learn from other regions. The drivers of region in Asia have

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<sup>1</sup> This short note is a transcript (more or less) of a public lecture delivered at the University of Lisbon, Symposium *Europa e Asia: Construeções e Interações Num Mondo Dividio*, April 16, 2024. It has rudimentary footnoting. It draws on a much longer paper that can be found online at LSE/IDEAS (<https://www.lse.ac.uk/IDEAS>.) The longer paper carries extensive documentation and citation to support the arguments advanced in this short essay.



been both local and global. Two global factors that have proved to be pivotal — globalisation and geopolitics — are the subject of this paper.

Recognising that we are witnessing the changing relationship between globalisation and geopolitics as categories of both global and regional order, it is the purpose of this paper to look at contemporary regional urges in Asia through these lenses. The changes that are coming about are underwritten by both ideational narrative and policy practice. At the analytical level, this short paper focuses on the ideational narrative, specifically the juxtaposition of the declining ideational hegemony of neo-liberal economics and the rising ideational hegemony of realist geopolitics. The analysis is illustrated empirically by a brief discussion of the declining interest in the geo-economics of the "Asia Pacific" as a hosting metaphor and the rising focus on the geopolitics of the "Indo Pacific" that reflects the intensification of global great power competition between the USA and China.

### **Ideas Have Consequences: From Globalisation to Geopolitics**

The relationship between theory and practice is more important than many in the policy world often assume. It is more complicated and less understood than we appreciate. We all too often ignore the degree to which ideas cast massive policy shadows. As Keynes noted:

*"The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else"<sup>2</sup>.*

Geopolitics, as both idea and practice — overshadowed empirically and intellectually after the end of the Cold War — is back. It is currently the most powerful ideational metaphor in the lexicon of international politics. Nothing symbolically emphasises this better than the rise and decline of the annual Munich Security Conference and the Davos World Economic Forum. And as IISS data demonstrates, even without the Ukraine war and the Gaza conflict, interstate conflict and the absolute number of conflicts are growing<sup>3</sup>.

Globalisation is not dead, but it is challenged now more than any time since the end of the Cold War (and especially since the GFC of 2008). The hegemonic neo-liberal (Hayekian) paradigm is increasingly questioned and exhibits paradoxes too significant to ignore (see the analyses of Dani Rodrik, Joseph Stiglitz and Branco Milanovic). Specifically, the unalloyed benefits of globalisation are over-hyped, and the negative externalities under-played. For sure, globalisation has been a major generator of gross aggregate welfare (lifting nearly 1 billion out of poverty)<sup>4</sup>. But it has also been a major generator of inequality. Its negative distributional consequences have fueled socio-

<sup>2</sup> Keynes, John Maynard (1935). *The General Theory of Employment, Interest and Money*: p 383. (Note: here his reference is also to political philosophy; not economics alone.)

<sup>3</sup> See Mia, T. Irene (ed.) (2023). *Armed Conflict Survey*, London, International Institute of Strategic Studies, <https://www.iiss.org/en/publications/armed-conflict-survey/2023/editors-introduction/>. And the Editors 'A Return to Interstate Conflict,' *World Politics Review*, December 18, 2023,

<sup>4</sup> World Bank, *Lifting 800 million people out of Poverty*, <https://www.worldbank.org/en/news/press-release/2022/04/01/lifting-800-million-people-out-of-poverty-new-report-looks-at-lessons-from-china-s-experience>



political resentment against cosmopolitan elites. It has been a key influencer of the rise of anti-globalism, populist and nativist politics and anti-immigration<sup>5</sup>.

Accompanying these changes we have also seen the emergence of a new mercantilism reflected in the rise of protectionism, a declining support for an open global economy and multilateral institutions. These trends are captured in the words of Joe Biden's NSC Chief, Jake Sullivan<sup>6</sup>. His "New Washington Consensus (Industrial Policy, IRA, Chips Acts. delinking, reshoring, onshoring) and the *Economist's* identification of the trend towards "homeland economics" are representative of the dominant discourse *du jour*.

If it is autumn for globalization, it is clearly springtime for geopolitics. But, like globalization, geopolitics has its plusses and minuses. It clearly enhances and heightens our risk awareness, and we do need good geopolitical risk analysis in an age when the USA and China are becoming increasingly competitive. It is not wrong for states to be concerned about China's, at times aggressively, forward leaning practices in international relations (I am not a naive liberal). China needs to be watched. The question is how we watch it and what policy prescriptions to adopt? There is a fine line between deterrence and provocation.

Language matters and the excessive zeal of advocates of either discourse—be they neo Hayekians or hard realist security specialists—can be incubators of extreme prescriptive policy positions. The logic of realist geopolitics can be self-fulfilling. Notwithstanding views of deterrence theory, realist geopolitical logic invariably privileges Thomas Hobbes's "disposition for war." This leaves us with a difficult question to answer: "Will modern geopolitical analysis, with its search for threats and enemies, in fact simply exacerbate rather than mitigate political strategic competition and conflict between the US and China?"

Of course, the discourse of geopolitics is very different to that of globalization. A concept arguably measured in millennia rather than centuries, its recent origins can be traced to analyst/practitioners such as Mackinder, Spykeman, Mahan in the early 20<sup>th</sup> century, Kissinger and Brzezinski in the second half of the 20<sup>th</sup> century and the proliferating off the shelf geopolitics of the early 21<sup>st</sup> century (Hal Brands, et al, 2023). There are both liberal and authoritarian strands of geopolitical thought to be found in the modern era. But central to both strands is the "balance of power", which may be seen as the strategist's equivalent of the economist's "equilibrium". The discourse of geopolitics in the post-Cold War era is a metaphor for great power competition (GPC)<sup>7</sup>. GPC is largely bilateral, transactional, and indeed geographical. All other elements of global conflict

<sup>5</sup> There is a vast literature on populism in all its guises. I discuss the populist critique of globalisation relevant to this essay in Higgott, Richard (2022). *States, Civilisations and the Reset of World Order*, London: Routledge. On populism generally see Muller, Jan Werner (2017). *What is Populism?* London Penguin and Oswald, Michael (2022). *The Palgrave Handbook of Populism*, London: Palgrave Macmillan.

<sup>6</sup> See 'Remarks by National Security Adviser, Jake Sullivan on Renewing American Economic Leadership', Washington DC, The Brookings Institution, April 27, 2023, [www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution/](https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution/)

<sup>7</sup> See Hal Brands (2023). 'The Field of Geopolitics offers both Promises and Perils', *Foreign Policy*, December 28, 2023: [https://foreignpolicy.com/2023/12/28/geopolitics-strategy-eurasia-autocracies-democracies-china-russia-us-putin-xi/#cookie\\_message\\_anchor](https://foreignpolicy.com/2023/12/28/geopolitics-strategy-eurasia-autocracies-democracies-china-russia-us-putin-xi/#cookie_message_anchor) and Casten Nickel, 'What do we talk about when we talk about the return of geo-politics?' *International Affairs*, 100 (1) 2024. <https://academic.oup.com/ia/issue/100/1?login=false>.



should be seen as secondary. There is little room for multilateral collective action problem solving here.

At the empirical level, talk of economic interdependence and integration declines as talk of conflict in the security domain grows stronger everyday and great power rivalry surges after a brief post-Cold War uni-polar moment. Further, the discourse of geopolitics is replete with the language of threat inflation. Whatever China does is read by the USA in zero sum terms and as a precursor to future aggression. The need to confront what is seen as a rising competition from China is the only element of bipartisanship in Washington politics.

China, in US strategic jargon, is the "pacing threat". But there are two big differences from the days of the US-Soviet Union Cold War. First, the US and China are economically interdependent in a way that US and Soviet Union never were. Second, despite Biden's democracy-authoritarian divide, neither of the great powers are leaders of ideologically coherent blocs. The world may be bifurcated, but it is neither bi-polar nor multi-polar. It is fuzzy.<sup>8</sup> States have become hedgers.

We should learn from the hegemony of neo-liberal globalization here. In the early days of neo-Hayekian ideational hegemony, we saw only the benefits of economic globalization and none of its problems. We must not repeat the mistake in our new-found love affair with geopolitics. We need to take account of the negative externalities too. Especially the self-fulfilling properties of much of the language of geopolitics: great power rivalry, regional security dilemmas and threat inflation. We must ask if geopolitics is fulfilling a similar role to that of the early phase of economic globalisation? If Hayekian liberalism was economics without liberalism—that is not much more than simply unfettered free markets—then is geopolitics international relations without liberalism too? Is geopolitics international relations absent qualifying notions of interdependence and diplomacy?

### **Words Have Consequences: From "Asia Pacific" to "Indo Pacific"**

As Amitav Acharya noted, Asia Pacific was a term coined by economists. Indeed, the language of (neo) liberal economics drove the idea of the "Asia Pacific". It reflected the privileging of a trade liberalism and open regionalism. While it cannot be discussed here, the intellectual history of the evolution of APEC is a fascinating story of modern diplomacy. The Indo-Pacific, says Acharya on the other hand, was coined by strategists. The language of geopolitics is driving the idea of the "Indo Pacific". It has become the discourse of the official and unofficial security policy communities of USA and its allies. While others too—Indonesia and ASEAN especially—also use the idea and language of Indo Pacific, their understanding is driven by a more open, less geopolitical, more cooperative understanding of region and with much less of anti-China focus; positions are articulated in the 2019 *ASEAN Outlook on the Indo-Pacific*.

**For the USA**, economics, more than security, drove the development of the Trans-Pacific Partnership (TPP) as the centrepiece of President Obama's "Pivot to Asia". But on his first day in office, Donald Trump withdrew the US from the TPP. Joe Biden did not attempt

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<sup>8</sup> See Higgott, Richard and Reich, Simon (2022). 'The Age of Fuzzy Bifurcation: Lessons from the Pandemic and the Ukraine War' *Global Policy*, 13 (5), <https://onlinelibrary.wiley.com/doi/10.1111/1758-5899.13141>.



to reverse this. The US DoS formalised the idea with the concept of a *Free and Open Indo-Pacific in 2019*.<sup>9</sup> It was seen as a means to consolidate the QUAD (India, Australia, Japan). His policy has in fact reflected substantial continuity with Trump's. Biden's priorities were always geopolitics and security.

His primary aim has been to build a grand alliance against what he sees as the systematically competitive growth of Chinese power; to contain, if not rollback, Chinese global influence was to be capped. US international economic policy (and technology) was effectively securitised via practices such as sanctions, the Inflation Reduction Act and Chips Act. In simple terms, when it comes to the Indo Pacific and China, Biden and his advisers, are what we might call "primacists"—a strategy that reflects a misreading of the changing nature of power considerations in the contemporary world order.

The Indo Pacific is not a neutral description of region: but one designed to counter a China dominated regional order. Concern with China, at the heart of US grand strategy, dominates the views of both its official and quasi-official analytical policy community within the DC Beltway.<sup>10</sup> The geopolitical imagining of the Indo-Pacific discourse has the China threat at its centre. Indeed, the Indo-Pacific, according the 2022 US *National Security Strategy*, is the 'epicentre of 21<sup>st</sup> Century geopolitics'<sup>11</sup>. Only a small part of the US analytical community thinks that while China needs to be watched closely, it is not the existential and geopolitical security threat it is thought to be<sup>12</sup>.

At the policy level the dominant discourse, especially in think tanks such as AEI, the Cato Institute, CSIS, AEF, Atlantic Council is now, rivalry driven, virulently geo-political and anti-China. Even the CFR and Brookings are carrying fewer discussions of the prospects for cooperation and conflict mitigation as opposed to conflict. At the extreme, in 2019, that most hawkish of Cold War organisations, the *Committee for Present Danger* underwent a resurrection. China was substituted for the Soviet Union in its full title<sup>13</sup>.

But, at a time when the Trans-Atlantic world is learning what the *Economist* calls "homeland economics", and asking how Indo Pacific geostrategic tensions affect it and what it can do to contain them, many Asian countries are developing an important portfolio of economic institutional cooperation. Note, TPP did not collapse with US withdrawal. It became CPTPP and is clearly a viable, if less significant, organization. Similarly, RCEP is fulfilling an increasingly relevant regional role as it gears up since its recent ratification. The AIIB, legitimate criticism of its *modus operandi* notwithstanding has become, against US wishes, a key component of regional economic statecraft.

<sup>9</sup> Department of State *A Free and Open Indo-Pacific: Advancing a Shared Vision* Washington, D.C: 4 Nov. 2019. <https://www.state.gov/wp-content/uploads/2019/11/Free-and-Open-Indo-Pacific-4-Nov2019.pdf>.

<sup>10</sup> See Jentlesen, Bruce (2020). 'Refocussing US Grand Strategy on Pandemic and Environmental Mass Destruction', *The Washington Quarterly*, 43 (3): pp. 9-12.

<sup>11</sup> The White House, *National Security Strategy* (2022). October, p. 37. <https://www.whitehouse.gov/wpcontent/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>

<sup>12</sup> See Weiss, Jessica Chen (2022). 'The China Trap: US China Foreign Policy and the Perilous of Logic of Zero-Sum Competition', *Foreign Affairs*, September-October, <https://www.foreignaffairs.com/china/china-trap-us-foreign-policy-zero-sum-competition>, Fravel, M. Taylor et al. (2019). 'China Is Not an Enemy,' *Washington Post*, July 3, <https://www.washingtonpost.com/opinions/making-china-a-us-enemy-is-counterproductive/> and Dan Murphy, 'Is the United States Overestimating Chinese Power', *The Conversation*, March 1, 2024, <https://theconversation.com/is-the-united-states-overestimating-chinas-power-220014>

<sup>13</sup> To be found at: <https://presentdangerchina.org>.



The US, in contrast to the turn of the century, is not in a good position 25 years on. It is not involved with any of the above major economic initiatives. APEC, the quintessential site of economic institutional activity in the Asia Pacific, that includes the US, is running out of steam. And the economic pillar of the Biden Indo Pacific strategy—the *Indo-Pacific Economic Framework for Prosperity* introduced in May 2022—has had little positive impact on the regional economic discourse to-date.

**For Australia** the change of language from the Asia Pacific to Indo Pacific reflects a dramatic change in its strategic culture. In the last decade, and especially since 2018 it has transitioned from being a cooperative regional middle power leading in the building of an open economic Asia Pacific and strong economic links with China to client state status as the strongest US regional ally in anti-China camp<sup>14</sup>. In the last quarter of 20th century Australia was at forefront of movement for open regionalism in the Asia Pacific. The Bob Hawke (1983-91 and Paul Keating (1991-96) governments worked hard to address Australia's regional liminality. In the discourse of the day they wanted Australia to be both **in** and **of** the Asia Pacific, not a European outpost<sup>15</sup>. It was a period of sure-footed regional economic policy. In 1989 Hawke kick ed off APEC as focal point for regional economic dialogue and Australia grew its economic relationship with China and closer links with ASEAN neighbours.

Australian foreign policy has lost its sure footedness since the end of the first decade of the 21<sup>st</sup> century. This has been illustrated by two major diplomatic blunders: (i) Prime Minister Scott Morrison's 2021 call for China Covid Inquiry (at US bidding) which generated a massive deterioration in the relationship with China and a fierce Chinese trade response. (ii) The apparent duplicity involved in the cancellation of France's submarine contract with Australia in favour of the AUKUS agreement, which reflects in many ways the culmination in the changing nature of Australian strategic culture. I am not suggesting the US forced AUKUS on Australia. Australia has always been a willing participant in the US regional project. Rather, the anti-China inspired AUKUS is merely the latest stage in the US regional primacy project<sup>16</sup>. Putative US primacy in the region is in many ways "primacy by invitation", especially from Australia, Japan and South Korea.

The Indo Pacific narrative emerged in Australia in 2013 *Oz Defence White Paper*. It took root as a neologism over the decade since then and Australia moved firmly towards the US **geopolitical** view of Indo-Pacific under the government of Bill Morrison between 2018 and 2022. Australia signed on as a faithful US ally greater than at any time since Vietnam when Prime Minister Harold Holt, was "All the Way with LBJ!!"

<sup>14</sup> On the early period see Andrew Cooper, Richard Higgott and Kim Nossal, *Relocating Middle Powers; Australia and Canada in an Evolving World Order*, Melbourne: Melbourne University Press, 2002; Higgott, Richard, Leaver, Richard and Ravenhill, John (eds). *Pacific Economic Relations in the 1990s: Cooperation or Conflict?* Boulder, Colorado, Reinner, Lynn (1993) and Mack, Andrew and Ravenhill, John (eds) (1994). *Pacific Cooperation: Building Economic and Security Regimes in the Asia Pacific Region*, Melbourne: Allen and Unwin.

<sup>15</sup> See Higgott, Richard and Nossal, Kim Richard (1997). 'The International Politics of Liminality: Relocating Australia in. the Asia Pacific,' *The Australian Journal of Political Science*, 32 (2): 169-86, <https://doi.org/10.1080/10361149750887>

<sup>16</sup> Prashad, Vijay (2022). 'Australia: A Frontline State in a New Cold War', *Pearls and Irritations*, December 15, <https://johnmenadue.com/australia-a-frontline-state-in-the-new-cold-war/>, <https://www.australianforeignaffairs.com/afa/fatal-shores-aukus-is-a-grave-mistake/3081>



As the paper has suggested, ideas and policy discourse have consequences. There is a direct US input into the security discourse of the Canberra policy community. Documents are replete with the geo-political jargon and phrases of direct US origin. This discourse is reflected in the annual Annual AUSMIN meetings. And the US Defense Intelligence Agency even have their own people working in-house in the Australian Defense Intelligence Organisation in Canberra.

The predominance of the Indo Pacific voice has given rise to what I call a "discursive disequilibrium" in the debate over Australia's strategic culture. It has been fostered by what former Australian Ambassador to China, Geoff Raby, calls the "China Threat Industry" stoking the narrative that "China is *the* existential threat". A former head of the Australian Department of Foreign Affairs and Trade, Heather Smith, talks of the "hijacking" of the Australian "economics establishment" by the "security establishment". The security paradigm, unsurprisingly, permeates Canberra institutions such as the ONA, ASIO, ASIS, some key think tanks, especially the very hawkish Australian Security Policy Institute (essentially a quasi-autonomous arm of government) and of course the highly influential Murdoch press, notably the *Australian*<sup>17</sup>.

But the discursive disequilibrium notwithstanding, there is a diminishing domestic consensus on AUKUS in Australia, be it the issue of submarine provision or greater defence industrial integration between the US, the UK and Australia. The national is debate growing. Central to this debate are some basic questions of cost and technical consideration, especially a doubt (even in the pro AAUKUS camp) of the ability of the UK to deliver its part on time and on cost. Most important however are growing considerations of **strategy and politics**. Australia's leading security specialist, Hugh White, describes it as the "most disastrous defence policy mistake in Australian history." He notes an excessively elongated implementation time frame, a dubious political viability and commitment of the US and the UK over time, a gap in US expectations and Australian commitments and the vaulting ambitions of AUKUS being out of step with Australia's middle power traditions and international status. White challenges the largely untested assumption in the wider Australia security establishment that AUKUS axiomatically makes Australia safer<sup>18</sup>.

### Conclusion: Be careful what you wish for

As noted, ideas and words have consequences. They are not just rhetorical or heuristic academic devices as the paper has demonstrated with its juxtaposition of the ideational and policy fortunes of globalisation and geopolitics as organizational/normative narratives of world order. The growing influence of the discourse of geopolitics is creating

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<sup>17</sup> See Scrafton, Mike (2023). 'Abandoned Sovereignty: Australia's Intelligence Function Colonised by the US', *Pearls and Irritations*, Dec. 31, <https://johnmenadue.com/abandoned-sovereignty-australias-intelligence-function-colonised-by-us/> and 'Shutting Down ASPI: Hugh White, Peter Jennings and China', *Pearls and Irritations*, Nov. 30, 2021, <https://johnmenadue.com/shutting-down-aspi-hugh-white-peter-jennings-and-china/>. James Curran, 'Excess Baggage: Is China a Genuine Threat to Australia', *Australian Foreign Affairs*, 19, October 2023, 27 and Heather Smith, 'Australia in a Fragmenting World', AIIA National Conference, November 13, 2023, <https://www.internationalaffairs.org.au/australia-in-a-fragmenting-world/>

<sup>18</sup> On AUKUS, see Hugh White, 'AUKUS is a Grave Mistake', *Australian Foreign Affairs*, 20, February 2024,



new mental maps. Asserting the geopolitical over the geo-economic casts major global and regional policy shadows.

In empirical terms the new mental maps privilege the Indo Pacific over the Asia Pacific. This change downplays the discourse of cooperative open economic regionalism at the expense of a discourse of geopolitical strategic competition. While not denying the need for good geopolitical analysis, a consequence is that it can give rise to threat inflation, exacerbate rather than contain great power rivalries, and generate regional security dilemmas.

The argument of the paper was illustrated by a discussion of the changing US view of the Indo Pacific and how Australia's security culture has changed to accommodate it. Change in Australian strategic culture is based on two assumptions: (i) that the US will contain China's continued economic and political rise; (ii) that the US approach to the Indo Pacific will remain consistent. Both assumptions are, at best, problematic. Two reasons: (i) It is not necessary to be Kishore Mahbubani to assume China's rise will continue<sup>19</sup>. (ii) US foreign policy, and by extension support for Australia, is at the whim of the US presidential system and all its attendant consequences. A second Trump administration is never far from peoples' thoughts. We have seen a reversion in Australian strategic culture: from that of a concerned international, and regional, citizen practicing a modest "middle power" role back to that of a client state of the US. It is band wagoning of a recklessly high order.

### How to cite this note

Higgott, Richard (2024). From Geo-Economics of the "Asia-Pacific" to Geo-Politics of the "Indo-Pacific". Notes and Reflections, *Janus.net, e-journal of international relations*. VOL 15, N<sup>o</sup>.1, May-October, pp. 372-379. DOI <https://doi.org/10.26619/1647-7251.15.1.04>



<sup>19</sup> See *inter alia*, Mahbubani, Kishore (2021). *Has the US Lost it?* London, Penguin, 2018; *Has China Won?* New York, Public Affairs, 2020 and *The Asian 21<sup>st</sup> Century*, Singapore: Springer.