

THE ASIA-PACIFIC AFFAIRS COUNCIL JOURNAL

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ASIA IN TRANSITION

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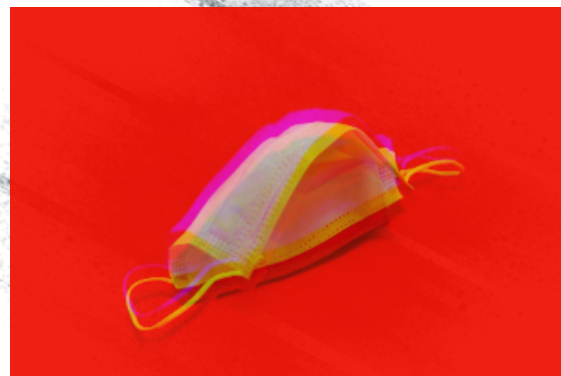
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EDITORS' NOTES

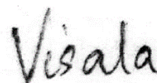
Dear Reader,

I presented "Asia in Transition" as a theme back in November of 2022 as an open-ended call for submissions which would ensure a dynamic and exciting variety of topics for the final issue. What we received from this year's submitters was so much more. Our team is pleased to present what is not only a rigorous and diverse look at the issues of Asia's present, but a discerning and involved glimpse of its future. My special thanks go to Dr. Yen Pottinger and Ambassador James F. Moriarty, who lent their priceless expertise in public health and diplomacy respectively via interview to this year's issue. Your time and kindness is appreciated always.



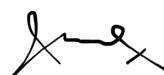
Seamus Boyle
Editor in Chief

In an increasingly globalized world, transition is perhaps the only constant. Asia continues to be the heart of transition in terms of development, climate adaptation, human mobility and technology. The submissions that came in under this edition's theme 'Asia in Transition' have opened the door for further thought and deliberation into some intriguing subjects. This edition enriches literature around current and immediate future trends in the vast and complex region, and I take inspiration from every suggested positive transition. I extend my special thanks to Professor Arvind Panagariya for engaging with the theme.



Visalaakshi Annamalai
Assistant Editor

Simon Leys, the Belgian sinologist, described the continuity in thought and culture as not ensured by the immobility of inanimate objects but achieved through the fluidity of successive generations. This issue endeavors to position Asia within this concept of fluidity. Abstract forces on the horizon now challenge the Asian landscape, yet transitions are ultimately the projects of mortals. Politics and economics are products of human behavior, a factor this issue has taken care to appreciate. I am grateful to everyone who made this issue possible, notably our contributors, my fellow editors, and Professor Andrew Nathan.



Jenny Li
Assistant Editor

The world has been changing unexpectedly fast over recent years. Achievements, as well as challenges, are coming from many fronts: economics, politics, energy, security, and environment, among other entangled issues. As I walked through all submitted pieces upholding different ideas and arguments related to this multifold transition that brought me reflection, my view on our globe has been once more fortified: though tensions have perilously accumulated, the only way that is certainly benign for all parties is to talk openly, frankly and practically, since cooperation always weighs more than confrontation for the human being. No man is an island.



Haotian Zhang
Assistant Editor

FOREWORD

The US-China competition attracts the most attention when Americans think about Asia, but much more is happening there. This excellent issue of the Asia-Pacific Affairs Council Journal brings together contributors from within Columbia and beyond to highlight a series of important topics across the region.

To be sure, the journal does not ignore the US-China relationship – in which, in Beijing's eyes, the core issue is Taiwan. Three articles help us understand Taiwan affairs more deeply. Sunny Fang explains how Taiwan's global dominance in manufacturing advanced computer chips deters a Chinese attack on Taiwan, while spurring US-China competition to establish leadership in the chip industry. Retired US ambassador James F. Moriarty reflects on his work as chair of Washington's semi-official agency for Taiwan relations, the American Institute in Taiwan. And Brian Hioe explains how the positions on nuclear power of Taiwan's two major political parties – which will vie for the presidency in January of 2024 – reflect the extent to which matters of identity and history permeate Taiwan's policy debates.

Taiwan is not the only issue in US-China relations. Both the COVID-19 pandemic and the crackdown in Hong Kong have deepened US antagonism towards China. Dr. Yen Pottinger reflects on the shocking end of China's "Zero-COVID" policies after three years of lockdowns. And Valerian Fappani and Blanca Marabini San Martín help us to understand Hong Kong's transition from a semi-autonomous region of China enjoying the rule of law to an extension of China's authoritarian "rule-by-law" system of governance.

But to understand the US-China relationship, we cannot focus only on China itself. American policy in Asia and globally seeks to promote democracy, while China is formally neutral as to regime type but implements policies that help authoritarian forces where they exist. The Philippines has zig-zagged between more authoritarian and more democratic governments, while Cambodia seems to be preparing for a transition from long-time authoritarian ruler Hun Sen to his son, Hun Manet. Japhet Quitzon updates us on the state of play in these two important Southeast Asian countries. Jae Joon Lee describes the work of South Korea's Truth and Reconciliation Commissions, which not only seek to consolidate that country's commitment to democracy but will also affect, for better or worse, the country's relations with Japan and the United States.

This excellent collection of essays vindicates the issue title, "Asia in Transition." For decades a continent of relative stability in a turbulent world, Asia is now a focal site of global change. The journal's editors and contributors have helped readers understand more deeply some of the critical forces at work in this period of rapid change.

Andrew J. Nathan

*Class of 1919 Professor of Political
Science at Columbia University*

FOREWORD

Today, Asia is the largest continent both in terms of population and output. Based on the IMF estimates, its 48 economies accounted for 39% of the world GDP at nominal exchange rates. At Purchasing Power Parity, their share at 47.5% is even higher. Three of the five largest economies in the world-China, Japan and India-are in Asia. The continent also accounted for 60% of the world's population with China and India being the two largest in the world. In the coming decade, with China continuing to grow at 4 to 5% on a base of \$18 trillion and India expected to be the world's fastest growing major economy, the center of gravity of the world's economy will tilt yet further towards Asia. By 2030, India will become the world's third largest economy. Demographically, India will also be the youngest major country and the likely source of young workers for much of the aging world. These shifts will bring unprecedented changes in geopolitics as well, with Europe considerably diminished and replaced in importance by Asia.

Arvind Panagariya

*Professor of Economics, Jagdish
Bhagwati Professor of Indian Political
Economy at Columbia University*

THE LAST DAYS OF "ZERO-COVID"

AN INTERVIEW WITH DR. YEN POTTINGER
BY SEAMUS BOYLE

Dr. Yen Pottinger is a virologist and senior lab advisor at ICAP at Columbia's Mailman School of Public Health. She has served as the HIV Incidence Team lead at the Centers for Disease Control and Prevention, and as an advisor to national public health agencies across the world on the COVID-19 pandemic. Dr. Pottinger earned her Ph.D. in Toxicology and Pharmacology from UC Davis in 2006.



Seamus Boyle: Thank you for speaking to the APAC Journal today, Dr. Pottinger. Our theme for this issue is "Asia in Transition," and China's re-opening has been perhaps the most consequential transition of all so far this year. At the end of 2022, the world witnessed a shocking reversal in public health policy, brought about in part by a powerful social movement. When you first heard that the Chinese Communist Party was planning to massively relax its "Zero COVID" policy after nearly three years, what was your initial reaction?

Dr. Yen Pottinger: I couldn't believe it. I didn't see it coming, and this is as someone who's supposed to be predicting what's coming in public health. I definitely didn't expect the dismantling of the restrictions to be so rapid, and frankly, so irresponsible. But I think that's the power of the protests that happened, and the pressure of the cost of "Zero-COVID," and keeping it alive with all their testing. China had shifted all of the testing burden out from the central government to local governments, who had to figure out ways to pay for it.

It was a shock for anyone and everyone who watches China on a daily basis, who lives with a spouse who watches China daily. It was quite surprising.

SB: When China relaxed "Zero-COVID", it also changed its criteria for case counting and death counting, and dropped asymptomatic cases from official statistics. Famously, when cases exploded in China in December of 2022, government-recognized deaths were still in the single digits for some time, even as funeral homes and hospitals were overwhelmed. How, if at all, does the CCP benefit from producing public health statistics that everyone knows to be false?

YP: It's a game of denial, I think once they dropped their "Zero COVID" restrictions, the most predictable outcome was that they weren't going to correctly record cases anymore. And frankly, how could they if they were dropping all the testing requirements, and all of the testing booths that were everywhere in Beijing got dismantled almost instantly? With them

getting dismantled, of course no one was testing positive. They weren't testing at all.

As for the case and death count, it was so obvious even from the time of Wuhan that they were not going to be honest with this, and by not being honest again now they get to play this game of "Well, see, we didn't have that many deaths, we told you it was just the flu, now it's no big deal, and no one has died from it, so we made the right decisions all along and we have protected our people." But everyone of course knows that that is not the case at all.

SB: Much of the credit for the end of "Zero-COVID" goes to the brave activists who put rare pressure on the CCP to change. The "White Paper" movement called for an end to lockdowns, testing, and even Xi Jinping's rule after the deaths of ten people in an apartment building in Urumqi, Xinjiang. Before them, there was the Sitong Bridge protest, which gave the movement its now-famous slogans. Do you perceive the CCP as having listened to the demands of this people's movement? Did Xi Jinping show that he can cave to popular pressure?

**"...even after all these years,
the government was not in a
position to save its people."**

YP: I think Xi Jinping understood that that spark, and what a big spark it was, would have really undermined his rule if it had spread. There was unhappiness within the local governments, who again were trying to find ways to pay for this change, a lot of whom felt it was too much. So of course we saw some semantics, even as they were shifting, they maintained: "No, we're sticking to 'Zero COVID' we're just going to use a scientific approach to how we lock down buildings, so rather than an entire block we'll just focus on the building" but then that went quickly as well.

I think that [Xi] was very much threatened by this, and he understood that if he didn't make a change

quickly, it would erupt into something much, much bigger. Of course, I think that the Chinese people, once everything was removed, thought "Wow, there's no protection for me if I get COVID." Everyone's been calling for the end of COVID, no one liked the lockdowns, but then once it got lifted and everyone got infected, it went from "Zero COVID" to "You're-on-your-own COVID", right? That was really the transition there. I think the "You're-on-your-own COVID" was a very scary place for people who actually got sick, and people who saw their family members get sick and realized that there was nobody there to help them.

There was no space in hospitals, no drugs, and even after all these years, the government was not in a position to save its people.

SB: How do we understand the Chinese Communist Party's decision to do a 180-degree turn on their messaging on COVID-19? At the beginning of December 2022, COVID was a killer virus that necessitated city-wide lockdowns, and on New Year's Day 2023 it was, as you mentioned, basically the flu. How can such a breakneck reversal of public health policy be reconciled, and why do you believe the CCP did not opt for a more gradual transition away from "Zero-COVID"?

YP: I don't think you can reconcile the 180, I think it's in line with how the CCP does its business, which is, you put up a mouthpiece to explain away whatever the decision is by Xi Jinping. The mouthpiece then shifts and says "Hey, this is no big deal" even though a week earlier they were saying how deadly and terrible it was. It is whatever it has to be to suit their needs, and their needs at the time were to do away with everything. You know, the criticism is that the CCP had three years to prepare for this moment. The problem is they picked the wrong variant to mess with, because it was so infectious.

But in those three years, you have to look at what

the government did, or rather didn't do. Did they make a better vaccine? No. Did they import vaccines that work? No. Did they stock up on antivirals? No, only after dismantling everything did they begin to work to get Paxlovid into the country. Even now, there's really no serious campaign to vaccinate. And people say "Oh, you know, their campaign early on was very successful, they had something like 80% of the population vaccinated" but we know that the elderly population, only 40% of them even have a single booster, and they haven't worked toward getting these people re-vaccinated with boosters. So when people say their population is vaccinated... that was years ago. That was at the beginning of this whole pandemic, right after vaccines came out. It's been a long time, and we know antibiotic resistance drops off significantly after you get your shot. So these aren't people who are very well protected from the virus.

So before they dismantled "Zero COVID" I was sure that they would do the responsible thing and do it slowly, right? Reduce the testing, reduce restrictions, but they went and dropped everything, including that terrible app that everyone needed to have, the one that would flash green before you could get on a bus. I mean, they took apart the entire thing rapidly, without any sense of responsibility for what would happen to their citizens, even though they were claiming the entire time that their approach, of course, was the most responsible thing, that it was superior to the West and how they handled it.

But now, without case counts and official stats, they're going to keep claiming that, of course, they did the best of any country, which is... nonsense.

SB: When the CCP relaxed "Zero-COVID," it became painfully apparent that they had not done enough to prepare for such a relaxation. As you mentioned, vaccination and booster rates among elders remained low, and hospital infrastructure seemed completely underequipped with critical antibiotics-

YP: I mean, they didn't prepare for anything. Their ICU beds, they had one for every ten thousand people, whereas here in the US we have one per thousand. They didn't work to increase the numbers of their public health work force, the people whose job it actually is to care for the sick who would get COVID, they didn't do anything to prepare for this moment.

SB: So I suppose this next question has a long answer, then. What could they have done differently?

YP: I mean, do the opposite of all of those things, for starters. They could have done everything better: train more doctors and nurses, prepare more ICU beds - I mean, think about it, they built hundreds of thousands of quarantine beds, there are facilities with 20,000 beds, but they didn't think anywhere in there "maybe we should make some of these ICU beds," so they had zero capacity to deal with coming out of this.

Then Lunar New Year happened, and all those people from Beijing and Shanghai went home to see their parents and grandparents and brought COVID all over the country. At least at the beginning the people in the countryside had the comfort of knowing that it probably wasn't going to get to them.

"They could have done everything better: train more doctors and nurses, prepare more ICU beds... [China] had zero capacity to deal with coming out of this."

SB: The mountains are high, and COVID is far away?

YP: Exactly, but all that feeling is gone now. We're now going to actually see those numbers grow even more, even though of course the CCP is going to make sure that nobody sees it in the news or on social media, and definitely not in any of the official numbers.

SB: Conventionally, it's thought that countries like the

PRC have an “authoritarian advantage” when it comes to public health crises, because they are more able to enforce lockdowns and mobilize resources. What does the last several months tell us about the limits or the validity of this “authoritarian advantage?”

YP: Well, to be fair, I sort of agree with that for the front end of COVID, I mean, we can compare it to our own response in the US, which I think we can all agree was not ideal either. The authoritarian way of forcing people to stay home and wear masks did in fact prevent a lot of early transmission. The thing is, nobody knew how long this would go on for, the effects of variants and how infections they would become. Early on we all had that view of, if you could just tell people to what to do and they would do it, this would all be over in a few weeks.

But the CCP could have also done this differently, they could have used their authoritarian power to go about moving out of “Zero COVID” in a more responsible manner, which could still have kept Xi in his position as “emperor”. But they didn’t, and it’s still baffling. Nobody is really going to understand why Xi Jinping, and let’s be clear, it was Xi Jinping who decided to turn this car around, why he did it in the way that he did. There’s a host of theories, and I’ve heard some crazy ones, but nobody’s going to know.

"The whole world needs to think about the next pandemic, and how we need to develop vaccines and make them available for everyone, but for everyone to manufacture as well."

SB: You mentioned earlier that China is finally beginning to import Paxlovid. How do you perceive China’s resistance to importing mRNA vaccines, which provide over 90% protection against COVID, in favor of its domestically produced vaccines, which provide dramatically less protection? How does this intersection of nationalism and public health pose a

dangerous problem for the Chinese people?

YP: Right, and not just Chinese people. What we saw with COVID was a mad dash to create a vaccine, and that should have been it: find the most effective vaccine, and have everybody use it. Seems like the most logical thing. But unfortunately in there, we had countries decide that in fact it was more important that they discover the vaccine. Not just China, I’m talking about Western countries too. In France, they put all their money behind their domestic pharmaceutical manufacturer. They were really hoping their company, Sanofi, would come out on top, but they failed dramatically, and they ended up a national disappointment.

So we all put this nationalism on top of public health and doing what’s best for the most people. But China took it to a whole other level and said “we don’t care what’s out there, we ourselves will figure out the vaccine, we’ll make our own, and we’ll make our own mRNA vaccine,” because part of Xi’s platform is that China has to lead in science and all things technological and medical. I think he wanted to prove his superiority, and I think we can say by this point that they’re not superior on this front.

There was such a sense of stubbornness at the expense of his citizens to continue down this road. I mean who would have thought after all this time that they would still say no to a vaccine that’s foreign-made but so much better than their own? It’s baffling, and it’s not just China. The whole world needs to think about the next pandemic, and how we need to develop vaccines and make them available for everyone, but for everyone to manufacture as well. Unfortunately, the Moderna one was under their own patent which they chose not to share, and we have all these patent laws, and of course companies want to make money, but of course it didn’t work very well in terms of global equity and protecting people from COVID.

SB: To close, as new variants continue to emerge with the seasons, how do you believe China's "Zero-COVID" policy years will be remembered? Will people consider it a futile episode?

YP: I don't think we can say that yet. I think at some point, we'll have a view on how many excess deaths had and will have. I'm not sure exactly how we'll figure that out, but somewhere along the way someone will estimate how many more bodies showed up at crematoriums, and figure out the total number of excess deaths. I would say depending on what that number looks like, we can then have the policy discussion on if "Zero COVID" worked at all, if their nationalism and their vaccines was a good choice. I'm going to guess the answer to all of this is "no," but let's say it turns out to be a half a million. By comparison with the US, that would be a far better outcome. But it's not a good outcome, and like I said, we're never really going to know the real number, but we'll have guesses.

I think that three years bought them time, and I think we can agree that it bought them time. It prevented a lot of deaths, but at a steep cost to their economy and their citizens. But it's too early to say what the legacy of all this will be. At the end of all this, if two million are dead, can we really say it was all worth it?

The story is still being told.

Since the time of the APAC Journal's interview with Dr. Pottinger in January, several statistical models have attempted to represent the death toll from COVID in China since the end of "Zero-COVID". A conservative estimate from researchers at the University of Hong Kong used travel patterns around the Lunar New Year holiday to project that the surge would have killed around 970,000 people by the end of January 2023. A model from Shanghai's Fudan University, which used the death rate during Shanghai's previous Omicron wave to project the outcome of a national outbreak, yielded an average estimate of 1.6 million deaths.¹

¹ Glanz, James, Mara Hvistendahl, and Agnes Chang. 2023. "How Deadly Was China's Covid Wave?" The New York Times, February 15, 2023, sec. World. <https://www.nytimes.com/interactive/2023/02/15/world/asia/china-covid-death-estimates.html>.

THE MARCOSES AND THE HUNS: TWO PEAS IN A POD?

BY JAPHET QUITZON

Japhet Quitzon is a program manager and research associate with the Scholl Chair in International Business at the Center for Strategic and International Studies (CSIS). His focus covers Southeast Asia, disinformation's effects on democracy, and the Philippines' role in Indo-Pacific security. His work is featured in *The Diplomat*, *Asia Global Online*, and *Cambridge University Press*. Before CSIS, he was a research assistant for Dr. Sophal Ear at Occidental College.

Following the turbulent six-year tenure of Philippine president Rodrigo Duterte, Ferdinand “Bongbong” Marcos Jr. was swept to power with an overwhelming majority in May 2022. Winning 58.7 percent of the ballots cast, with over 31 million votes, Marcos Jr. was the first majority-elected president since the People Power Revolution that ousted his father in 1986.¹ Marcos Jr. takes the reins from two autocrats – in a literal sense from Duterte, who oversaw a crackdown on the press and a draconian “War on Drugs”, and in a symbolic sense from his late father, Ferdinand Marcos Sr. The elder Marcos’ personalist regime depleted billions from the Philippine treasury between 1965 and 1986, and plunged the country into authoritarianism. During his rule, political opponents were forcibly silenced, and thousands were killed, tortured, or unjustly imprisoned. Though Marcos Sr. was deposed in 1986, Philippine democracy remained on unstable

footing, and the slow progress of post-Marcos politicians in solving the Philippines’ sociopolitical ills sparked nostalgia for authoritarian rule.²

Some 30 years after the revolution, Rodrigo Duterte was elected to power on a platform of law and order. His “War on Drugs” left tens of thousands of Filipinos dead, his attack on the press all but neutered his critics, and his attacks on freedom of expression in the name of national security threatened to silence the Philippine opposition.

Marcos Jr. may soon be joined by another son of an autocrat, waiting in the wings of power. Shortly before Marcos Sr. was ousted from power in the Philippines, a new autocrat came to power in Cambodia. Prime Minister Hun Sen, who has ruled Cambodia since 1985, assumed his position after the Vietnamese occupation of the country. Initially perceived as a young, idealistic politician capable of pulling Cambodia back from the brink of ruin, Hun Sen has overseen an increasing backslide in Cambodian democracy. Through countless human rights violations, including extrajudicial killings, press censorship, and torture, Hun Sen has silenced his opposition and preserved his power for nearly four decades.³

¹ Cabato, Regine, and Sammy Westfall. 2022. “Marcos Family Once Ousted by Uprising Wins Philippines Vote in Landslide.” *Washington Post*, May 10, 2022. <https://www.washingtonpost.com/world/2022/05/10/philippines-presidential-election-result-ferdinand-bongbong-marcos/>.

² Mendoza, Ronald, Oscar Bulaong, Jr., and Gabrielle Ann Mendoza. 2022. “The Philippines’ False Nostalgia for Authoritarian Rule.” *The Diplomat*.com. March 16, 2022. <https://thediplomat.com/2022/03/the-philippines-false-nostalgia-for-authoritarian-rule/>.

³ Human Rights Watch. 2015. “30 Years of Hun Sen | Violence, Repression, and Corruption in Cambodia.” *Human Rights Watch*. January 12, 2015. <https://www.hrw.org/report/2015/01/12/30-years-hun-sen/violence-repression-and-corruption-cambodia>.

Hun Manet, Hun Sen's eldest son, was designated his father's successor in the most recent Cambodian People's Party (CPP) conference.⁴ A lieutenant general educated abroad in the United States and United Kingdom, he holds several military posts, including army chief, deputy commander-in-chief of the Royal Cambodian Armed Forces, and chief of the country's counterterrorism force.⁵ Recently, Hun Sen's plans to have his son succeed him have accelerated as the elder Hun grows more conscious of his health.⁶ Like Marcos Jr., Hun Manet would inherit a country with a weak opposition, silenced press, and roving squads of vigilantes targeting "enemies of the state."⁷

Over the past few decades, the Philippines and Cambodia have suffered from immense democratic backslides. Hun Sen has personally presided over a precipitous decline in democracy, which sharpened after the 1997 Cambodian coup d'état that cemented his power. Reigning uninterrupted for 36 years, Hun Sen has spent decades embedding his family not only into the Cambodian government but into Cambodian business as well. The Philippines' democratic decline, while greatly accelerated under Rodrigo Duterte's tenure, does not stem from one singular person or policy. Rather, Philippine democracy was hindered by deep-seated cronyism and corruption, which prevented necessary structural reforms. Whereas power is centralized under the Hun family in Cambodia, a myriad of families in the Philippines vie for control and influence at the expense of the average citizen.

Six years of Duterte's strongman persona paved the

way for Marcos Jr. to rehabilitate his family name and return to the presidential palace, 36 years after the ousting of his father. Today, both governments have curtailed freedom of expression and the press, and opposition parties are barely influential. As such, the democratic future of both countries remains uncertain. How will Marcos Jr., and eventually, Hun Manet, navigate the legacies of their authoritarian fathers? This paper will assess the state of democratic institutions in Cambodia and the Philippines, and the extent to which personalist politics have permeated each country's respective political systems. Lastly, the paper will assess the demonstrated policies and stances of both Marcos Jr. and Hun Manet to forecast the future of each respective country's democratic institutions and future development.

State of Democratic Institutions

The Philippines:

In the case of the Philippines, the presidency of Rodrigo Duterte grew increasingly repressive over each of its six years, severely eroding the foundation of Philippine democracy. Most infamously, Duterte was responsible for a startlingly violent "War on Drugs". Identifying drug users and sellers as the "enemies" of society, Duterte promised to feed Manila Bay fish with the bodies of suspected drug dealers and users.⁸ By conservative measures, at least 8,000 Filipinos have died as a consequence of the drug war; it is likely that many more deaths were not accounted for.⁹ In 2022, the Philippines ranked seventh on the Committee to

⁴ Cheang, Sopheng. 2021. "Cambodia's Leader Hun Sen Endorses Oldest Son as Successor." AP NEWS. December 2, 2021. <https://apnews.com/article/army-cambodia-hun-sen-armed-forces-7332e70d20f2989154f8391af56b98e2>.

⁵ Ibid.

⁶ David Hutt, "Hun Manet to Rule Cambodia Way ahead of Schedule," Asia Times, November 30, 2022, <https://asiatimes.com/2022/11/hun-manet-to-rule-cambodia-way-ahead-of-schedule/>.

⁷ Deutsche Welle, "Life Jail Term for the Man Named 'Meet to Kill' - DW - 03/23/2017," dw.com, March 23, 2017, <https://www.dw.com/en/meet-to-kill-murderer-of-cambodias-kem-ley-jailed-for-life/a-38081878>.

⁸ Guardian Staff. 2016. "Philippines President Rodrigo Duterte Urges People to Kill Drug Addicts." The Guardian. July 2016. <https://www.theguardian.com/world/2016/jul/01/philippines-president-rodrigo-duterte-urges-people-to-kill-drug-addicts>.

⁹ "The Drug War Rages on in the Philippines: New Data on the Civilian Toll, State Responsibility, and Shifting Geographies of Violence." 2021. ACLED. November 18, 2021. <https://acleddata.com/2021/11/18/the-drug-war-rages-on-in-the-philippines-new-acleddata-on-the-civilian-toll-state-responsibility-and-shifting-geographies-of-violence/>.

¹⁰ Committee to Protect Journalists. n.d. "Killing with Impunity: Vast Majority of Journalists' Murderers Go Free - 2022 Global Impunity Index." https://cpj.org/wp-content/uploads/2022/10/CPJ_2022-Global-Impunity-Index.pdf.

Protect Journalists' Global Impunity Index, which identifies countries wherein members of the press are murdered for their reporting and their killers go largely unpunished.¹⁰ Duterte did not mask his ire for journalists, claiming in 2016 that "just because [someone] is a journalist, [they] are not exempted from assassination."¹¹ Under Duterte alone, 22 journalists were killed in the Philippines.¹² In an attempt to silence his opposition, Duterte cracked down on media outlets critical of his policies, most notably with the shutdown of ABS-CBN, the Philippines' largest broadcasting network.¹³

The drug war was also used as a pretext to sideline Duterte's political enemies. Senator Leila de Lima, a prominent anti-Duterte politician, was arrested in 2017 for "taking bribes from imprisoned drug traffickers."¹⁴ Duterte-aligned internet trolls used social media to undermine de Lima's reputation, most notably through the widely circulated sex tape that purportedly shows de Lima with her driver.¹⁵

In 2021, Duterte and the Philippine government passed an anti-terrorism bill, purportedly for curbing Islamic insurgency in Mindanao. The law broadened the government's powers of arrest and detention, allowing warrantless arrests for suspected terrorists. Today, anyone arrested for suspected terrorist behavior is subject to longer detention times without formal

court charges, and police are no longer required to present suspects to a judge for assessment of physical or mental torture.¹⁶

Despite blatant violence and press shutdowns, Duterte enjoyed stellar approval ratings throughout his term.¹⁷ His daughter, Sara Duterte, was initially a top presidential contender in the 2022 elections, even polling ahead of Marcos Jr.¹⁸ Her choice to run for vice president on a ticket with Marcos Jr. helped bring the campaign fresh support, combining the votes of the traditional Marcos bailiwick in the northern Philippines with the votes of the Duterte bailiwick in the southern Philippines. In the Marcos-Duterte tandem, Filipinos overwhelmingly embraced the son of a former dictator and the daughter of an outgoing autocrat to lead the country.

Cambodia:

In Cambodia, Hun Sen's regime has taken more egregious steps to stymie liberal democracy. Hun Sen experienced the first existential threat to his power when the Cambodia National Rescue Party (CNRP) performed strongly in the 2013 elections, gaining dozens of seats in the Cambodian National Assembly. Now-exiled opposition leader Sam Rainsy argued that his party had won the general election with 63 seats to Hun Sen's Cambodia People's Party's 60.¹⁹ Hun Sen,

¹¹ Lewis, Simon. 2016. "Duterte Says Journalists in the Philippines Are 'Not Exempted from Assassination.'" Time. Time. June 2016. <https://time.com/4353279/duterte-philippines-journalists-assassination/>.

¹² Rappler. 2021. "A Bloody Trail: People We Lost under Duterte." RAPPLER. December 21, 2021. <https://www.rappler.com/newsbreak/iq/list-drug-war-activists-journalists-lawyers-government-officials-killed-duterte-administration/>.

¹³ Gutierrez, Jason. 2020. "Philippine Congress Officially Shuts down Leading Broadcaster." The New York Times, July 10, 2020, sec. World. <https://www.nytimes.com/2020/07/10/world/asia/philippines-congress-media-duterte-abs-cbn.html>

¹⁴ Villamor, Felipe. 2017. "Leila de Lima, Critic of Duterte, Is Arrested in the Philippines." *The New York Times*, February 23, 2017, sec. World. <https://www.nytimes.com/2017/02/23/world/asia/arrest-duterte-leila-de-lima.html>.

¹⁵ Sherwell, Philip. 2016. "How Duterte Is Using Rumours of a Sex Tape to Slut-Shame a Senator." The Independent. October 22, 2016. <https://www.independent.co.uk/news/world/politics/how-president-duterte-using-rumours-sex-tape-slut-shame-senator-a7367381.html>.

¹⁶ Gutierrez, Jason. 2020a. "Duterte Signs Antiterrorism Bill in Philippines despite Widespread Criticism." The New York Times, July 3, 2020, sec. World. <https://www.nytimes.com/2020/07/03/world/asia/duterte-antiterrorism-law-philippines.html>.

¹⁷ Sarao, Zacarian. 2022. "Duterte Has Drawn High Ratings from 2016 to 2022 – Pulse Asia." INQUIRER.net. June 29, 2022. <https://newsinfo.inquirer.net/1618628/duterte-enjoyed-generally-high-ratings-since-2016-pulse-asia>.

¹⁸ CNN Philippines Staff. 2023. "Sara Duterte Again Leads Poll on Preferred 2022 Presidential Bets." Cnn. April 23, 2023. <https://www.cnnphilippines.com/news/2021/4/23/sara-duterte-pulse-asia-2022-presidential-election-survey.html>.

¹⁹ BBC News. 2013. "Cambodia's Opposition Claims Election Win," July 31, 2013, sec. Asia. <https://www.bbc.com/news/world-asia-23513594>.

however, did not accept the results of the election. Fearing that he might lose power, Hun Sen cracked down on the CNRP, accusing it of plotting against the government.²⁰ By 2017, the Cambodian Supreme Court had moved to dissolve the CNRP entirely, leading to more than 100 of its party members being banned from politics for five years. All 55 elected CNRP politicians were removed from the National Assembly.²¹ In 2023, Kem Sokha, the leading opposition leader in Cambodia, was found guilty of treason and sentenced to 27 years in prison ahead of the 2023 Cambodian elections.²²

Over the past few years, the Hun Sen government has worked to systematically dismantle press freedoms in Cambodia by shutting down independent news outlets critical of the regime. In 2017, The Cambodia Daily, one of the country's most independent news sources, was given one month's notice to pay \$6.3 million USD to the government to account for years of back taxes. Hun Sen described The Cambodia Daily's journalists as beholden to foreign agents.²³ In 2023, Hun Sen shut down the last independent news outlet in Cambodia, the Voice of Democracy.²⁴

Individuals critical of the Hun Sen regime have been targeted by violence as well. Like Duterte's drug war victims, journalists and anti-government dissidents are subject to violence – Kem Ley, a well-known government critic, was murdered in broad daylight by a gas station. When apprehended by the police, his murderer gave his name as Choub Samlab, or "Meet to

Kill."²⁵ The brazen nature of the murder, along with the murderer's willingness to give himself up and his possession of an expensive, out-of-place weapon, suggests to many Cambodians that the government sponsored Kem Ley's murder.

Personalism

Both the Philippines and Cambodia are dominated by personalistic regimes, defined in this paper as regimes dominated by a single individual and their family.²⁶ The Marcos family dominated the Philippines as a personalist authoritarian regime from 1965 to 1986, before being uprooted by the 1986 People Power revolution. However, the Marcos' ousting did not solve the issue of endemic corruption and patronage politics in the Philippines; their assets were simply divided among a new set of oligarchs sympathetic to the new regime. Marcos Jr., who came to power with the support of his family and other prominent Filipino families, will likely seek to restore his family's role in Philippine society as the chief family in charge. It will be up to Marcos Jr., serving as patriarch in the mold of his father, to advance his family's interests.²⁷

The Hun family represents the accumulated personalist power the Marcos family could have maintained had they held onto their rule. Hun Sen and his family have had 36 years of near-total freedom to cement their role in Cambodian politics and business while the Marcos family languished in exile and

²⁰ BBC News. 2017. "Cambodia Top Court Dissolves Main Opposition CNRP Party," November 16, 2017, sec. Asia. <https://www.bbc.com/news/world-asia-42006828>.

²¹ Ibid.

²² Abuza, Zachary. 2023. "An Appalling and Utterly Predictable Ruling in Cambodia." Radio Free Asia. March 5, 2023. <https://www.rfa.org/english/commentaries/cambodia-opposition-sentence-03052023084016.html>.

²³ "Cambodia Daily Closes amid Widening Crackdown – DW – 09/04/2017." 2017. Dw.com. September 4, 2017. <https://www.dw.com/en/cambodia-daily-newspaper-closes-amid-crackdown-by-outright-dictatorship/a-40348400>.

²⁴ "Cambodia Shuts down One of Its Last Independent News Outlets – DW – 02/13/2023." 2023. Dw.com. February 13, 2023. <https://www.dw.com/en/cambodia-shuts-down-one-of-its-last-independent-news-outlets/a-64681840>.

²⁵ Bhopa, Phorn. 2016. "Meet the Alleged Killer of Cambodia's Kem Ley." VOA. July 25, 2016. <https://www.voanews.com/a/cambodia-kem-ley-killer-oeuth-ang-/3433936.html>.

²⁶ Kendall Taylor, Andrea, Carisa Nietzsche, Erica Frantz, and Joseph Wright. 2024. "How Personalist Politics Is Changing Democracies." Ww.cnas.org. July 15, 2024. <https://www.cnas.org/publications/commentary/how-personalist-politics-is-changing-democracies>.

²⁷ Galvez, Daphne. 2023. "Bongbong Marcos Says Family's 'Survival' Prompted Entry into Politics; Their Exile, 'Dark Days' for PH." INQUIRER.net. January 19, 2023. <https://newsinfo.inquirer.net/1718506/bbm-says-familys-survival-prompted-entry-into-politics-their-exile-dark-days-for-ph>.

planned their return. Using fear and violence to repress the opposition, Hun Sen has maintained a firm grip on Cambodian politics throughout several governments, from his first stint as prime minister, through the coup he engineered in 1997, and in increasingly unfair elections throughout the decades.²⁸ As for business, investigations in 2016 describe what is referred to as a “stranglehold” on the Cambodian economy by the Hun family, at the expense of Cambodian citizens.²⁹ Like the Marcoses in their heyday, the Hun family has hundreds of millions of dollars worth of assets abroad.³⁰

Autocratic Legacies of Marcos Sr. and Hun Sen

In the decades following Marcos Sr.’s ousting, the Marcos family has whitewashed their family image. Initially reviled by the citizens who forced them out of the country, the Marcos family has since sought to rehabilitate their image with the aid of disinformation operations. Famously, the family partnered with Cambridge Analytica in hopes of boosting their image among Filipinos.³¹ Moreover, education about the Marcos era in the Philippines is often inadequate, leaving many citizens unaware of the atrocities of the regime. With younger Filipinos lacking knowledge about Marcos Sr.’s brutal martial law regime, the Marcos family was able to reshape the narrative, depicting the senior Marcos’ rule as a “golden age” for the country, initially through printed media and eventually through social media like Facebook and TikTok.³² Even direct references to martial law no longer

have a strong grip on the population. A martial law march, called Bagong Lipunan, or New Society, was rehabilitated into a pop anthem for Marcos Jr.’s 2022 presidential campaign.³³ Marcos Jr. refuses to admit any wrongdoing on his family’s part, denying the family’s billions of dollars in ill-gotten wealth and his father’s repressive regime.

In Cambodia, however, Hun Sen has enjoyed uninterrupted power for nearly 40 years, and most Cambodians have not known another prime minister. His firm grip on the country has extended into all aspects of Cambodian life. By intimidating independent media outlets and firmly controlling the rest, Hun Sen ensures that dissent is discouraged, and by curtailing the power of his opposition and ensuring that they never gain a significant foothold in Cambodian political affairs, he cements his legacy for decades to come. Hun Manet shows no signs of diverging from his father’s policies. He has defended his father’s record despite the regime’s corruption, harsh treatment of opposition figures, and Cambodia’s growing wealth gap.³⁴ He defended his father’s role in bringing “peace and reconciliation” to the country after the fall of the Khmer Rouge regime and the end of Vietnamese occupation.

What comes next?

Despite Marcos Jr. and Hun Manet’s heritage, they either have been given or will be given a clean slate to govern their respective countries with few constraints.

²⁸ Human Rights Watch. 2015. “30 Years of Hun Sen | Violence, Repression, and Corruption in Cambodia.” Human Rights Watch. January 12, 2015. <https://www.hrw.org/report/2015/01/12/30-years-hun-sen/violence-repression-and-corruption-cambodia>.

²⁹ Holmes, Oliver. 2016. “‘Stranglehold’: Hun Sen Rules Cambodia and His Family Own It, Says Report.” The Guardian, July 7, 2016, sec. World news. <https://www.theguardian.com/world/2016/jul/07/stranglehold-hun-sen-rules-cambodia-and-his-family-own-it-says-report>.

³⁰ Baldwin, Clare, and Andrew RC Marshall. 2019. “How Relatives and Allies of Cambodia’s Leader Amassed Wealth Overseas.” Reuters, October 16, 2019. <https://www.reuters.com/investigates/special-report/cambodia-hunsen-wealth/>.

³¹ Tomacruz, Sofia. 2020. “Bongbong Marcos Asked Cambridge Analytica to ‘Rebrand’ Family Image.” RAPPLER. July 15, 2020. <https://www.rappler.com/nation/bongbong-marcos-cambridge-analytica-rebrand-family-image/>.

³² Quitzon, Japhet. 2022. “Rebirth of the ‘New Society’: a Cautionary Tale 36 Years in the Making.” Wwww.csis.org. June 7, 2022. <https://www.csis.org/blogs/new-perspectives-asia/rebirth-new-society-cautionary-tale-36-years-making>.

³³ “BBM - Bagong Lipunan (New Version).” n.d. Wwww.youtube.com. Accessed March 7, 2023. <https://www.youtube.com/watch?v=2-8lbAbGGww>.

³⁴ Kimseng, Men. 2016. “Hun Manet Defends His Father’s Record.” VOA. April 20, 2016. <https://www.voacambodia.com/a/hun-manet-defends-his-father-record/3293680.html>

With this freedom, they can choose to navigate their futures in full embracement of their family legacies.

Though Marcos Jr. does not have the charisma of his father, he attempts to emulate him in his speaking style, mannerisms, and even policies. In only a few months, he reversed his predecessor's pro-Beijing and pro-Moscow foreign policy, embracing the United States and allowing for expanded basing rights under the Enhanced Defense Cooperation Agreement.³⁵ He has maintained strong relationships with both the United States and China, likely in a bid to emulate his father's foreign policy tactic of hedging the two powers against each other for maximum benefit.

Domestically, Marcos Jr. has pursued infrastructure and energy initiatives, much like his father did. The Philippines is under increasing scrutiny from the international community over human rights. Though the administration has expressed its commitment to humanitarianism, it has not made significant progress in ending the Philippine "War on Drugs," arbitrary imprisonments of opposition politicians such as Senator de Lima, nor violence against journalists. After the International Criminal Court reopened an investigation into Duterte's drug war in early 2023, the Philippines signaled that it would not cooperate with any of its rulings. Under Duterte, the Philippines left the ICC in 2019; Marcos Jr., believing the ICC to be "prejudiced," did not sign on to rejoin it.³⁶ The Philippines' democratic future is uncertain. With the power of a supermajority in the Philippine House of Representatives and Senate, Marcos Jr. has the power to reshape the Philippines in his family's image once again. In March 2023, the Philippine House of

Representatives officially passed a resolution calling for charter change.³⁷ In amending the 1987 Constitution that was written to prevent someone like his father from taking power, Marcos Jr. could enjoy an extended term, or perhaps the opportunity to run for a second term – the last re-elected Philippine president was his father, in 1969.

Hun Manet, however, does not require a reinvention of his family nor his country to pave the way for his rule. Hun Sen has given Hun Manet years to prepare for his role as the next prime minister of Cambodia. Like Marcos Jr., Hun Manet does not command the respect and clout of his father, nor does he exhibit the same charisma. A far quieter and more reserved politician, Hun Manet's positions and thoughts are not imminently clear, other than the support he shows for his father and his policies. The future of Cambodian democracy, like the Philippines, is shrouded in uncertainty. Although Hun Sen is preparing for his son to take his place, the transition is not likely to happen soon. Hun Sen's personalist state will continue to impede upon civil liberties in the name of cementing power for the Hun family and the CPP.

Hun Manet has been trained to perpetuate his father's legacy. However, his lack of charisma and clout compared to his father, and growing bitterness among Cambodian elites could present challenges to a smooth handover. Hun Sen takes pride in the idea that he will "become [the] father of [a] prime minister after 2023 and the grandfather of [a] prime minister in the 2030s," ensuring true democracy does not take root in Cambodia and his family maintains its position in perpetuity.

³⁵ Acosta, Rene. 2023. "U.S., Philippines Add Four More Sites to EDCA Military Basing Agreement." USNI News. February 2, 2023. <https://news.usni.org/2023/02/02/u-s-philippines-add-four-more-sites-to-edca-military-basing-agreement>.

³⁶ Reuters. 2023a. "Philippines Defiant, Says Won't Cooperate with ICC Investigation." Reuters, January 27, 2023, sec. Asia Pacific. <https://www.reuters.com/world/asia-pacific/icc-prosecutor-authorized-reopen-philippines-drug-war-investigation-2023-01-26/>.

³⁷ Reuters. 2023. "Philippines' Lower House Opens Door to Amending Charter." Reuters, March 6, 2023, sec. Asia Pacific. <https://www.reuters.com/world/asia-pacific/philippines-lower-house-opens-door-amending-charter-2023-03-06/>.

³⁸ Rainsy, Sam. 2023. "Hun Sen's Cambodian Succession Plan Slides into Chaos." The Diplomat.com. March 20, 2023. <https://thediplomat.com/2023/03/hun-sens-cambodian-succession-plan-slides-into-chaos/>.

³⁹ Chivorn. 2021. "PM Hun Sen to Become Father of PM after 2023 (Video Inside)." FRESH NEWS. December 29, 2021. <https://m.en.freshnewsasia.com/index.php/en/localnews/26501-2021-12-29-06-09-16.html>.

THE NEW HEAD OF HONG KONG: JOHN LEE'S TRANSITION BEYOND "ONE COUNTRY, TWO SYSTEMS"

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"We have discussed the policy of 'One Country, Two Systems' more than once. It has been adopted by the National People's Congress. Some people are worried that it might change. I say it will not. The crux of the matter, the decisive factor, is whether the policy is correct. If it is not, it will change; otherwise it won't."¹

The beginning of the 2020s has been marked by many changes beyond the COVID pandemic. Of the shifts that have occurred in Asia in the last several years, one vital transition has seemingly become lost in the whirlwind: the election of John Lee (李家超) as Hong Kong's Chief Executive. While Lee is not a drastic change from the previous administration, as he was already former Chief Executive Carrie Lam's (林鄭月娥) second in command, the policeman turned head of government came to power at the same time as a consolidation of Beijing's power in the region. The once taken for granted "One Country, Two Systems" (OCTS) arrangement began to crumble after Hong Kong's 2019 anti-extradition law protests, and the "One Country" aspect inched closer to eclipsing the

"Two Systems" with the promulgation of the National Security Law in 2020. In 2022, the transformation of OCTS became one of the tenets of Lee's electoral platform and was eventually included in Xi Jinping's (习近平) report to the 20th Congress of the Chinese Communist Party (CCP), increasingly presented as a successful result of CCP intervention in the region. This article begins by using a law-based approach to introduce the legal framework of OCTS. Then, it focuses on the rise and logic of Beijing's OCTS success narrative and how it is echoed by John Lee, and analyzes to what extent this rhetoric is true to reality by considering key sources of uncertainty currently faced by Hong Kong as the regional and Beijing governments attempt to consolidate their gains.

Legal Framework and Institutionalization of OCTS

Originally, OCTS was first proposed as part of the Taiwan "reunification" plan pushed by Deng Xiaoping (邓小平) in the 1980s.² The system proposed that Taiwan be annexed to the mainland as a special economic zone with its own political characteristics. Therefore, when Margaret Thatcher first met with Deng in 1982 to negotiate a return of Hong Kong, the term was already present in the Chinese media's lexicon. A 1982 amendment to the Constitution of the PRC also provided for the establishment of special administrative regions, which de facto legalized

¹ Deng, Xiaoping, "One Country, Two Systems," accessed February 15, 2023, <http://www.china.org.cn/english/features/dengxiaoping/103372.htm#>.

² Chiou, C L, "Dilemmas in China's Reunification Policy toward Taiwan," *Asian Survey* 26, no. 4 (February 16, 1986): 467-82, <https://doi.org/10.2307/2644159>; Chao, Chien-Min, "'One Country, Two Systems': A Theoretical Analysis," *Asian Affairs* 14, no. 2 (February 15, 1987): 107-24, <http://www.jstor.org/stable/30172037>.

OCTS.³ In 1984, the term began to be applied to the case of Hong Kong, after its first 'official' appearance in government documents at the beginning of the same year.⁴ The definitive association of OCTS to Hong Kong took place when the concept was included in the Sino-British Communication of September 1984, in which China agreed to maintain the system then present in Hong Kong for at least fifty years after its restitution.⁵ It was with this interpretation in mind that the UK agreed to hand over Hong Kong on July 1st, 1997, and OCTS officially came into existence.

The Hong Kong Basic Law (BL) regulates the relations between Beijing and Hong Kong, thus de facto implementing OCTS.⁶ It states, first and foremost, that Hong Kong is part of China and under the Central People's Government, but also clarifies that the region is to have "a high degree of autonomy and enjoy executive, legislative, and independent judicial power, including that of final adjudication".^{7 8 9} Furthermore, it spells out that the city's existing political conditions are to be preserved for at least fifty years.¹⁰ It determined that the BL was to regulate social and economic aspects of life, including safeguarding residents' fundamental rights and freedoms, and outlining the executive, legislative, and judicial systems.¹ These areas would thus fall under the responsibility of Hong Kong authorities. Meanwhile, foreign affairs and defense were

to be managed by the Central Government in Beijing, although the military forces of the PRC would not be able to intervene unless asked by the government of Hong Kong.¹² In terms of legislative production, i.e., the laws of Hong Kong, the region would maintain its existing legal framework, but the Central Government of the People's Republic of China was to adjudicate on the final compatibility of laws and the BL.^{13 14} In the area of security, the BL required Hong Kong to enact laws against treason, secession, sedition, subversion against the central government, the theft of state secrets, and foreign interference.¹⁵ A notable exception to Hong Kong autonomy is allowed under Article 17 of the BL, which states that Beijing's Standing Committee of the National People's Congress is allowed to issue an order directly applying relevant Chinese national legislation in Hong Kong if a state of war or turmoil beyond the control of the government of the autonomous region should arise.¹⁶

Although initially meant to sway pro-British public opinion in Hong Kong by reassuring the region's inhabitants that their autonomy would be preserved upon the return of the region to China, since the turn of the century, the mainland government's narrative regarding OCTS has remained closer to "One Country" than "Two Systems". The 2003 Severe Acute Respiratory Syndrome (SARS) epidemic, coupled with

³ Chao, "One Country, Two Systems: A Theoretical Analysis"; State Council of the People's Republic of China, "The Practice of the 'One Country, Two Systems' Policy in the Hong Kong Special Administrative Region," 2014, http://english.www.gov.cn/archive/white_paper/2014/08/23/content_281474982986578.htm.

⁴ Chao, "One Country, Two Systems: A Theoretical Analysis."

⁵ Ibid.; United Nations, "Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong," in Treaty Series, Treaties and International Agreements Registered or Filed and Recorded with the Secretariat of the United Nations, 1994, 61-73.

⁶ United Nations, "Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong."

⁷ Article 1 of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter Basic Law).

⁸ Article 12 Basic Law.

⁹ Article 2 Ibid.

¹⁰ Article 5 Ibid.

¹¹ Article 11 Ibid.

¹² Articles 13 & 14 Ibid.

¹³ Article 8 Ibid.

¹⁴ Article 17 Ibid.

¹⁵ Article 23 Ibid.

¹⁶ Article 18 Ibid.

popular rejection of the Hong Kong government's choice to enact Article 23 of the BL and seize greater executive powers, encouraged Beijing to take over from the regional authorities and start a new state-led process to speed up integration with the mainland. The "One Country" position has since become increasingly institutionalized. The Chinese government offered no concessions in the face of the 2014 Umbrella Movement against the electoral system reform.

The events further politicized the clash of the conflicting views on OCTS held by Beijing, which regards Hong Kong affairs as a matter of national security, and Hong Kong itself, which sees OCTS as a guarantee of a degree of autonomy that would exclude Beijing from intervening in local affairs. Since then, the Chinese government under Xi Jinping has adopted a much harder line, refusing to further negotiate on the path towards universal suffrage and seeking to increase its influence over the metropolis. This culminated in 2020, with the introduction of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region of the People's Republic of China (National Security Law, NSL) in response to the 2019 protests against the Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Extradition Bill, EB). The NSL establishes conditions which are predominant over all other local legislation in Hong Kong. It heavily stresses that Hong Kong is indeed part of China,¹⁸ and references the respect of human rights and the rule of

law.¹⁹ Furthermore, it holds that the sovereignty, unification, and integrity of the PRC is a common responsibility of all the people of China, including the people of Hong Kong.²⁰ Consequently, it establishes that those who undertake secession acts so as to subvert said unity, or support such activities, are committing an offense.²¹ Subversion against the central or Hong Kong authorities, terrorism, and collusion with foreign governments with the aim of waging war, disrupting national laws or elections or spreading hate are also offenses under the BL.²²

The NSL further led to the complete reform of the Hong Kong Legislative Council (LegCo) into a pro-Beijing configuration, with significant implications for the independence of the region and de facto terminating OCTS. As many democratic members were forced to resign at the end of 2020 due to their connection with the 2019 protests, it was clear that the NSL had a major impact on the autonomy of the Hong Kong LegCo and set out the right conditions for the pro-Beijing regime of 2022.²³ The NSL was further complemented by the 2021 "Improving Electoral System Bill", which pushed for the inclusion of 'patriots' in Hong Kong's government.²⁴ Under the bill, the Election Committee was expanded to 1,500 members, but the number of directly elected members of the LegCo was limited to twenty, with now forty ex-officio members being selected by the Election Committee, and thirty by functional, trade-based constituencies.²⁵ In this sense, the elected

¹⁷ Ibid., Article 62 Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region of the People's Republic (hereinafter National Security Law).

¹⁸ Article 1 National Security Law.

¹⁹ Articles 4 & 5 Ibid.

²⁰ Article 6 Ibid.

²¹ Article 20 Ibid.

²² Articles 22-24 and 26-27 Ibid.

²³ Lau, Jessie, "The Impact of Hong Kong's Opposition-Less Legislature – The Diplomat," 2020, <https://thediplomat.com/2020/11/the-impact-of-hong-kongs-opposition-less-legislature/>.

²⁴ Lau, Jessie and Yam, Shui-yin Sharon, "'Patriots Only': Hong Kong's New Election System in Action" 2021, <https://thediplomat.com/2021/11/patriots-only-hong-kongs-new-election-system-in-action/>.

²⁵ Lau, Jessie, "Less Democracy, More 'Patriots': Hong Kong's New Electoral System – The Diplomat," 2021, <https://thediplomat.com/2021/03/less-democracy-more-patriots-hong-kongs-new-electoral-system/>, Hong Kong Administrative Region, "Improving Electoral System - Improving Electoral System (Consolidated Amendments) Bill 2021," 2021, <https://www.cmab.gov.hk/improvement/en/bill/index.html>.

constituency of 2022 lacked much of the independence of the previous legislature, which included thirty-five directly elected members over a total of seventy members.²⁶ Thus, the overall lack of autonomy and the different normative steps taken after the 2019 protests led to the unsurprising rubber-stamp election of John Lee through a system that did not leave any space to elected candidates, and took place under the heavy hand of the CCP.^{27 28}

John Lee's Hong Kong: Can OCTS be Interpreted as a Success?

In 2021, Luo Huining (骆惠宁), head of the central government's Liaison Office in Hong Kong, delivered a speech heralding the centenary of the CCP and the 24th anniversary of the region's return to China. His was the first speech by an official to give open and direct credit to the Party's leadership in Hong Kong's affairs. He spoke of how the CCP had pioneered the OCTS governing formula and its implementation by spearheading the creation of its legal framework in the shape of the BL and designing the necessary political, economic, and cultural institutions. He declared the Party responsible for the smooth return of Hong Kong in 1997 and, therefore, for ensuring the viability of OCTS. Furthermore, he proclaimed that the Party has defended OCTS from "misconceptions and distortions

spread by anti-China forces" responsible for the 2019 unrest. He concluded by arguing that in order to advance the cause of OCTS, it is imperative not only to ensure the implementation of the BL and Constitution and to further incorporate Hong Kong into China's National Development Plan, but also to uphold the leadership of the CCP. Overall, he painted the last decades in Hong Kong as a success and attributed said success to CCP intervention.^{29 30}

Since Luo's speech, key Party communications have echoed this rhetoric, from Xi Jinping's speech marking the 25th anniversary of Hong Kong's return to China,³¹ to his report to the 20th National Congress of the CCP.³² Most recently, Beijing representatives in Hong Kong stated that "the Chinese Government has fully, accurately, and resolutely implemented the principles of 'one country, two systems'" and that "the practice of 'one country, two systems' in Hong Kong has been a globally recognized success".³³

John Lee, who is known for his pro-Beijing hardline views, has also widely espoused this rhetoric. In his speech at the inaugural ceremony of Hong Kong's 6th-term government, he described OCTS as "a successful national policy that allows Hong Kong to maintain its unique strengths" and cited the implementation of the NSL and the central government as responsible for restoring order from chaos.³⁴ He was the only

²⁶ Lau and Yam, "'Patriots Only': Hong Kong's New Election System in Action – The Diplomat."

²⁷ New York Times, "Hong Kong's New Leader: John Lee Wins Hong Kong's Rubber-Stamp Election," 2022, <https://www.nytimes.com/live/2022/05/07/world/hong-kong-john-lee>.

²⁸ Ramzy, Austin, "A Government-Vetted Committee Chooses John Lee to Lead Hong Kong," The New York Times, 2022.

²⁹ Pepper, Suzanne, "Out of the shadows: How China's Communist Party is now claiming credit for the Hong Kong success story - Hong Kong Free Press," 2021. <https://hongkongfp.com/2021/07/11/how-chinas-communist-party-is-now-claiming-credit-for-the-hong-kong-success-story/>

³⁰ Liaison Office of the Central People's Government in the HKSAR, "Full text: Luo's speech on CPC and 'one country, two systems' - China Daily Hong Kong," 2021. <https://www.chinadailyhk.com/article/223434#Full-text:-Luo%27s-speech-on-CPC-and-%27one-country-two-systems>

³¹ Xi, Jinping, "Speech Marking 25 years since Hong Kong's return to China - Nikkei Asia," 2022. <https://asia.nikkei.com/Politics/Full-text-of-Xi-speech-marking-25-years-since-Hong-Kong-s-return-to-China>

³² Xi, Jinping "Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects - Report to the 20th National Congress of the Communist Party of China," October 16, 2022. https://www.fmprc.gov.cn/eng/zxxx_662805/202210/t20221025_10791908.html

³³ Office of the Commissioner of the Ministry of Foreign Affairs of the PRC in the Hong Kong Special Administrative Region, "Commissioner's Office: UK must stop interfering in Hong Kong affairs in the name of the 'six-monthly report'," 2023. http://hk.ocmfa.gov.cn/eng/fyrth/202301/t20230112_11006558.htm

³⁴ CGTN, "Chief Executive John Lee: 'One Country, Two Systems' is crucial to HK's long-term stability and prosperity," 2022. <https://news.cgtn.com/news/2022-07-01/One-Country-Two-Systems-is-crucial-to-HK-s-stability-and-prosperity-1bjj2WBQVMc/index.html>

candidate to replace Carrie Lam in May 2022 and was elected by a committee composed largely of Beijing loyalists, as was his cabinet, despite their limited popularity among Hong Kong citizens (a poll held two months before his election placed his popularity at 34.8%).³⁵

Lee's track record further indicates that he is likely to continue to lean into Beijing's rhetoric as he attempts to manage an ailing, post-Covid Hong Kong. He served in the Hong Kong Police Force during the 2003 crisis of confidence, and at the time of the Umbrella Movement, he had already risen to be Under Secretary for Security, thus playing a significant role in coordinating the authorities' response to the protests. Throughout the 2019 protests, as Secretary for Security, he was fully responsible for the coordination of law enforcement activity in relation to the protesters.³⁶ He became well-known for backing the EB, holding that the violent actions by some protestors amounted to "terrorism" and "extremism". Consequently, he also openly supported the passing of the NSL and made its implementation a pillar of his electoral program.³⁷ Since his election, he has hinted that security issues, and the legislation of the executive power-granting Article 23, will be a priority during his time in office.³⁸ His administration is thus expected to contribute to solidifying Beijing's new OCTS narrative.

The narrative impacts of painting the OCTS as successfully implemented thanks to CCP intervention are two-fold. For Hong Kong, it closes the implementation stage of OCTS and marks a transition

from a stage of "unification", initiated when China resumed sovereignty over the region in 1997, to a broader process of "integration" seeking to harmonize what had originally been two different economies, societies, cultures, and identities. It also sets the scene for a seemingly timely advance towards a successful formal end of OCTS in 2047. At the national level, this in turn provides additional material for the Chinese government to feed its narrative of Chinese rejuvenation after the "century of humiliation", an additional success from which to source legitimacy for the CCP government, and a successful precedent on which to base calls for a similar system in the incorporation of Taiwan to mainland China.

However, John Lee's administration is facing numerous sources of uncertainty for Hong Kong, which clash with this success-based portrayal. Firstly, Lee is struggling to convince Hong Kong's inhabitants that the city is a safe place to be in the wake of three years marked by the authorities' harsh response to pro-democracy protests and movements, and by strict COVID mandates that the regional government held on to for much longer than many other regions.³⁹ John Lee has since been focusing on reopening Hong Kong to the world, but efforts to revitalize the city will take time to bear fruit. The experiences of these last few years have sparked an exodus of residents from the city, whose population has registered a decrease for the last three years in a row.⁴⁰ The demographic challenges facing mainland China, such as its aging population, have thus been exacerbated in Hong Kong

³⁵ Hong Kong Public Opinion Research Institute, "Rating of Chief Secretary for Administration John Lee," March 2023. <https://www.pori.hk/pop-poll/secretaries-of-departments-en/past-secretaries-of-departments-en/b009-rating.html?lang=en>

³⁶ HKSAR, "Chief Executive, HKSAR. Biography," 2023. <https://www.ceo.gov.hk/en/biography.html>

³⁷ BBC News, "John Lee: Who is Hong Kong's new hardline pro-Beijing leader?," July 1st, 2022. <https://www.bbc.com/news/world-asia-china-61267490>

³⁸ Lau, Chris, Wong, Natalie, Cheng, Lilian & Lam, Nadia, "Hong Kong chief executive election 2022: John Lee reveals plans for city over next 5 years, with focus on housing woes, governance and competitiveness - South China Morning Post," 2022. <https://www.scmp.com/news/hong-kong/politics/article/3176060/hong-kong-chief-executive-election-2022-john-lee-reveals>

³⁹ Brooker, Matthew, "Hong Kong's New Normal Isn't Fooling Anyone - Bloomberg," 2023. <https://www.bloomberg.com/graphics/2023-opinion-how-livable-are-cities-three-years-after-start-of-covid/hong-kong.html>

⁴⁰ Leung, Kanis, "Hong Kong population drops for 3rd year under COVID shadow - The Seattle Times," 2023. <https://www.seattletimes.com/seattle-news/health/hong-kong-population-drops-for-3rd-year-under-covid-shadow/>

as well. Businesses are struggling to find workers to meet increased demand as, hesitantly, visitors start to return.⁴¹ This is not to say that tourists have started coming back to the international hub in droves. Hong Kong tourism still has a long path of recovery ahead, with monthly visitors capping out at 500,000 in 2023, as opposed to 7 million barely four years ago.⁴² The anticipated surge of mainland Chinese visitors after the country's reopening early this year has not yet materialized, and Hong Kong's net flows remain negative.⁴³

Hong Kong's emigrating residents and tourism slump are symptomatic of the city's underwhelming post-pandemic economic recovery, which is facing various stiffening headwinds. Its exposure to heightened geopolitical tensions and the global economic slowdown, along with the need to keep up with US interest rate hikes to maintain the local currency's peg to the dollar, are raising the levels of uncertainty regarding the intensity of the city's recovery.⁴⁴ This and other sources of uncertainty have affected its role as an international hub for financial trading and Asia-focused operations. Despite government insistence in proclaiming Hong Kong's reemergence and readiness to return to its former role, multinational companies have still remained doubtful, particularly as other hubs

lifted COVID-19 restraints far before Hong Kong, and as Hong Kong's legal and institutional structure fundamentally changed following the implementation of the NSL in 2020.⁴⁵ The regional government's annual Survey of Companies with Parent Companies Located Outside Hong Kong shows that political stability and security has consistently ranked as less important than attributes such as a corruption-free government, free information flows, and rule of law, all of which have received significantly lower marks from surveyed companies in the latest yearly survey publication (2021) than in 2017, before the protests and the pandemic, decreasing from 60% to 42%, 66% to 45%, and 56% to 34%, respectively.⁴⁶ As a result, the outflow of international companies in Hong Kong in favor of rival hubs such as Singapore has become particularly pronounced in the last three years: a survey held by the Hong Kong Chamber of commerce in the second half of 2022 indicated that 30% of large companies in the city are considering leaving or have already departed.⁴⁷ John Lee's administration will now have to convince multinational businesses that Hong Kong is still among the world's best places to do business, and restore the city's influx of international financing.

Lastly, were these sources of uncertainty to boil over, the CCP's attempt to claim responsibility for the

⁴¹ Creery, Jennifer, "Hong Kong Population Decline Slows as Financial Hub Reopens - Bloomberg," 2023. <https://www.bloomberg.com/news/articles/2023-02-16/hong-kong-new-census-data-to-show-if-exodus-is-finally-slowing#xj4y7vzkg>

⁴² Brooker, Matthew, "Hong Kong's New Normal Isn't Fooling Anyone - Bloomberg," 2023. <https://www.bloomberg.com/graphics/2023-opinion-how-livable-are-cities-three-years-after-start-of-covid/hong-kong.html>

⁴³ Asia Pacific Foundation of Canada, "As the World Reopens, Hong Kong's Tourism Sector Waits to Recover - CAST Greater China Team," 2023. <https://www.asiapacific.ca/publication/world-reopens-hong-kongs-tourism-sector-waits-recover>

⁴⁴ ASEAN + 3 Macroeconomic Research Office, "Hong Kong, China: Economy Recovering but Global Headwinds Cloud the Horizon," 2022. <https://www.amro-asia.org/hong-kong-china-economy-recovering-but-global-headwinds-cloud-the-horizon/>

⁴⁵ Wright, Logan, "Fractured foundations: Assessing risks to Hong Kong's business environment - Atlantic Council," 2023. <https://www.atlanticcouncil.org/in-depth-research-reports/report/fractured-foundations-assessing-risks-to-hong-kongs-business-environment/#executive-summary>

⁴⁶ Brooker, Matthew, "Hong Kong's New Normal Isn't Fooling Anyone - Bloomberg," 2023. <https://www.bloomberg.com/graphics/2023-opinion-how-livable-are-cities-three-years-after-start-of-covid/hong-kong.html>

⁴⁷ Heung, Sammy, "Coronavirus: departed companies not looking back, Hong Kong business chamber warns, urging lower threshold for talent scheme - South China Morning Post," 2022. <https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3194568/coronavirus-departed-companies-not-looking-back>

political system in Hong Kong may have a longer-term impact on its legitimacy. Xi Jinping tied himself to China's "Zero-COVID" policy, staking his political legitimacy and prestige on its success, which allowed its shortcomings to create a dent in the public's trust of the government. Claiming OCTS as a CCP success could similarly backfire in the event of further crises of confidence in the system in the years to come, and particularly depending on the final outcome of OCTS by 2047. Promising to expand OCTS to Taiwan, as Xi Jinping did in the report to the 20th CCP National Congress, also opens a door to potential failures of the system and of the responsible Party should the CCP fail to meet their goals.

This is particularly noteworthy given that the OCTS success story is already arguably being called into question, not just by the continued exodus of Hong Kong's inhabitants and international companies, but by the international community at large. Barely two months after Lee's election, a speech delivered at an EU parliamentary debate on behalf of the EU's High Representative repeatedly emphasized the international dimension of Hong Kong's situation, rejecting the claim that the issue is an internal matter of China.⁴⁸ This has been interpreted as a sign of the Union's decreasing tolerance of Beijing's continued reinterpretation of OCTS and reduction of Hong Kong's autonomy.⁴⁹ Some months later, in March 2023, the Committee on Economic, Social, and Cultural Rights of the United Nations Economic and Social Council called for a review of the NSL in third periodic report on China, stating that the system's current form "has de facto abolished" the city's judicial independence, among a

list of other concerns expressed.⁵⁰ The Hong Kong authorities have since responded to the Committee's observations, strongly objecting to its findings and highlighting the NSL's role in restoring stability in Hong Kong after the protests.⁵¹

Given the potential impact of the crumbling of such a delicately balanced narrative, it behooves both the Chinese government and the international community to continue to study John Lee and Hong Kong's transition to a post-OCTS world. Regardless of whether one considers OCTS itself to be a fully finalized triumph, the uncertainties Hong Kong faces in its immediate future can still unravel Lee and Beijing's prized success.

⁴⁸ European External Action Service, "Hong Kong: Speech by High Representative/Vice-President Josep Borrell at the EP debate," 2022. https://www.eeas.europa.eu/eeas/hong-kong-speech-high-representativevice-president-josep-borrell-ep-debate_en?s=239

⁴⁹ Ng, Iverson, "As Hong Kong Loses Autonomy, Ties with the EU Are Called into Question - China Observers in Central and Eastern Europe," 2023. <https://chinaobservers.eu/as-hong-kong-loses-autonomy-ties-with-the-eu-are-called-into-question/>

⁵⁰ UN Committee on Economic, Social and Cultural Rights, "Concluding observations on the third periodic report of China, including Hong Kong, China, and Macao, China" 2023.

https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolNo=E%2FC.12%2FCHN%2FCO%2F3&Lang=en

⁵¹ Chau, Candice, "UN committee calls for review of Hong Kong's national security law as gov't says concerns 'unfounded - Hong Kong Free Press," 2023. <https://hongkongfp.com/2023/03/07/un-committee-calls-for-review-of-hong-kongs-national-security-law-as-govt-says-concerns-unfounded/>

POLICY IN TRANSITION: INDONESIA'S CARBON PRICING INITIATIVES AS DRIVERS FOR ASIAN SOCIOECONOMIC CHANGE

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The Future of Asia's Carbon Pricing Landscape

The Asia Pacific region was the single largest regional contributor to emissions of carbon dioxide in 2021. Collectively, 49 countries in Asia and the Pacific were responsible for 27.19 gigatons of CO₂ equivalent (GtCO₂e) of greenhouse gas (GHG) emissions—a value equivalent to approximately 54.2% of the global total.¹ Despite this, the leadership of countries from Asia and the Pacific remains a cornerstone of efforts to address

climate change. Since the Glasgow United Nations Climate Change Conference (COP26), 39 out of the 49 Asia-Pacific states have made carbon neutrality and net-zero pledges and have begun establishing frameworks to realize their commitments. By making targeted updates to their nationally determined contribution (NDC) commitments in accordance with targets for carbon neutrality by 2050-2060, as well as gradually adopting carbon pricing instruments (Figure 1.0), the Asia Pacific will remain at the forefront of the fight against global greenhouse gas emissions growth, seeking to stay within the 1.5°C global warming goal.

Most recently, a pivotal driving force within the region originated in China, with the launch of its national carbon emissions trading scheme (CN-ETS) — the world's largest trading scheme in terms of covered emissions, three times bigger than the European Union's.³ Drawing on the country's decade-long regional pilot carbon markets, implemented in eight subnational provinces and cities with diverse economic and industrial profiles, the CN-ETS became fully operational in 2021, when the 2,162 enterprises covered under the program were required to deposit carbon allowances — tradable permits to emit CO₂.⁴

¹The Economic and Social Commission for Asia and the Pacific (ESCAP), The United Nations Environment Programme (UNEP), and United Nations Children's Fund (UNICEF), "2022 Review of Climate Ambition in Asia and the Pacific" (United Nations Publication, 2022).

² Ibid.

³ Thomas Stoerk, Daniel J. Dudek, and Jia Yang, "China's National Carbon Emissions Trading Scheme: Lessons from the Pilot Emission Trading Schemes, Academic Literature, and Known Policy Details," *Climate Policy* 19, no. 4 (April 21, 2019): 472–86, <https://doi.org/10.1080/14693062.2019.1568959>.

⁴ Min Li, "Carbon Market Business Brief China" (The International Emissions Trading Association (IETA), June 2022), https://www.ieta.org/resources/Resources/CarbonMarketBusinessBrief/2022/BusinessBrief_China2022.pdf.

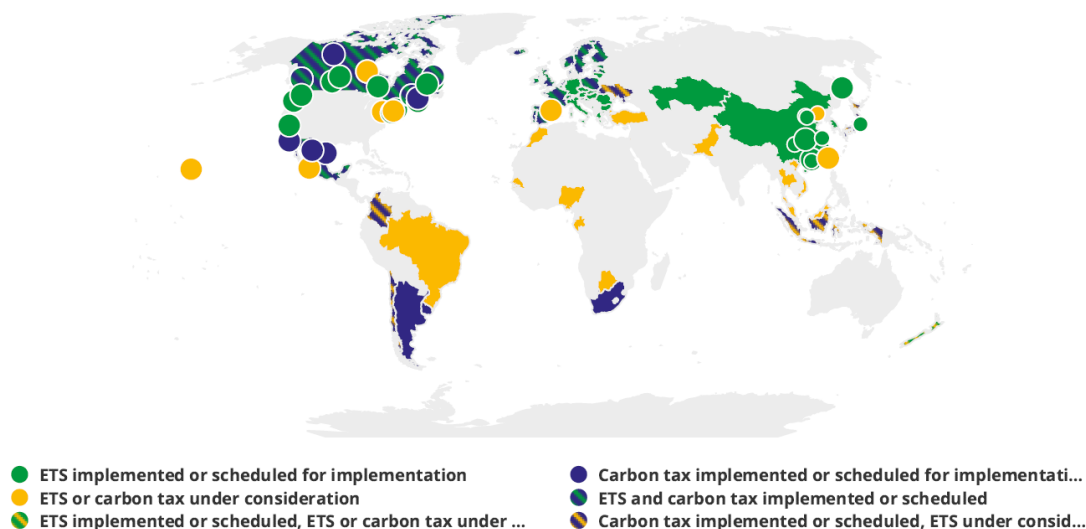


Figure 1: Summary map of regional, national, and subnational carbon pricing initiatives
Source: World Bank Group, "Carbon Pricing Dashboard"

CN-ETS regulates carbon emissions from the power generation sector and was estimated to cover 4.5 billion metric tons (MT) of CO₂e in 2019, accounting for over 40% of national carbon emissions.⁵ In the future, China has great ambitions not only to expand the sectoral scope of its national ETS but also to widen its coverage to 7 different GHGs (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃).⁶

Unlike the CN-ETS, which focused on the power generation sector, New Zealand's Emission Trading Scheme (NZ-ETS) has successfully pioneered broad cross-sector emissions trading (i.e., forestry, liquid fossil fuels, stationary energy, industrial processes, and waste) with upstream energy sector obligations, deforestation obligations, and afforestation crediting since 2008.⁷ The country is expected to begin pricing biogenic emissions from 2025 in pursuit of their legislated target of at least a 24-47% cut (below 2017 levels) in biogenic methane

by 2050.⁸ Yet, predictable decision-making processes and enduring cross-party support for policy change will be required to overcome substantial technical and political challenges that remain to mitigate the contributions from the land sector.⁹ This mirrors the impetus for reforms necessary to sustain the continued success of carbon pricing mechanisms and transformational investments to facilitate the Asia Pacific's low-emission transition.

While a carbon tax holds various practical advantages over an ETS, the carbon tax has been less popular overall. Yet, the policy is gaining traction in the Asia Pacific region; as part of an overall tax reform effort, Japan became the first Asian country to implement a carbon tax of JPY 2.89/tCo₂ (\$2.65) in October 2012.¹⁰ The tax aims to reduce 80% of Japan's greenhouse gas emissions by 2050 and builds on its existing ETS system.¹¹ Seven years after Japan

⁵ Ibid.

⁶ Stoerk, Dudek, and Yang, "China's National Carbon Emissions Trading Scheme: Lessons from the Pilot Emission Trading Schemes, Academic Literature, and Known Policy Details."

⁷ Catherine Leining, Suzi Kerr, and Bronwyn Bruce-Brand, "The New Zealand Emissions Trading Scheme: Critical Review and Future Outlook for Three Design Innovations," *Climate Policy* 20, no. 2 (February 7, 2020): 246-64, <https://doi.org/10.1080/14693062.2019.1699773>.

⁸ Beate Antonich, "New Zealand's Updated NDC Informs of Its Zero Carbon Amendment Act," IISD SDG Knowledge Hub, April 30, 2020, <https://sdg.iisd.org:443/news/new-zealands-updated-ndc-informs-of-its-zero-carbon-amendment-act/>.

⁹ Ibid.

¹⁰ Ian W. H. Parry Zhunussova Simon Black, Karlygash, "Carbon Taxes or Emissions Trading Systems?: Instrument Choice and Design," IMF, July 21, 2022, <https://www.imf.org/en/Publications/staff-climate-notes/Issues/2022/07/14/Carbon-Taxes-or-Emissions-Trading-Systems-Instrument-Choice-and-Design-519101>.

¹¹ Ibid.

implemented its carbon tax, Singapore began to set a price for carbon emissions from 2019 to 2023 at \$5/tCO₂e (\$3.72/tCO₂e), which will increase fivefold to \$25/tCO₂ (\$18.60/tCO₂e) in 2024.¹²

The trend is clear: iterations of carbon pricing instruments are first established in advanced economies (i.e., Japan and New Zealand) or high-income emerging market economies (i.e. China) in the Asia Pacific. On the other hand, low-income emerging economies in the region are only beginning to formally consider the adoption of a carbon tax or an ETS. As the largest economy in Southeast Asia, Indonesia can strive to be a model for other developing countries globally as it solidifies the implementation of its carbon tax that was supposed to take effect back in April 2022.¹³ At about IDR 30,000/tCO₂e (\$2.02/tCO₂e), Indonesia's carbon price will be one of the lowest tax rates among countries where carbon taxes currently are in place.¹⁴ Despite being postponed amidst criticism from environmentalists that the carbon tax was too low to discourage burning of coal power, Indonesia's tax is an important first step, given that only a few developing economies have introduced measures to combat climate change.¹⁵

Developing countries' hesitation to adopt carbon pricing instruments may stem from the misguided portrayal of these initiatives as potential socio-economic burdens to society, and the false claims that the implementation of a societal price on greenhouse gas emissions will lead to a significant and devastating increase in the local cost of living. However, these arguments are far from accurate, as carbon pricing

initiatives offer both immediate and long-term benefits.

The clearest immediate and ongoing impact of carbon pricing implementation is the subsequent rise in fossil fuel prices, which often falls on individual consumers to bear. This price increase is not only expected but is seen as a positive indicator of carbon pricing, as the price increase promotes the search for alternative low-carbon fuels and higher energy efficiency within the country. According to a 2020 study conducted by the Organisation for Economic Co-operation and Development (OECD), carbon pricing initiatives lead to statistically significant improvements in innovation and productivity in the national market, caused specifically by the need for clean energy.¹⁶ This result goes hand in hand with economists' calls from as early as 2009, stating that carbon pricing will promote efficiency. While some may claim that the boost in innovation coupled with the energy price increase may hurt local competitiveness, carbon pricing initiatives were found to have minuscule to no statistical effect on market competitiveness, which includes variables such as but not limited to foreign direct investment, imports, productivity, and employment.¹⁷ ¹⁸ Moreover, some researchers claim that an energy price increase following the implementation of a carbon pricing policy will mainly be felt by high-income households.¹⁹ According to a Bloomberg study from 2022, the top ten percent of individuals in every developed and developing country is the group responsible for the large majority of national

¹² Ibid.

¹³ Gayatri Suroyo and Suroyo Sulaiman, "Indonesia Could Push Back Carbon Tax Set to Start next Month," Reuters, June 23, 2022, <https://www.reuters.com/world/asia-pacific/indonesia-considers-another-delay-carbon-tax-2022-06-23/>.

¹⁴ Suroyo and Sulaiman, "Indonesia Could Push Back Carbon Tax Set to Start next Month."

¹⁵ The Economic and Social Commission for Asia and the Pacific (ESCAP), The United Nations Environment Programme (UNEP), and United Nations Children's Fund (UNICEF), "2022 Review of Climate Ambition in Asia and the Pacific" (United Nations Publication, 2022).

¹⁶ Frank Venmans, Jane Ellis, and Daniel Nachtigall. "Carbon Pricing and Competitiveness: Are They at Odds?" *Climate Policy* 20, no. 9 (October 20, 2020): 1070–91. <https://doi.org/10.1080/14693062.2020.1805291>.

¹⁷ Citizens' Climate Lobby. "Economic Impacts of Pricing Carbon." Accessed March 1, 2023. <https://citizensclimatelobby.org/laser-talks/economic-effect-carbon-tax/>.

¹⁸ Venmans et al., "Carbon Pricing and Competitiveness"

¹⁹ Resources for the Future. "Carbon Pricing 104: Economic Effects across Income Groups." Accessed March 1, 2023. <https://www.rff.org/publications/explainers/carbon-pricing-104-economic-effects-across-income-groups/>.

emissions.²⁰ For example, the top 10% of individuals in India are responsible for nine times the emissions produced by the bottom 50%. This is caused by the much higher consumption rate and consumer tendencies of the top ten percent, leading to them feeling the effects of carbon pricing more than those who consume less.

A significant and often forgotten economic benefit of carbon pricing methods is the future cost of dealing with greenhouse gas emissions. Studies show that each metric ton of carbon dioxide emitted today will cost the future economy between US\$14 and US\$56 and will double in price by 2050.²¹ As carbon pricing initiatives encourage decreasing dependency on fossil fuels and polluting industries, they will directly reduce greenhouse gas emissions and their subsequent economic burdens, including cleaning and purification efforts, restoration projects, and personal health and wellness expenses.

Despite being an overall positive for society, the potential socioeconomic cost is still a significant deterrent to implementing carbon prices, especially for developing and energy-exporting countries like Indonesia. However, the key to overcoming these possible costs lies in the mitigation strategies that local governments will choose to implement. The investment of the revenues from both ETS programs and taxes to better the market and lower day-to-day civilian costs are at the heart of the successful implementation of carbon pricing instruments.

Indonesia's Current Carbon Pricing Framework

The government of Indonesia seeks to implement a carbon economic value (CEV)- a societal price from

emissions impact also known as a carbon price, for the achievement of its NDC targets and GHG emissions control.²² Under the broader "Carbon Pricing Roadmap" signed in Oct 2019 (Presidential Regulation No. 98 of 2021), there is a plan to introduce both an emissions-trading program (or cap-and-trade program) and a carbon tax (or carbon levy), with a carbon crediting mechanism feature to regulate emissions.

As part of the broader carbon pricing framework, a carbon levy was first proposed as part of a broader tax reform on October 29, 2021.²³ An initial carbon tax rate of IDR 30,000 per metric tonne of carbon dioxide equivalent (CO₂e), will be levied on coal-fired power plants (CFPPs), with the potential to be expanded to other sectors. Under the proposed framework, the carbon levy will be calculated based on the sum of the total weight (in metric tons, MT) of coal purchased multiplied by the MT of CO₂e emitted per MT of coal annually.

On February 22, 2023, Indonesia also began a pilot carbon trading program targeting CFPPs.²⁴ The program was developed by the Ministry of Finance (MoF) and will be regulated by the Ministry of Energy and Mineral Resources (MoEF). The first stage of the carbon trading program will cover 99 power plants, representing 33.6GW of generation capacity, connected to power grids owned by state-owned utility company Perusahaan Listrik Negara (PLN). The program applies to power plants with at least 100 MW of generation capacity. Under the program, CFPPs that emit more carbon than their allocated emission allowance can purchase carbon credits from plants with below-quota emissions or renewable power

²⁰ Roston, Eric, Leslie Kaufman, and Hayley Warren. "How the World's Richest People Are Driving Global Warming." Bloomberg News, March 24, 2022. <https://www.bloomberg.com/graphics/2022-wealth-carbon-emissions-inequality-powers-world-climate/#xj4y7vzkg>.

²¹ Citizens' Climate Lobby. "Economic Impacts of Pricing Carbon."

²² Presidential Regulation No. 98 of 2021 on the Framework for Carbon Pricing to Achieve the Greenhouse Gas Reduction Target (Nationally Determined Contribution: NDC) and to Curb Greenhouse Gas Emissions in National Development, 2021

²³ Indonesia passes carbon tax bill as part of GHG regulation effort. (n.d.). JD Supra. Retrieved March 3, 2023, from <https://www.jdsupra.com/legalnews/indonesia-passes-carbon-tax-bill-as-5122797/>

²⁴ Indonesia launches carbon trading mechanism for coal power plants | Reuters. (n.d.). Retrieved March 3, 2023, from <https://www.reuters.com/business/energy/indonesia-launches-carbon-trading-mechanism-coal-power-plants-2023-02-22/>

plants. Market demand and supply will drive the price discovery of a unit of carbon emission in MT CO₂e, which is expected to trade in the US\$ 3-18 per MT CO₂e. This is also known as a hybrid “cap-and-trade and-tax” program. Under the hybrid program, taxpayers participating in the cap and-trade program will receive tax credits on (or a reduction in) their carbon levy.²⁵ The MoEF estimates that their carbon trading program for power plants will reduce emissions by approximately 36 million tons by 2030, and authorities plan to expand the coverage of the carbon trading program for smaller coal-fired plants and other fossil fuel-powered facilities at a later date.²⁶

The carbon offset market is regulated by the MoEF in the form of a Result-Based Payment (RBP), an incentive or payment received for achieving a unit of verified/certified GHG emission reduction and other validated non-carbon benefits.²⁷ ²⁸ Under the new carbon pricing framework, the MoEF approved the first Reducing Emissions from Deforestation and Forest Degradation (REDD+) project on December 22, 2022.²⁹

The Climate Change National Registry System (SRN PPI) is developed by the Directorate General of Climate Change Control, a unit of the MoEF, to outline the national Monitoring, Reporting, and Verification guidelines and processes. To ensure data collection transparency and quality, the methodologies used to calculate the GHG emissions reduction or the increase in emission removal are provided on a web-based registry.³⁰

It is mandatory for covered entities to have their reported emissions results verified by approved Independent Validation and Verification Institutions, in order to ensure the carbon levy is enforceable, and to provide quality assurance in the MRV system.

Recommendations

While there has is comprehensive coverage of CFFPs across the country under the proposed regulations, the covered emissions are still a small portion of Indonesia's reduction goals. Thus, we propose two key enhancements to ensure Indonesia's economy remains competitive while also moving toward its NDC targets. First, given the provisional launch of the Border Carbon Adjustment Mechanism (CBAM) by the European Union (EU) in October 2023, we recommend the MoF roll out a carbon levy on a list of proposed covered fuels, such as oil and natural gas, to be regulated at the point of importation or production (Appendix 1). The cost of emission should be passed through to Emission Intensive Trade Exposed (EITE) products- products which release large amounts of GHG gas emissions and are exposed to national and international competition. Hypothetically, they will not be subjected to the carbon leakages tax at the point of importation to the EU. This could potentially impact up to US\$ 2.7 billion worth of bilateral trade in the chemicals and steel sector, which accounted for approximately 15% of Indonesia's total export value to the EU in 2021.³¹

²⁵ Indonesia passes carbon tax bill as part of GHG regulation effort. (n.d.). JD Supra. Retrieved March 3, 2023, from <https://www.jdsupra.com/legalnews/indonesia-passes-carbon-tax-bill-as-5122797/>

²⁶ Ibid.

²⁷ “UMBRA | Client Alert – Procedures for Carbon Pricing Implementation.” n.d. Accessed March 5, 2023.

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²⁸ “Indonesia: New Carbon Emission Regulations - Green Shoots?” n.d. Accessed March 3, 2023.

https://insightplus.bakermckenzie.com/bm/environment-climate-change_1/indonesia-new-carbon-emission-regulations-green-shoots.

²⁹ “Indonesia Validates First REDD+ Project under New Carbon Trading Regulation « Carbon Pulse.” n.d. Accessed March 3, 2023. <https://carbon-pulse.com/186172/>.

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https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c360%7c%7c%7c42%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1%7c1%7c1.

The benefit of this proposal is multifold. It effectively shifts the receipt of tax revenue per ton of embodied carbon from the EU to the government of Indonesia. Furthermore, a more extensive carbon levy will help Indonesia bridge the gap in emission reduction targets. Indonesia aims to “cap its power sector emissions at 290 megatons of CO₂ in 2030” in order to reach its NDC target of reducing emissions to 32% below the business-as-usual scenario (BAU) - a control scenario which assumes the continuance of today's high-emission status quo.³² This translates into a need to reduce 67 megatons of carbon emissions from the power sector alone. The cap-and-trade program will only cover a fraction of that in its pilot phase.

Second, to strengthen the coordination among different institutions identified, we recommend establishing a new Carbon Tax Office under the Directorate General of Taxes within the Ministry of Finance. The newly assembled Carbon Tax Office will liaise between the agencies involved and streamline all procedures related to implementing the carbon levy (Appendix 2).

Additionally, given Indonesia's heavily coal-dependent economy, two key problems may arise with the implementation of the carbon levy policy. The first and foremost challenge is winning the battle for public perception of a carbon levy. While there are obvious benefits in discouraging fossil fuel use, general citizens may be reluctant to any new form of taxation, especially after the negative economic impacts of the COVID-19 pandemic and the potential for a recession in the near future. Indonesian policymakers should not ignore the concerns of their citizens and should use this

as an opportunity for creative policy solutions.

One potential solution is to use the revenue generated from the carbon levy to decrease taxes on other consumer goods, such as rice. There are several reasons for this. Firstly, Indonesia has among the highest rice prices in Southeast Asia due to poorly designed national food policies.³³ Additionally, rice is a food staple in Indonesia regardless of income and because of the ubiquity of rice, reducing taxes on rice can be a creative tool in winning the public over on a carbon levy. Finally, rice is more energy-intensive than other cereals.³⁴ The price of rice, especially in Asian countries, is akin to the political sensitivity of fuel and carries a huge social cost. The revenue generated from the carbon levy program can be used to decrease the market distortions caused by the ever-increasing price of rice.

Another issue with suggesting a carbon levy is its potential impact on Indonesia's workforce. Currently, 1.3 million people - 1% of the country's workforce - are employed in the energy sector.³⁵ Indonesia should create a commission dedicated to its energy veterans and implement policies that do not leave its citizens behind. While it is true that transitioning to a clean energy workforce is projected to create more net jobs, these jobs would realistically not be in the same areas where the jobs in coal were lost. A portion of the carbon levy revenue should be used to create government infrastructure and policy programs that address a just transition for those working in Indonesia's coal industry.

In addition to changes in the Indonesian workforce, there are potential consequences to the Indonesian

³² The White House. 2022. “Indonesia and International Partners Secure Groundbreaking Climate Targets and Associated Financing.” The White House. November 15, 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/11/15/indonesia-and-international-partners-secure-groundbreaking-climate-targets-and-associated-financing/>.

³³ Zuhud Rozaki, “Food Security Challenges and Opportunities in Indonesia Post COVID-19,” *Advances in Food Security and Sustainability* 6 (2021): 119–68, <https://doi.org/10.1016/bs.af2s.2021.07.002>.

³⁴ Rajan Bhatt et al., “Sustainability Issues on Rice-Wheat Cropping System,” *International Soil and Water Conservation Research* 4, no. 1 (March 1, 2016): 64–74, <https://doi.org/10.1016/j.iswcr.2015.12.001>.

³⁵ International Energy Agency, *An Energy Sector Roadmap to Net Zero Emissions in Indonesia* (OECD, 2022), <https://doi.org/10.1787/4a9e9439-en>.

economy on a national scale, Indonesia heavily relies on coal as an export, with the fuel source making up a major share of its GDP.³⁶ However, this will not be fiscally sustainable in the long term. Instead, the Indonesian government should work aggressively to scale down its coal industry and refocus on clean energy technology to ensure the country is not left behind during the global mass energy transition. The biggest importers of Indonesian coal right now are countries pledged to be net zero within the next thirty years, such as China, South Korea and Japan.³⁷ Disincentivizing coal production would also make Indonesia more competitive with its trade partners who have a BCA in place and help Indonesia generate tax revenue instead of paying taxes elsewhere.

Conclusion

Indonesia is a leading developing country and emerging economy in Southeast Asia. While it may be a significant coal exporter, its unique natural resources and critical minerals, such as nickel, cobalt, and tin grant the country a greener future, should it choose to pursue it. Carbon pricing instruments, and the previously proposed carbon levy in particular, offer the country the incentive it requires to move away from its coal exports, strengthen its economic resilience in a decarbonizing world, and accelerate its establishment as a major clean energy producer, all while providing its citizens with a stable and prospering economy. Carbon pricing methods have been proven beneficial for countries both small and large, developing and developed. As an influential Southeast Asian power, the Indonesian adoption of carbon pricing methods will create a promising carbon-priced future for other developing countries in the APAC region and around the world.

³⁶ Ibid.

³⁷ TrendEconomy. "Indonesia | Imports and Exports | World | Coal | Value (US\$) and Value Growth, YoY (%) | 2010 - 2021," November 14, 2022. <https://trendeconomy.com/data/h2/Indonesia/2701>.

Appendix 1: Proposed covered fuels under the Carbon Levy Program:

Fuel Covered	Point of Regulation	Entities	Exclusions
Thermal Coal (domestic production)	Thermal coal produced domestically shall be taxed on a per ton of carbon emissions basis at production when mined in the form of coal.	Approximately 125 miners. Large entities include Bumi Resources, Adaro Energy, and state-owned Tambang Batubara Bukit Asam	Exported thermal coal shall receive a tax credit per annum. Coking coal (or metallurgical coal) is excluded.
Natural Gas (domestic production)	Natural gas produced domestically shall be taxed on a per ton of carbon emissions basis at production when extracted from the gas wells.	Six covered entities include CNOOC Limited, Total E&P Indonesia, Conocophillips, BP Tangguh, ExxonMobil Oil Indonesia, and state-owned Pertamina.	Exported natural gas shall receive a tax credit per annum.
Liquified Natural Gas (LNG) imports	Imported LNG shall be taxed on a per ton of carbon emissions basis at the point of importation.	All entities importing LNG in Indonesia can be tracked and monitored through the trade registry and identified with an additional LNG import license (NIB).	Nil
Petroleum / Crude Oil (domestic production)	Petroleum or crude oil produced domestically shall be taxed on a per ton of carbon emissions basis at production when extracted from the oil wells.	Covered entities include BP Global and state-owned SKK Migas	Exported crude oil shall receive a tax credit per annum.
Petroleum / Refined Oil imports	Imported refined petroleum oil shall be taxed on a per ton of carbon emissions basis at the point of importation.	All entities importing refined oil in Indonesia can be tracked and monitored through the trade registry and their importer license.	Nil

Appendix 2: Proposed Functions, Tasks, and Agencies enforcing compliance and oversight.

Functions	Tasks	Institutions
 Legislation	<ul style="list-style-type: none"> Approve/Decline carbon tax Delegate rulemaking powers to ministries or agencies to create secondary policies 	 Indonesia's House of Representatives (DPR)
 Policy Coordination	<ul style="list-style-type: none"> Coordinate rulemaking and streamline procedures of different ministerial agencies Review effectiveness and propose legislative amendments to lawmakers Inform policy making with input from stakeholders 	 Coordinating Ministry of Economic Affairs  New Carbon Tax Office under the Directorate General of Taxes within the Ministry of Finance
 Rulemaking	<ul style="list-style-type: none"> Determine entities liable and enforcement regimes Establish MRV process Determine tax liability for importers 	 The Ministry of Energy and Mineral Resources  The Ministry of State Owned Enterprise  The Directorate General of Climate Change under The Ministry of Environment & Forestry  The Ministry of Energy and Mineral Resources  The Ministry of Trade
 Implementation	<ul style="list-style-type: none"> Oversee emissions reporting and verification Tax collection and enforce tax obligation Investigate noncompliance 	 The Directorate General of Climate Change under The Ministry of Environment & Forestry  New Carbon Tax Office under the Directorate General of Taxes within the Ministry of Finance

BEYOND THE SILICON SHIELD: IMPLICATIONS OF TAIWANESE DOMINANCE IN THE SEMICONDUCTOR INDUSTRY

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Taiwan's dominance of one of the most critical technology sectors of the 21st century started in 1974 over soy milk and steamed buns—a Taiwanese staple. Taiwanese officials struck a deal with the Radio Corporation of America (RCA) and sent its engineers to the US, with the dream of building Taiwan's own semiconductor industry. A decade later, Morris Chang (張忠謀), a semiconductor-engineering veteran at Texas Instruments Inc., helped turn this dream into a reality. In 1987, Chang founded the Taiwan Semiconductor Manufacturing Company Ltd (TSMC).¹ Today, TSMC leads the semiconductor industry, accounting for 53.4 percent of the global chip market and 92 percent of cutting-edge chips.² Dubbed the “silicon shield,” Taiwan's chip industry has pushed it to the center of global geopolitics. While the silicon shield plays an essential role in deterring Chinese attacks and garnering US support, it is not unbreakable, begging crucial questions regarding Taiwan's resource scarcity, the global economy's overreliance on TSMC, and the brewing of a new “Cold War.” These challenges have been met with official efforts to sustain and diversify the semiconductor global value chain (GVC), but these

“solutions” signal a shift in the global economy beyond the Asia-Pacific. As governments compete to secure the critical technology behind semiconductors, so too do they introduce a new age of protectionism.

The Taiwanese semiconductor industry owes its success largely to Morris Chang's free-trade business model, which built the island's industry into the world's undisputed leader and earned Chang recognition as the “godfather” of computer chips along the way. Having spent a quarter-century at Texas Instruments, Chang was offered a managerial position at Taiwan's Industrial Technology Research Institute (ITRI) in 1985 to assemble Taiwan's first semiconductor plant. Chang accepted the position and soon realized Taiwan's weakness in chip design and marketing. Turning this weakness into a strength, he pioneered the “pure-play” foundry model, which utilizes designs from fabless companies and manufactures semiconductors for contractors.³ Chang's model attracted then-small startups like Nvidia and Qualcomm; effectively lowering entry barriers for fabless semiconductor firms by enabling companies to concentrate investments in research and development (R&D) and keep ownership over intellectual property (IP).⁴ In sum, the rise of TSMC can be attributed to its strategic, symbiotic relationship with its contractors: TSMC's success came from its clients' success. Most importantly, these successes were the results of free flows of capital in the industry without excessive government intervention. Today,

TSMC tops the world's wafer manufacturing ranks and leads the industry by being one of the only two foundries capable of producing 5-nanometer (N5) chips.⁵ More notably, it has pioneered the development of bleeding-edge 3-nanometer (N3) chips, currently the most advanced chips produced at volume.⁶

Despite TSMC's notable achievements in the past few decades, it cannot evade questions of resource scarcity and sustainability. Electricity and water, in particular, are two resources that are in high demand for wafer production. By 2030, TSMC is projected to consume up to 10 percent of Taiwan's total electricity output.⁷ Energy consumption poses a challenge for achieving net-zero emissions by 2050, a goal set out by Apple—one of TSMC's largest contractors—and demanded by investors. In response, TSMC has used its massive political influence as a tech behemoth to proactively lobby the Taiwanese government to pursue renewable energy projects. On one hand, this may prove to be good news for the island's goal to go green, as President Tsai Ing-wen (蔡英文) has set out to increase Taiwan's share of renewable energy to 20 percent by 2025, up from the 8 percent reported in November 2022.^{8 9} However, on the other hand, a sped-up approval process could also mean the absence of necessary due diligence to ensure that new energy infrastructures "do not adversely affect nearby residents and the environment," as Tsai Chung-yueh (蔡中岳), a member of Citizens of the Earth Taiwan, warned.¹⁰ TSMC is a rare private enterprise that can leverage its influence in the government to achieve its objectives, which, as seen in this case, could be for a good cause. However, with realistic concerns of manufacturing sustainability and projected energy consumption, TSMC could become a liability for the government.

Challenges to Taiwan's semiconductor industry have pushed governments around the world to revise their policy on the critical technology. In early 2021, one of Taiwan's most severe droughts in years exposed the issue of water consumption in its chip-making

industry.¹¹ That April, the construction of TSMC's Kaohsiung chip plant began immediately after passing the government's environmental assessment. By estimates, the new plant increased Kaohsiung's water intake by 118,000 metric tons, or 7 percent of the city's overall usage.¹² However, with Taiwanese reservoirs almost drying out, manufacturing plants in the central and northern parts of the country were asked to cut down consumption by 11 percent, while the ones in the south were asked to lower consumption by seven percent.¹³ While both the government and the industry itself came up with solutions ranging from emergency desalination plants to the use of reclaimed water, Taiwan was proven to be late and unprepared in the game compared to countries such as Israel and Singapore.¹⁴ Both governments centralized water management by investing in wastewater reclamation and desalination technologies, which left a water-secure legacy.¹⁵

The island's 2021 drought clearly exposed a production choke point in its chip-making industry. However, beyond a lack of preparedness, the drought called for strict scrutiny of environmental impact assessment standards. As seen in both the cases of energy and water consumption, economic prosperity and industrial growth are being prioritized over resource and energy resilience in the chip-making industry. The new Kaohsiung fab was given the green light to begin construction despite concerns surrounding rising water prices during drought season, revealing the government's prioritization of chip-making over agricultural sectors and population livelihoods, and leading to calls for a re-evaluation of the industry.¹⁶ The drought further exacerbated the global shortage of semiconductors and delivered a wake-up call for TSMC and the world: a delicate balance must be maintained between production efficiency and sustainability, especially since semiconductors have grown to be the most sought-after commodity of the 21st century.

TSMC may have a unique position in the global economy as a near-monopoly, but critics have noted the global over-dependence on Taiwan to be precarious.¹⁷ As seen during the COVID-19 pandemic, a global crunch of semiconductors led to a stark decrease in automobile production.¹⁸ The 2021 drought in Taiwan might have further exacerbated the shortage that TSMC promised to ease. As such, resource resilience poses threats, and not just for Taiwan: any geopolitical, climate, or resource uncertainties surrounding Taiwanese foundries can send shockwaves through the global economy. In response, governments around the globe—most notably the United States (US), the European Union (EU), and the People's Republic of China (PRC)—have eagerly set out investment plans in chip-making in order to reduce reliance on Taiwan. In the meantime, transitions in the semiconductor industry have also been taking place in Southeast Asia, with India and Vietnam emerging as ambitious players.¹⁹ For one, the Modi administration has announced its plan to begin constructing India's first fabrication plant as part of its India Semiconductor Mission (ISM). However, they have encountered the same problem as many others: India lacks essential materials such as metals and alloys and faces a similar challenge in resource scarcity.²⁰ Efforts like these to diversify the global value chain of semiconductors are rooted in the common recognition that the semiconductor is the core of all modern technologies, and is thus the "new oil." As a result, Taiwan, as the undisputed leader in semiconductor technology, has become embroiled in a new theater of the ongoing "Cold War" between the US and PRC: the "Chip War."²¹

Across the Taiwan Strait, China has been trying to catch up in the global technological race. Chinese President Xi Jinping has set out a "Made in China 2025 (MIC-25)" agenda, hoping to achieve self-sufficiency in "core components and material," including advanced microchips.²² However, this endeavor has been unsuccessful, partially due to US efforts to curb Chinese

procurement of advanced technologies, and partially due to the overwhelming innate complexities of chip fabrication. In October 2022, the Biden administration issued policies ranging from unilateral export controls of semiconductor manufacturing equipment (SME) to the prohibition of US persons from working or supporting Chinese efforts in producing advanced chips.²³ Most recently, in January 2023, the Biden administration struck a deal with both the Netherlands and Japan to restrict the export of chip-manufacturing tools, particularly from Advanced Semiconductor Materials Lithography (ASML) from the Netherlands and Tokyo Electron and Nikon from Japan. ASML is the only company in the world that manufactures ultraviolet lithography machines, an essential to advanced semiconductors, and restricting sales from the company effectively bars China from producing the world's most advanced chips.²⁴ The above mechanisms exemplify the US's increasingly unilateral approach to restricting Chinese advancements in semiconductor technology. However, the Biden administration has insisted that they intended only to prevent the development of "strategically important technologies" that pose threats to national security.²⁵

In addition to targeting China, the US has set out to build strategic relationships with the world's semiconductor powerhouse: TSMC. On May 15th, 2020, TSMC announced its intention to construct a new fab in Arizona "with the mutual understanding and commitment to support from the US federal government and the State of Arizona."²⁶ Though TSMC's statement ostensibly expresses a welcoming attitude towards US expansion, the decision was based conditionally—and perhaps reluctantly—on large sums of US investment, as noted in Yasuhiko Ota's *Geopolitics of Semiconductors*.²⁷ Indeed, Morris Chang, TSMC's founder and former chairman, echoed that even with billions of dollars of investment, it would still not be possible to replicate the semiconductor

supply chain abroad.²⁸ TSMC's expansion abroad can serve as a case study to help understand why capital investment alone is not enough to reform the global semiconductor industry, which could also help explain why other countries such as China and India may not be able to achieve self-sufficiency easily.

Citing national security concerns, both the US and China have been pouring money into winning the Chip War. Caught in the middle is TSMC, trying to balance commercial benefits and political pressures (China accounts for 10 percent of TSMC's revenue, whereas the US accounts for more than half).²⁹ In response to a "western" transition of the Asia-dominated chip-making industry enabled by the CHIPS and Science Act, Morris Chang warned against overestimating the effects of bringing Taiwanese semiconductor fabs onshore in the US. Though the ambition of replicating the Taiwanese fabrication landscape in the US could have positive effects, such as greater proximity between analog designers and manufacturers, uncertainties still loom over the future of the construction of fabs abroad. The US may have competitive advantages in environmental and physical resources, but it lacks the human capital necessary for a chip plant's success, as Chang has noted.³⁰ Other complicating factors surrounding the Arizona plant include shifting raw material supply chains, including software devices from the Dutch ASML Holding NV, chemicals and wafers from Japanese suppliers, and N5 technology possessed by Taiwanese technical specialists.³¹ In other words, the fab is not the only component getting replicated and relocated, other aspects of chip-making—ranging from raw materials to industry culture—all help explain why government endowments will never be sufficient for successfully segregating the global value chain of semiconductors.

Three major semiconductor challenges—resource resilience, global over-dependence, and the emerging "Chip War"—have elicited government responses in the energy, technology, and economic sectors. Though

these responses span across industries, one similarity is hard to ignore: governments around the world are exerting more control over semiconductors. In theory, an increase in government spending—especially in capital investments—should contribute to long-run economic growth. However, a largely subsidized industry is also not guaranteed to remain competitive or even self-sustaining when government expenditure decreases. Morris Chang has observed that "in the chips sector, globalization is dead. Free trade is dead."³² Chang makes a critical point: as government intervention in the semiconductor industry continues, laissez-faire chip capitalism may be at an end. Government intervention could indeed be crucial for investing in physical and human capital in support of growing industries. However, given the geopolitical landscape and the application of semiconductors in military machinery, subsidies from governments are no longer driven by economic incentives but by national security interests. In essence, semiconductors are no longer just a commodity that enables modern technology to thrive—they are now a state-managed token of the US-China technology war.

With TSMC, Taiwan has been crowned as an indispensable game-changer in global economics and emerging technology. However, as much as semiconductors give Taiwan leverage in the US-China power struggle, realistic questions of sustainability—whether with regards to the global supply chain or environmental depletion—call for diversification of the global semiconductor value chain. While critics warn that supply chain diversification could weaken Taiwan's silicon shield, barriers such as human capital and resource reallocation show that Taiwan may still be leading the game for at least another decade. Beyond potential geopolitical unrest in East Asia, a global trend towards protectionism and government intervention poses a more serious implication: the free trade which fuels our increasingly technological lives may be ending in the name of national security.

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INDIA'S ECONOMIC TRANSITION HINGES ON GARMENTS: WILL IT BECOME THE WORLD'S FACTORY BY 2030?

BY DEVAANSH SAMANT

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Abstract:

Asia's economic growth since the twentieth century has attracted much attention. Between 1991 and 2019, the average GDP growth rate of the world was 3.0%. This was outperformed by both South Asia (5.9%) and East Asia (4.8%). In this context, India too has grown steadily, averaging a growth rate of 6.1% over the same period. In this paper, I argue that the Indian economy has critical fault-lines compared to its Asian counterparts. Rather than focusing on GDP figures, I contend that for India, garment exports are a better indicator of economic transition. Based on my argument, India has underperformed, especially since 2013. I analyze the historical and contemporary reasons for this underperformance and highlight some persistent challenges. Firstly, India has too many small firms which are unable to participate in large-scale global value chains. Secondly, India has consistently shied away from international trade preferring protectionism. Lastly, I suggest that social barriers around gender and caste have held the manufacturing sector from significant progress. I then analyze the policy approach since 2014. Here I argue that the government has made impressive progress on building

infrastructure and has also engaged in active industrial policy. However, the government has undermined its own efforts by hiking crucial import duties and withdrawing from the Regional Comprehensive Economic Partnership (RCEP). Some domestic reforms such as the new labor codes have also met implementation hurdles. I conclude by listing four lead indicators - implementing new labor codes, making progress on female labor force participation, entering more trade agreements, and maintaining competitive exchange rates. These would suggest that India is becoming the world's garment factory.

1: Introduction - Indian development in comparative perspective

Asian economies have received attention in the past year, especially because they have performed better than most countries outside of the region during the COVID-19 pandemic. In January 2023, the World Bank forecasted GDP growth for East Asian economies at 4.3% and South Asian economies at 5.5%. Both subregions are expected to grow much faster than the global forecast of 1.7%. This relatively positive outlook reflects a continuation of a long-term trend of robust Asian growth since the mid-twentieth century. (Global Economic Prospects, World Bank 2023)

Two countries emblematic of Asia's economic outperformance are China and Vietnam. Between 1991-2019, their average GDP growth rates were 9.5%

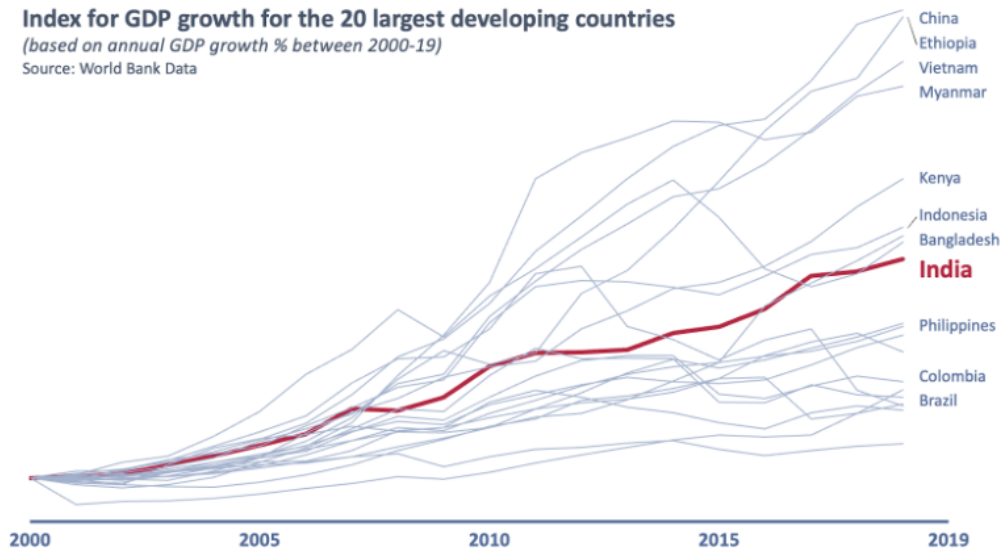


Figure 1: GDP growth rates (Source - World Bank Data)

and 6.5% respectively. In the same period, India's average growth was 6.2%. However, India did outperform countries like Brazil, Colombia and Philippines. (Figure 1)

The gap in economic performance between India and outperformers like China and Vietnam can be explained by the slower pace of "structural transformation" in India. At its core, development is about structural transformation, i.e., moving people from low-productivity sectors like agriculture, into higher productivity sectors like manufacturing and services (Lin 2011) (Gollin 2014). Between 1991 and 2019, the share of the labor-force employed in agriculture declined from 60% to 25% in China, and 71% to 37% in Vietnam. Both countries moved more than a third of their labor force out of agriculture ("Employment in agriculture (%)", World Bank). In comparison, in the same period India moved just 17% of its workforce, leaving nearly 43% of the labor force in agriculture.

Job creation outside agriculture often starts with low-skilled manufacturing e.g., ready-made garments. China and Vietnam have a firm presence in this sector in comparison to India. (Chatterjee and Subramanian 2020).

In this paper, I argue that using GDP growth as a

yardstick for economic development masks these structural gaps, and suggests that exports of ready-made garments (the largest sector in the low-skilled manufacturing segment) will be a viable indicator to focus on. I then analyze the reasons for India's underperformance in the garment industry, and finally shed light on indicators that can contribute towards structural changes that will help India improve its performance.

2: Garment exports often signal economic transition better than GDP

There are several arguments against using GDP as a development indicator. First, there is Amartya Sen's fundamental rebuttal that argues income is the means for development, not the ends (Sen 1999). Second, GDP is criticized for not capturing important "non-economic" activities e.g., childcare (Stiglitz, Sen, and Fitoussi 2010). Third, GDP has also been criticized for ignoring sustainability challenges. Despite that, GDP remains by and large a measure of economic growth. In this paper, leaving aside the case against GDP, I argue that another metric deserves equal importance.

Let us assume that the vision for development in

India is to shift people from agriculture into jobs with higher productivity and growth potential. I argue that even with this economic lens, for India, garment exports are a necessary complement to GDP per capita.

In this section I argue that in India, rather than GDP, garment exports offer a better measure of development. To make this case, I use four arguments focused on representation, gender, learning, and reliability.

2.1: The representation argument - GDP growth has not created enough jobs outside of agriculture

Research has already highlighted India's "jobless growth" (Kannan and Raveendran 2009; Livemint 2022; Bloomberg 2022). India's growth story has been driven by growth in the service sector. While services flourish, less than half of India's population is employed ("Employment to population ratio, %", World Bank). Among those who are employed, there is a sizable number still engaged in agricultural work, ("Employment in agriculture (%)", World Bank) which

has lower productivity than both the manufacturing and service sectors (Panagariya 2008). Figures 2 and 3 capture these trends for India in comparison with similarly placed Asian countries.

Unlike GDP growth, expanding garment manufacturing almost guarantees job creation. For example, in the first decade of the 21st century (2000-2012), for a 1% increase in output, apparel employment increased by 0.8%. This was double the economy-wide average of 0.4% (Misra and Suresh 2014).

While there is evidence that the employment intensity of apparel is declining (Rodrik 2018), this is not sufficient cause to deprioritize apparel exports, for two reasons. First, even with declining employment intensity, the apparel sector has sufficient employment potential – especially if India can capture a sizable share of the world market. Second, until India can find suitable alternatives for labor-intensive growth, it should not deprioritize a path that has already been proven by the development trajectories of countries like China and Vietnam.

India's growth story excludes more than half its population

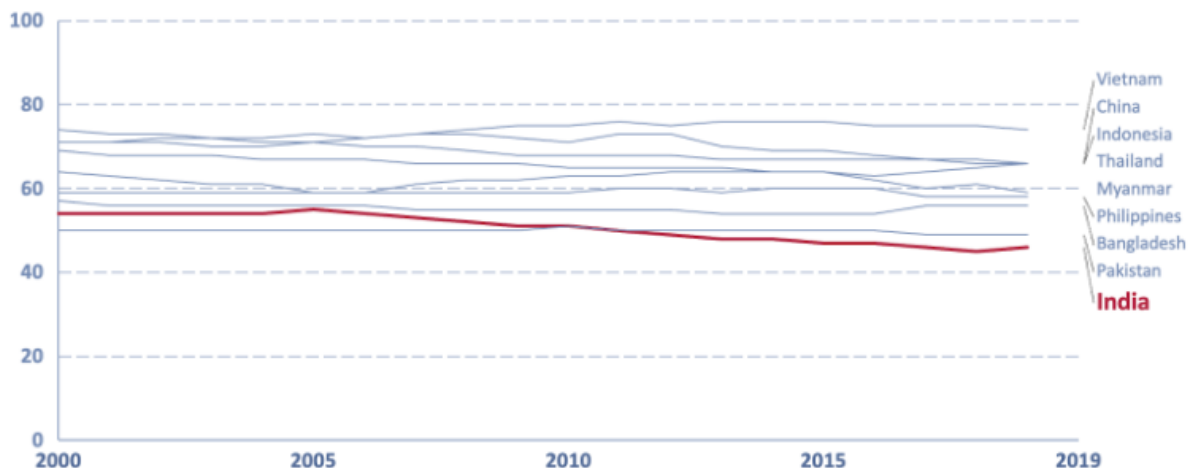


Figure 2: Employment to population ratio
(Source: ILO Estimates, World Bank Data)

India has been the slowest to move people out of agriculture

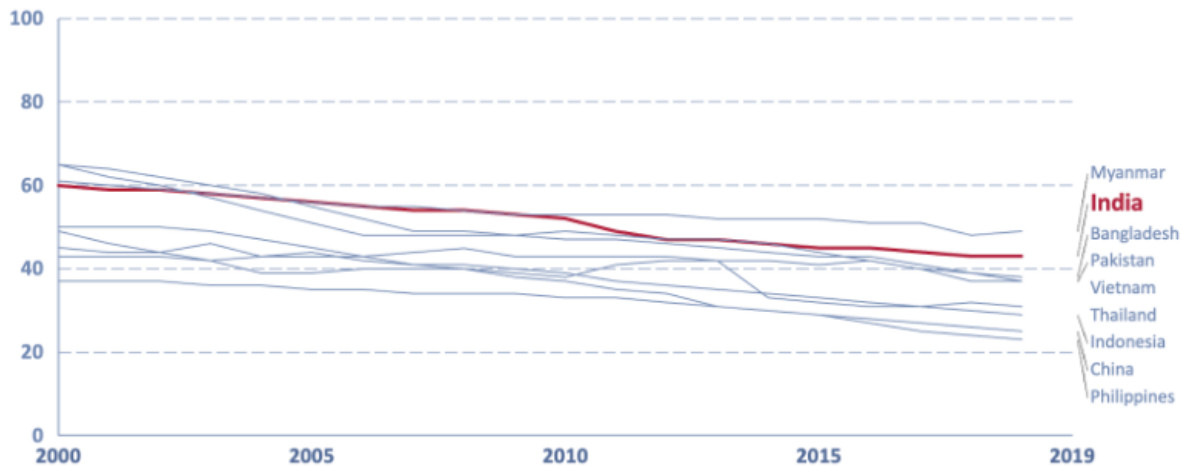


Figure 3: Share of employment in agriculture (Source: ILO Estimates, World Bank Data)

2.2: The gender argument - More women need to enter the workforce

When the gender dimension is isolated, the representation argument becomes stronger. (Figure 4). The share of Indian women at work is abysmal compared to most countries. In 2021, India's female labor force participation rate stood at 19%, much lower than Vietnam (70%), China (62%), and Indonesia (54%). Bangladesh overtook India as recently as 2007. The garment industry accounts for 80% of Bangladesh's exports (Fathi 2020) and over 61% of the garment sector employs women (Matsuura and Teng 2020). In Bangladesh, women also play a key role in earning foreign exchange.

A greater share of women in the workforce will have many positive outcomes. Women's participation in the labor force improves their well-being through reduced teen pregnancies and higher educational attainment, among other positive outcomes. (Heath and Jayachandran 2016)

2.3: The learning argument - Export clothes today, smartphones tomorrow

Low-skilled employment in India is concentrated in agriculture, construction, and other services like

homecare. The country has moved relatively few people out of agriculture and farming, and most of those whom have moved have found themselves in either construction, or domestic work. (Mehrotra and Parida 2019). More recently during the startup boom, delivery personnel and taxi drivers have emerged as two more categories. While it is encouraging to have new opportunities, Indian policymakers must also realize that these jobs do not possess a long-term potential for advancement – not just because of the wages, insecurity or any lack of dignity, but there is no evidence that they will provide the requisite long-term potential for upgrading. This is why India needs to create jobs that are sustainable.

Job-creation outside agriculture often starts with low-skilled manufacturing (e.g. ready-made garments). However, participating in global value chains for manufacturing is conducive to support economic growth and transition to sectors with high-productivity in the long run. For example, in 2004, 31% of Vietnam's exports were driven by textiles, garments, footwear, and furniture, compared to just 5% in electronics, while in 2019, 38% of Vietnam's exports were driven by electronics. In just fifteen years, Vietnam has increased the value-addition of its

India's labor participation rate for women is lower than other large developing countries in Asia

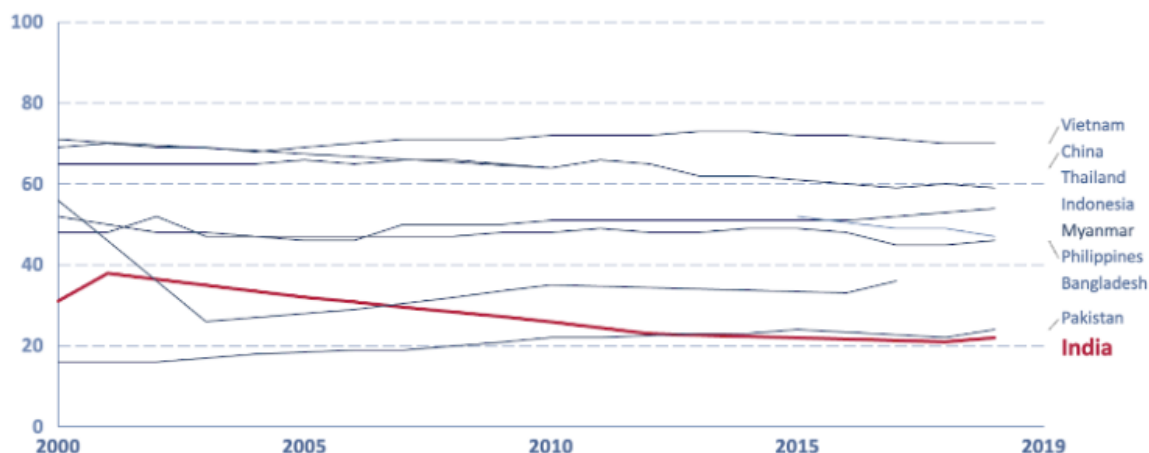


Figure 4: Labor force participation rate for women (%) (Source: ILO Estimate)

manufacturing sector significantly. (Figure 5) . Vietnam is now turning towards taking the next step – creating in-house technology (Vietnam Net 2021; Vietnam Net 2022). South Korea, and more recently, China, have also undertaken similar transformations (Lin 2011) (Chang 2006).

2.4: The reliability argument - Data on exports is more trustworthy than GDP

GDP figures are not reliable for two reasons. First, economists would suggest relying on “real” numbers that are more easily verified, like asset sales and exports, compared to GDP figures that are estimates

Vietnam: Clothes today, smartphones tomorrow

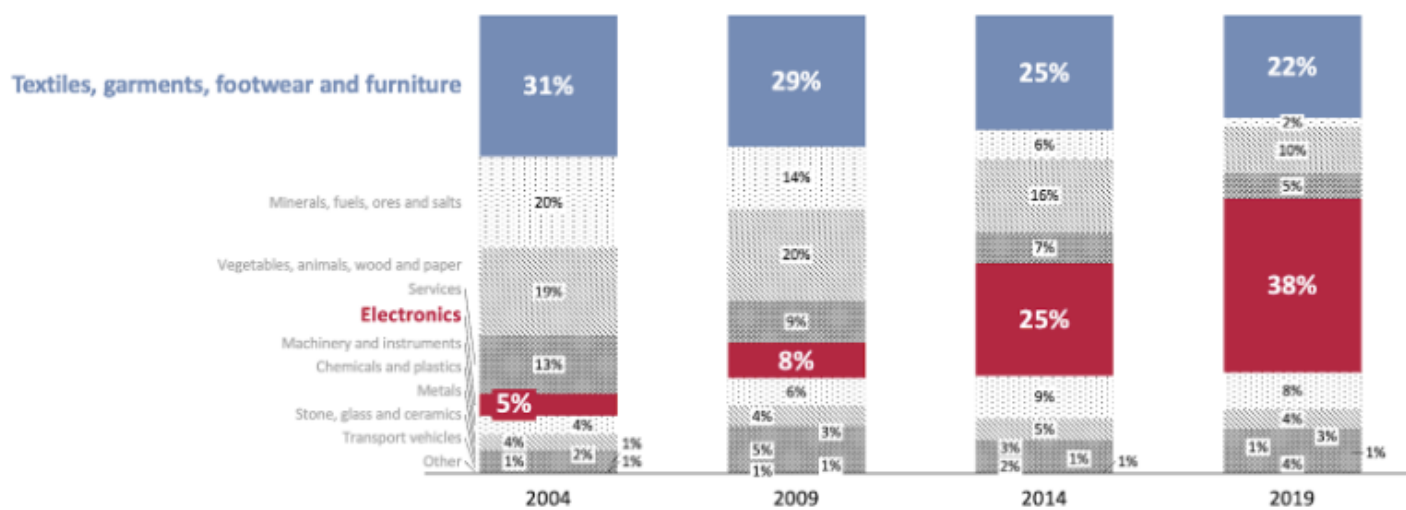


Figure 5: Vietnam's export mix by value (Source: UN COMTRADE Data)

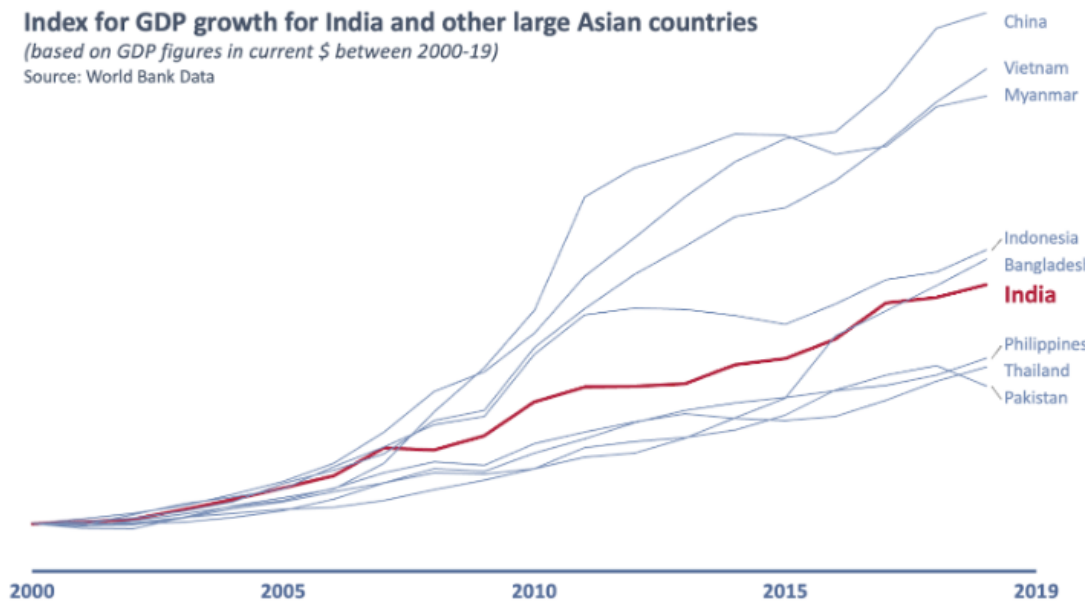


Figure 6: Index for GDP growth (%) (Source: World Bank)

prone to methodological errors. Second, specific to India, there have been questions about the credibility of GDP figures – with allegations that GDP growth figures were inflated through methodology changes. Unlike GDP figures, export data cannot be altered through methodological changes. For example, the “Base pour l'Analyse du Commerce International” (BACI) dataset produced by the Centre d'Etudes Prospectives et d'Informations Internationales (CEPII) in Paris reconciles the declarations of the exporter and the importer, making data more reliable.

2.7: Hence, India should focus on garment exports, where growth has faltered

Based on these four arguments for representation, gender, learning, and reliability, media attention in India should shift from GDP growth to garment exports. This will have both short and long-term benefits. In the short-term, focusing on garment exports will make economic debates in India more inclusive since garment exports are correlated with broad-based job-creation. In the long-term, exports can anchor debate for many years to come, since debates on garment exports can easily shift to exports with higher value.

If we switch from GDP growth to garment export trends, the narrative on India changes significantly. India is an average performer in the garment sector in Asia. But crucially, its trajectory is markedly different after 2013. The garment exports of comparable countries like Vietnam and Bangladesh have soared, while India has either stagnated or declined. (see Figures 6 and 7)

3: Old challenges and new policies

Garment exports may have only stagnated since 2013, but they have underperformed historically. The sector's challenges trace back to economic policy of the 1960s. The aftereffects of historical policies are still felt today in the form of small-scale production facilities and slow movement on international trade. Recent policy efforts have tried to address these challenges, especially by investing in infrastructure and rolling out supportive industrial policy. However, the policy approach remains muddled, although well-intentioned – reforms are either stymied by domestic opposition (as in labor reforms) or countered by the government's own policies (such as the import duty on man-made fiber).

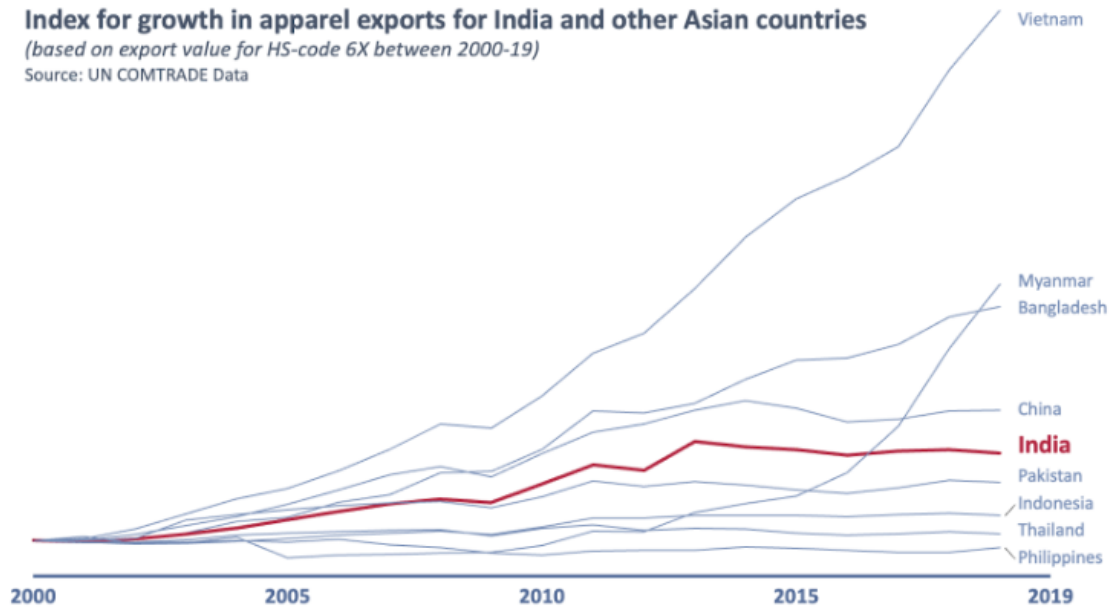


Figure 7: Index for garment exports (Source: UN COMTRADE Data)

3.1: Persistent “old reasons” - Twentieth century policy and their impact today

India's economic policy between 1965 and 1991 has been criticized widely, both by trade economists like Jagdish Bhagwati and Arvind Panagariya and development economists like Amartya Sen and Jean Dréze. It may seem pendantic to bring up policies from fifty years ago, but their impact has been persistent. Four policies from this period were especially relevant for the garments sector:

1. Small-Scale Industries Reservation (1967-2008)
2. Monopolies and Restrictive Trade Practices Act (1969-2009)
3. Industrial Disputes Act (1947-present)
4. Tariffs and licenses on external trade (till 1991).

Together, these four policies have led to India's garment sector being populated with small-firms disconnected from international trade. In 2009, 84% of India's manufacturing employment was in micro-enterprises with fifty or fewer employees (Hasan and Jandoc 2010). This proportion is much higher than China (24.8%), Thailand (45.7%) and Indonesia (69.6%). Sub-scale units suffer in three ways. First, international firms prioritize reliability and fulfillment guarantees

while sourcing – small firms cannot guarantee they will deliver large orders. Second, small firms struggle to make the investments required to participate in global value chains, including in quality control and equipment. Third, unit economics improves with scale as some sub-process in the garment manufacturing process respond well to scale (e.g., cutting, packaging, dispatch etc.). Larger firms, in contrast, tend to be more productive, have the resources to invest in learning and technology upgrading, and benefit from better unit economics (Melitz 2003).

3.2 Social barriers - The impact of longstanding gender and caste divides

Apart from policy-driven challenges, there are also social barriers to expanding garment manufacturing. While it may be hard to establish direct causality, both caste and gender related challenges have potentially held back India's garment manufacturing.

There is a scarcity of literature on the causal relationship between caste and manufacturing patterns in India. Hence, it is difficult to establish a robust claim that caste held back garment manufacturing. But some patterns can be observed in

adjacent areas. A 2006 report records that 61% of the market capitalization in India's Bombay Stock Exchange BSE-500 index is owned by Gujaratis, Marwaris, Parsis and Public-Sector Units, with all other companies accounting for just 39% of market capitalization (Munshi 2019). Given caste is highly correlated with occupational preferences, this could account for India's industrial organization. On gender, as earlier mentioned, India's female labor-force participation falls behind its Asian counterparts. This could be constraining the labor supply needed to compete in labor-intensive industries like garments manufacturing. The lack of literature and research establishing direct causal links suggests the need for further study in the area to explore the connection between gender, caste, and competitiveness.

3.3: A muddled policy approach

Indian labor initiatives have often been faltering and piecemeal. India is operating on labor laws created during independence. These laws contain clauses that require firms with more than a hundred employees to seek government permission before retrenchment. New labor codes have been passed by the union government, but since labor is a "concurrent" issue in India, both the union and the state governments influence labor policy. While the union government has passed new codes, state governments are yet to ratify and implement them. The implementation has stalled due to domestic opposition from state governments. Further, the new codes have not emulated policies from other Asian counterparts. For example, the threshold of a hundred has been raised to just three hundred, when the average labor-intensive Chinese firm has a thousand employees (Mitra 2022).

India is not integrated with world markets like its competitors. In 2020, India withdrew from RCEP. Ganguly 2020). While there may have been (geopolitical reasons for opting out, the decision effectively means that China, Vietnam, and Myanmar

are in a trade agreement with 12 other countries – together representing 30% of the world's population and GDP (Mullen 2022). India has responded by trying to sign bilateral free-trade agreements. This slow piecemeal strategy has so far opened trade to Australia and UAE, with negotiations underway with the UK and Canada (Palit 2022). A step in the right direction, but still behind in the competition.

India has been raising its import duties – an odd protectionist stance given the government's focus on exports. The most notable duty was for man-made fibers which was raised from 10% to 20% in 2018 (Times of India 2018). This raised the raw material cost for a growing segment of the apparel industry. For example, Nike uses synthetic polyester yarn in its clothing. Nike employs 44,000 workers in India compared to 520,000 in Vietnam ("Nike Sustainability - Interactive Map" n.d.). Over 70% of its employees are also women. High import duties become an additional barrier to participating in global value chains.

The government has also been active in areas like infrastructure and industrial policy which support the garment industry. India's recent infrastructure build-out has been impressive. The country is on track to build more national highways and rail lines between 2015 and 2025 than it did between 1950 and 2015. (Business Standard 2022) Seven "mega-integrated textile region and apparel parks" have also been announced with a government outlay of INR 4,400 Cr (\$0.5B) ("MITRA, PLI Scheme, NTTM Highlights of Indian Textile Sector in 2021" 2021). The union government is also engaging with industry through industrial policy. Corporate tax rates have been reduced from 35% to 25% (Subramanian and Felman 2022). Incentives worth INR 10,000 Cr (~\$1.2B) were announced for textile and garment manufacturers under a production-linked incentive scheme. The government is investing substantial money directly into infrastructure and manufacturers.

It is unclear whether spending big on incentives and

infrastructure can compensate for the core business challenges of higher input costs, higher entry tariffs in global markets and barriers to scale due to labor laws. Each of the three barriers could account for anywhere between 1-10% higher costs compared to competitors from Vietnam and Bangladesh. In low-margin industries like garments, these percentages add up quickly. In this context, it is debatable whether or not government spending through industrial incentives substitutes for poor unit economics and scale.

4: Four lead indicators for India finally becoming the world's garment factory

So far, this paper has argued that: firstly, garment exports are crucial for India's economic transition. Secondly, India has historically underperformed in this sector. Thirdly, the current government has shown strong intent to remedy this problem. Finally, policies do not always address the industry's core challenges. Together these factors make for an uncertain future for India's garment exports.

In this section, I present five indicators that could point towards progress in the Indian garment industry.

4.1: Implementation of new labor codes

As new labor laws are implemented, micro-enterprises will find it easier to scale operations into small and medium-sized enterprises. This will help Indian firms join global value chains more easily.

4.2: New free-trade agreements with regional blocks like EU, GCC

Between 2010-20, India did not sign any free trade agreements. That policy was reversed in 2021. An agreement was signed with Mauritius in April 2021, followed by the UAE in February 2022 and Australia in April 2022 (Palit 2022). Negotiations are underway with the United Kingdom and Canada. However, each of these represent piecemeal progress through bilateral agreements. India's negotiations with regional blocs

like the EU and GCC are of significance. If these can be signed between 2023-24, that will go a long way in India achieving its target of \$100B in textile exports by 2030 (Outlook India 2022).

4.3: Significant improvements on gender-related labor issues

Given poor female labor force participation rates in India compared to other Asian countries, any significant change in competitiveness - whether through policy interventions or on outcomes themselves - could signal a beneficial structural shift in India's labor endowment, which is crucial to performance in labor-intensive industries.

4.4: Maintaining or improving forex competitiveness

Until 2021 and for the majority of 2022, there was consensus among Indian economists that the Rupee should be allowed to depreciate (Times of India 2018). Devaluation in the Rupee typically makes exports more competitive as they are cheaper in international markets. In 2022, the Rupee depreciated ~10%. This may be sufficient to boost exports. In the coming years, the government should manage the capital account to maintain competitive exchange rates.

In summary, India has a long path ahead to transform the structure of its economy. Despite growth since 1980, it has not done enough to industrialize a large share of its economy. Its performance in the garment sector (compared to counterparts like Bangladesh and Vietnam) is emblematic of a larger problem. More structural policy reforms (e.g., labor reforms, free trade agreements, gender policies etc.) are needed to tap into the low-skilled manufacturing sector and create a more inclusive growth model. Just focusing on GDP growth figures masks the reality that India's economic transition hinges on a structural pivot from agriculture to manufacturing.

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THE POLITICS OF ENERGY TRANSITION: NUCLEAR POWER AND IDENTITY CONCERNS IN TAIWAN

BY BRIAN HIOE

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The energy debate in Taiwan is not based on a rational cost-benefit analysis of what type of energy would be most suitable for Taiwan. As with many other social issues in Taiwan, questions about political identification take precedence. This has implications for Taiwan's energy transition and its role in combatting climate change.

Consistent Positions on Nuclear Power in Taiwan

The primary political cleavage in Taiwan is between independence from and unification with China (Hsieh, 2002). Specifically, the major center-left party, the DPP, has historically been the pro-independence party in Taiwanese politics. By contrast, the major center-right party, the Kuomintang (KMT), has historically been pro-unification. The DPP has its origins in Taiwan's democracy movement, while the KMT ruled over Taiwan for decades during the authoritarian period as the sole ruling party under the leadership of Chiang Kai-shek and subsequently his son, Chiang Ching-kuo. One point worthy of analysis is the extent to which the parties' positions differ on issues that have no inherent relation to either unification or independence. One

significant case in point is the politics of Taiwan's energy transition.

At present, both parties have, to some extent, backed away from their historic positions on independence and unification. Each party has attempted to frame itself as in support of the status quo and its rival as either dangerously pro-independence or pro-Beijing (Nachman & Hioe, 2020). This divide has become an increasingly contentious issue after the rise of Xi Jinping, under which China saw significant deterioration of political freedoms.

President Tsai Ing-wen of the DPP has been in power since 2016, the year she won a landslide victory for her first term in the aftermath of the 2014 Sunflower Movement. The movement involved the youth-led occupation of the Taiwanese legislature in protest of a KMT-initiated trade agreement that was seen as bringing Taiwan both politically and economically closer to China. In a sense, her victory highlighted another central split between the two parties – that of identity. Since the DPP has historically been the party associated with a native Taiwanese identity while the KMT emphasizes the notion of broader Chinese identity, Tsai's victories point to a rising number of people identifying as Taiwanese rather than Chinese. Poll results of identity trends show that young people now overwhelmingly identify as Taiwanese and not Chinese. Those identifying simultaneously as both Taiwanese and Chinese are on

the decline as well (Chien & Chung, 2021). The makeup of the KMT's membership is a telling indicator of these trends: in November 2020, the KMT had less than 9,000 members under 40, though the party reports that recruitment among youth is up 40% since then (Hale, 2020).

Though the central issue that divides the parties continues to be that between independence versus unification, the two parties have traded places on positions depending on whether they are the ruling or opposition party.

In 2020, for instance, the DPP lifted barriers on imports of US pork, which has historically been a stumbling block to signing a bilateral trade agreement between the US and Taiwan. By removing this trade barrier, the DPP hoped to facilitate closer political and economic relations between the US and Taiwan to increase the economic incentive for the US to defend Taiwan against Chinese military threats (Taiwan Today, 2020). The lifting of trade barriers to US pork, however, has always been controversial. There are long-standing concerns in Taiwan about the food safety of US pork because it is treated with the growth hormone, ractopamine, the use of which is banned in 160 countries. Many are also worried about how the introduction of US pork might negatively impact Taiwan's domestic pork industry (Waksman, 2021).

The KMT took a strong stance against the DPP's move to lift import barriers on US pork, responding with acts of protest, including throwing pork offal and guts at Premier Su Tseng-chang in the legislature (Chen & Madjar, 2020). Ironically, the KMT was the party that had originally proposed lifting these restrictions under the Ma administration, while the DPP opposed the move at the time (Nachman & Hioe, 2021). The removal of trade barriers to US pork, then, is a policy on which the two major parties have traded positions.

Such policy reversals can also be seen on other issues. The KMT embraced a referendum in 2021 against a liquified natural gas (LNG) terminal planned

to be constructed off of the coast of the city of Taoyuan, in northwestern Taiwan. Ironically, the construction of this terminal was originally proposed under the KMT, while the DPP opposed its construction with the support of local environmentalists (Nachman & Hioe, 2021). This, too, is an issue on which the KMT and DPP have swapped positions. That both political parties proved willing to swap positions on issues ranging from the construction of an LNG terminal to imports of ractopamine-treated pork can be seen as matters of political convenience depending on whether the party is ruling or in the opposition.

But neither the DPP nor the KMT has swapped their positions on nuclear power. The DPP has been consistently opposed to nuclear power, while the KMT has consistently supported its use (Nachman & Hioe, 2021). In fact, the DPP has been so committed to its opposition to nuclear power that it was willing to take the political risk of continuing with goals to phase out nuclear power in spite of a successful KMT-organized referendum that removed legal provisions mandating that nuclear energy be phased out by 2025.

Both parties are committed to their historical stances on nuclear power even though nuclear energy is an issue that has no inherent link to independence or unification politics. Why is nuclear energy an issue in which both parties' positions have remained relatively consistent? The answer lies in the fact that the issue of nuclear energy remains firmly rooted in powerful identity concerns for both parties.

Pan-Blue Nuclear Advocacy and Confucian Moral Obligations

The term "pan-Blue" refers to parties generally aligned with pro-unification politics, with the KMT being the largest party in the pan-Blue camp. On the other hand, the "pan-Green camp" refers to parties broadly aligned with pro-Taiwan politics, of which the DPP is the largest party.

The contemporary anti-nuclear movement of the past decade in Taiwan is largely a post-Fukushima development. The catastrophic meltdown of the Fukushima Daiichi power plant in Japan after the 2011 Tohoku tsunami and earthquake led to a revitalization of the anti-nuclear movement (Chen, 2011). Like Japan, Taiwan also sees a significant degree of seismic activity. Many fear that Taiwan, a mostly mountainous island whose residents occupy limited habitable land in coastal regions, could see a similar disaster.

At the same time, nuclear energy has long been a contentious issue in Taiwan. Much concern in past decades has focused on nuclear waste disposal. Past controversies regarding nuclear waste disposal often surrounded local communities that have nuclear waste treatment and disposal facilities foisted upon them in spite of local opposition.

The most infamous example of the nuclear waste disposal debate relates to Orchid Island, whose residents are primarily indigenous. Plans to build nuclear waste disposal facilities on Orchid Island were approved in the 1970s when the KMT held power during the authoritarian period, but local residents were led to believe that the facilities were a canning facility that would bring jobs to the region (Qin & Chien, 2021). But the issue of where to put nuclear waste facilities has been recurring for local politicians. Voters punish political leaders that allow nuclear waste disposal facilities to be built near their homes by, for example, organizing protests against them.

There is, however, one caveat to this nuclear debate. Despite adherence to their respective positions on nuclear energy, the DPP and KMT have put forward positions on the Fukushima disaster that seem contrary to their historical stances on nuclear energy. This is because the disaster has become yoked with the Japan-Taiwan relationship, which receives greater support from the DPP than the KMT.

For the DPP, Japan, like the US, is perceived as a potential ally against the Chinese invasion. Hence, the

party has sought to advance stronger economic and political ties with Japan to increase the incentive for Japan to help defend Taiwan. The KMT, on the other hand, holds historical enmity toward Japan dating back to the Sino-Japanese War. It views Japanese colonialism of Taiwan with greater contempt than the DPP, which is more critical of the KMT's authoritarian rule than Japan's. (Lin, 2022)

In the years since the disaster, the Japanese government has sought to convince the public that nuclear energy and food imports from radiation-affected areas of Fukushima prefecture are safe. Successive administrations under the Liberal Democratic Party (LDP), Japan's largest conservative and longest-ruling party, have thus sought to promote food exports from Fukushima and tourism to Fukushima (Kingston, 2022). Similar to the lifting of barriers on US pork imports, the DPP eventually lifted barriers on food imports from Fukushima prefecture, too, risking blowback from the public in the process.

The DPP has supported the import of Fukushima goods even though it is, traditionally, the anti-nuclear party in Taiwanese politics. And the KMT, despite being pro-nuclear, has opposed this policy. It has criticized the Japanese government over discharges of 1.25 million tons of treated wastewater from Fukushima into the Pacific Ocean (Hsiao & Madjar, 2021). Interestingly, this argument is made concurrently with the assertion that the Japanese government's return to the use of nuclear energy after the Fukushima disaster is a sign that nuclear power plants are safe.

The KMT has taken an all-or-nothing approach to its commitment to nuclear energy. Of Taiwan's existing reactors, Gongliao Nuclear Reactor No. 4 has been especially controversial because of the many stops and starts to its construction process and its use of mixed parts (Citizens of the Earth, 2021). Some nuclear advocates in Taiwan have actually chosen not to advocate for the use of Reactor No. 4. Despite this

controversy, KMT nuclear advocates have called for the restart of the reactor for symbolic reasons. The restart of Nuclear Reactor No. 4 is perceived as a gesture toward broader restarts of other dormant reactors.

Nuclear advocacy in Taiwan has become associated with ideological hardliners in the pan-Blue camp. Huang Shih-hsiu, the leading KMT nuclear advocate and official convener of pro-nuclear referendums to date, was the former legislative assistant of Hung Hsiu-chu. (Chou, 2021) His position on independence and unification is similar to Hung, a one-time presidential candidate of the KMT for the 2016 elections (before being replaced), known for her dogged positions on unification. This includes proposing immediate unification with China, replacing the “one country, respective interpretations” aspect of the 1992 Consensus—the KMT’s preferred formula for conducting cross-strait relations—with what she refers to as “one country, same interpretation” (Hsiao & Shih, 2015). She has also made high-profile trips to China to attend the opening ceremonies of the Beijing Olympics and to Xinjiang to praise the Chinese government’s “anti-terrorism efforts.” (Focus Taiwan, 2022; Pan, 2022)

Pro-nuclear discourse from Huang and other pan-Blue advocates has a deeply moralistic register. In response to concerns about nuclear waste disposal, Huang proposed sharing the burden of waste disposal equally across Taiwanese society through each household taking on a plastic bottle of nuclear waste (Liao, 2021).

Otherwise, KMT politicians have also suggested that nuclear energy fueled Taiwan’s economic development. They imply that Taiwan has a moral obligation to perpetuate the use of nuclear energy due to its past contributions to Taiwan’s economy. In some ways, this discourse has taken on Confucian moralistic dimensions: by drawing implicit analogies between the nation and the family, the KMT suggests that Taiwan has both an individual and collective filial obligation to protect nuclear energy.

Pan-Green Opposition to Nuclear Energy: Democratic National Identity

The nuclear debate in Taiwan has taken on a dimension of nostalgia for its economic past, namely, Taiwan’s rapid economic growth between the 1960s and 1980s prior to its democratization. The KMT and DPP have different notions of national prosperity, which, in turn, stems from their differing conceptualizations of the nation.

The KMT’s nuclear advocacy revolves around a sense of moral obligation and commitment to a historical vision of national prosperity, attested to by comments from leading pro-nuclear advocates like Huang Shih-hsiu or former president Ma Ying-jeou (Kaufman, 2023). The period of KMT-led economic development in Taiwan has been framed in ways similar to discourse on the developmental state seen in other authoritarian free market economies. Since Taiwan’s democratization, the KMT has become increasingly reliant on nostalgia-driven calls for returning to this past era of the developmental state, promising that it can restore an era of economic prosperity through stronger trade ties with China. This played an instrumental part in the right-wing populist “Han wave” that led to Kaohsiung mayor Han Kuo-yu’s meteoric rise from obscurity to the KMT’s 2020 presidential candidate (Chiang, 2020).

The DPP’s anti-nuclear advocacy, too, has taken on a moral dimension. Among the most significant of anti-nuclear protests in the past decade was the protest of 50,000 outside of Taipei Main Station, following a hunger strike by democracy movement activist Lin Yi-hsiung, a prominent anti-nuclear activist and former DPP chair (Cole, 2014). Lin is a notable victim of the KMT’s authoritarian rule over Taiwan: unknown assailants killed Lin’s mother and daughter in 1980 while he was jailed, despite their house being under 24-hour surveillance at the time by state security forces. The killers were never found, leading many to conclude that the killers were state security forces

themselves (Cole, 2014). Lin is a living martyr of Taiwan's democracy movement, and his anti-nuclear advocacy has become intertwined with democratic values and standing up against KMT authoritarianism. These themes resonate with the DPP's identity as a party that emerged during Taiwan's democratization. The DPP has consistently framed its anti-nuclear advocacy as a project to establish a "nuclear-free homeland," a phrase ostensibly imbued with Taiwanese nationalism (Executive Yuan, 2016).

Indeed, anti-nuclear advocates in Taiwan have combined environmentalism with a strong sense of nationalism. Environmental groups generally align themselves closely with the pan-Green camp, expressing their nationalistic sentiment in the form of environmentalism. By calling for the defense of Taiwan's pristine native land, they are also advocating against industrial ravishment under a developmental state advocated for by the KMT.

For both the KMT and DPP, energy policy dovetails with nationalist concerns. Their differing stances on energy policy – as well as why both parties have remained consistent in their positions on nuclear energy despite frequent reversals on other issues – is rooted in the fundamental political cleavage between the two parties along the lines of national identity concerns and the independence versus unification split.

Conclusion

The deeply political nature of Taiwan's nuclear debate has implications for energy transition. For the KMT, nuclear energy evokes historical memories of economic development under the social order maintained during a period of authoritarianism, when the party was most powerful. It relates to its vision of national prosperity, dating back to the developmental state that it had established. The DPP, on the other hand, sees anti-nuclear advocacy as congruent with Taiwan's contemporary democratic values. That is, the anti-nuclear project symbolizes a push back against the

idea of the KMT's developmental state, and the defense of Taiwan's natural environment is analogous to the preservation of Taiwanese national identity. In other words, both parties have framed the issue of nuclear energy as a divisive identity contest. As Taiwan continues to reckon with the specter of its authoritarian past, these ideological positions appear irreconcilable at a time when a concerted effort on energy transition is required to fight the global climate crisis.

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TRANSITIONAL JUSTICE AS DIPLOMACY: A CASE STUDY ON TRUTH AND RECONCILIATION COMMISSIONS IN SOUTH KOREA

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Asia's Human Rights Crisis

On November 8th, 2021, Cambodian Prime Minister Hun Sen addressed the public for the first time after assuming the role of ASEAN's 2022 chair. In his remarks, Sen presented his agenda for ASEAN, highlighting a call for unity amidst geopolitical volatility. Sen concluded with an ominous promise: he would "do what it takes" to quell dissent.¹

Sen's warning was a reference to a dizzying trend of political protests that gripped Asia that year. In Thailand, protesters demanded Prime Minister Prayut Chan-o-cha's resignation and the reformation of the Thai monarchy after Chan-o-cha dissolved the Future Forward Party (FFP), an opposition party that advocated for progressive reforms that challenged the bureaucracy and military. Between 2019 and 2020, Hong Kong saw one of its largest protests in history when demonstrations erupted against the Fugitive Offenders Ordinance amendment bill, which would have eroded Hong Kong's political autonomy under "One Country, Two Systems" and given the Chinese

Communist Party greater control over the city. And at present, Myanmar is experiencing one of the deadliest and most violent crises in Asia in recent years, a conflict that erupted after a military junta deposed democratically elected members of the National League for Democracy. One United Nations expert suggests that Myanmar's military is responsible for over 2,000 civilian deaths, more than 14,000 arrests, and the displacement of over 700,000 people.²

How have political leaders and nations in Asia responded to recent political volatility? Some like Hun Sen have responded by doubling down on their control over political dissent and public discourse. Cambodia, for example, has placed restrictions on national television, radio stations, and press circulation. In February 2023, the Cambodian government shut down the "Voice of Democracy," an independent radio station that has criticized Hun Sen's policies in the past. These hardline responses have generated controversy.³ The United Nations, and especially the United States, has condemned the oppressive approaches that state leaders have adopted to quell domestic opposition and has instead called for multi- and bilateral efforts towards resolving political differences. At the 12th annual ASEAN-UN summit in November 2022, UN Secretary-General

¹ Luke Hunt, "As Chair of ASEAN, Hun Sen Warns of Crack down on Protesters," [thediplomat.com](https://thediplomat.com/2021/11/as-chair-of-asean-hun-sen-warns-of-crack-down-on-protesters/), November 8, 2021, <https://thediplomat.com/2021/11/as-chair-of-asean-hun-sen-warns-of-crack-down-on-protesters/>.

² "UN expert calls for Myanmar action as death toll tops 2,000," *Aljazeera*, June 23, 2022. <https://www.aljazeera.com/news/2022/6/23/un-expert-calls-for-myanmar-action-as-death-toll-tops-2000>

³ Mary Yang, "Cambodia's Hun Sen Shuttters Independent Radio Station Voice of Democracy," *NPR*, February 13, 2023, <https://www.npr.org/2023/02/13/1156522116/cambodia-hun-sen-shuttters-vod-independent-radio-station>.

Antonio Guterres urged all ASEAN countries to develop a “unified strategy” regarding Myanmar’s humanitarian situation.⁴ Likewise, in May 2022, US President Joe Biden asked South Korea to commit more heavily to the Quad initiative in the Indo-Pacific, adding implicit pressure on South Korea to be more vocal against China’s hegemonic overreach and human rights violations.⁵

While further analysis of these developments is warranted, a compelling trend is emerging: as solutions for political crises become increasingly transnational, all countries in Asia are facing renewed scrutiny of their political and human rights practices. In June 2022, Fabián Salvioli, UN Special Rapporteur on the promotion of truth, justice, and reparation, urged South Korean officials to ensure that “violations and the suffering of all victims are adequately investigated, acknowledged and commemorated.”⁶ Similarly, in Sri Lanka, the UN Human Rights Council (UNHRC) asked the government to “re-launch a comprehensive and victim-centered strategy on transitional justice and accountability” with regard to past and present human rights issues as a prerequisite to receiving international aid in November 2022.⁷

Truth and Reconciliation Commissions

Under growing scrutiny of human rights practices, many Asian countries have established Truth and Reconciliation Commissions (TRCs) to address their respective histories of repression. TRCs are state institutions that were first developed in Latin America in the 1980s. The purpose of these commissions is twofold. First, they aim to uncover past wrongdoings of the state and raise awareness of these histories to the

general public. They then seek to develop actionable plans to redress grievances at the individual level, such as through reparations or legal action, or through social measures such as education reform. A comprehensive and widely used definition of TRCs is as follows:

“A truth commission (1) is focused on the past, rather than in ongoing events; (2) investigates a pattern of events that took place over a period of time; (3) engages directly and broadly with the affected population, gathering information on their experiences; (4) is a temporary body, with the aim of concluding with a final report; and (5) is officially authorized or empowered by the state under review”⁸

TRCs have been used by Asian countries in the past, most notably by South Korea (between 2005 and 2010) and Thailand (between 2005 and 2006) to investigate human rights violations. In both cases, TRCs were developed as a response to intensifying public scrutiny and division on historical grievances. Since then, other countries have emulated their examples and established their respective TRCs.

Recently, many countries in Asia have either announced plans to establish TRCs or made plans to expand their operations. In December 2022, South Korea passed legislation to form a new TRC to investigate foreign adoptions during the Korean War.⁹ In August 2022, President Widodo of Indonesia proclaimed the creation of a new presidential team aimed at investigating human rights abuses by the Indonesian government with a special focus on the 1965 massacres of communist party members.¹⁰

Taiwan’s Transitional Justice Commission concluded investigations into the Kuomintang’s violence against the people of Taiwan between 1945 and 1992 – their project remains, however, incomplete due to lack of

⁵ Dongwoo Kim, “The Politics of South Korea’s ‘China Threat,’” *thediplomat.com*, April 5, 2021, <https://thediplomat.com/2021/04/the-politics-of-south-koreas-china-threat/>.

⁶ “Republic of Korea: UN Expert Calls for Comprehensive Transitional Justice Process to Address Longstanding Violations,” OHCHR, June 15, 2022.

⁷ “Sri Lanka under International Pressure to Act on Ethnic Reconciliation,” *NewsIn.Asia*, November 8, 2022.

⁸ Priscilla B Hayner, *Unspeakable Truths 2e: Transitional Justice and the Challenge of Truth Commissions*. Routledge, 2010, 12

⁹ Kim Tong-hyung, “South Korea’s Truth Commission to Probe Foreign Adoptions,” *AP NEWS* (Associated Press, December 8, 2022).

¹⁰ The Jakarta Post, “Truth, Reconciliation and Justice,” *The Jakarta Post*, accessed February 1, 2023.

cooperation from the Kuomintang to provide historical evidence.¹¹

Some observers celebrate Asia's renewed focus on human rights and accountability. Researcher Holly Guthery remarked that "truth commissions appear to have had some positive impact" in Asia, and world leaders and the UN have applauded efforts on human rights in Sri Lanka, Indonesia, and Nepal.¹²

Nonetheless, scholars have debated the efficacy of truth commissions. Onur Bakiner finds, for example, that TRCs "contribute to human rights accountability (judicial impact), and some promote impunity through amnesty," he also admits that the "magnitude of impact is small in each case."¹³ Are TRCs genuine attempts to resolve human rights issues? Or, are they imperfect measures aimed at easing public and diplomatic pressures? One may argue that a more comprehensive framework of TRCs is ultimately necessary to understand their true purpose and utility.

Two scholars, Ian and Jamie Rowen, have sought to answer these questions through their investigation of Taiwan's Truth and Reconciliation Commission in 2016. Interestingly, they suggest that Taiwan's creation of a TRC was precipitated by a motive other than reconciliation with human rights abuse – that is, to bolster its geopolitical strategy. In their research, Ian and Jamie Rowen argue that Taiwan used TRCs to reaffirm its national identity amid rising existential threats from China.¹⁴ In other words, Taiwan's TRCs were not only used for purposes of transitional justice but also established as an external apparatus to complement national security objectives.

As can be seen from the case of Taiwan, TRCs can have far-reaching implications for geopolitics. Drawing

inspiration from Taiwan's strategic use of TRCs, I argue that a general framework for TRCs can be created and applied to other countries. To create such a framework, I turn to South Korea. The value of studying South Korea lies in its rich history of TRCs. The recent creation of its second national TRC in 2022 can be placed in the context of the first TRC established in 2005-2010, in addition to several other truth initiatives such as the Jeju 4.3 Committee and the Presidential Truth Commission on Suspicious Deaths in 2000. Compared to other countries, South Korea has demonstrated a consistent pattern of incorporating TRCs into its political apparatus. South Korea has set precedents that help us understand ITRCs in other Asian countries that are less mature. This paper will first survey South Korea's past and current TRC institutions. In a subsequent discussion of South Korea's political uses of TRCs, I will produce a general framework for evaluating TRCs in Asia.

South Korea: A Model for TRCs?

South Korea's first Truth and Reconciliation Commission began operating in 2005 following the nation's rapid democratization in the latter half of the 20th century. The commission was tasked with investigating Korean atrocities from 1910 to 1987 – it would be "a tool for breaking open the politics of denial that have been maintained in South Korea for the past sixty years."¹⁵ The commission reviewed an astounding 11,175 applications and determined that 8,450 of the cases were authentic upon verification. In this regard, the South Korean TRC was a success. South Korea has been called a "leader in such initiatives in the Asia Pacific region." It created and

¹¹ Focus Taiwan - CNA English News, "Veteran Democracy Advocate to Lead Transitional Justice Work," Focus Taiwan (Focus Taiwan - CNA English News, March 27, 2018).

¹² Holly Guthery, "Forgetting Undermines the East Asian Peace," Global Asia, accessed February 1, 2023.

¹³ Onur Bakiner, "Truth commission impact: An assessment of how commissions influence politics and society," International Journal of Transitional Justice 8, no. 1 (2014): 6-30.

¹⁴ Ian Rowen and Jamie Rowen, "Taiwan's truth and reconciliation committee: The geopolitics of transitional justice in a contested state," International Journal of Transitional Justice 11, no. 1 (2017): 92-112.

¹⁵ Kim Dong-Choon, "Korea's Truth and Reconciliation Commission: An Overview and Assessment," Buff. Hum. Rts. L. Rev. 19 (2012): 97.

codified a framework from which grievances can be filed, reviewed, and published with recommendations for pathways toward redress.¹⁶

A critical evaluation of South Korea's first TRC provides a valuable understanding of the general utility of these commissions. Scholars generally agree that South Korea's first TRC provided recommendations that were enacted in a "slow and highly uneven" manner and that their policy prescriptions and path toward reconciliation have been vague and insufficient to provide full redress. Thus, South Korea's 2005 TRC, while unprecedented, is largely seen as unfinished work. On the other hand, scholars have also criticized the TRC, arguing that, while the commission was authorized to research and provide redress recommendations, none were binding by law.¹⁷ In fact, many of the TRC's recommendations were ultimately not passed as codified law, which is attributable to the acrimonious political climate against the TRC's work in 2008. Even today, legal battles are continually fought with regard to cases allegedly resolved through "acknowledgment and recommendation" by the first TRC.

It is within this rich yet controversial context that South Korea's most recent TRC was established in 2022. Already, this second commission is shrouded in controversy. If the work of South Korea's first TRC is considered unfinished, then what are the motivations for creating a new one? Rather than address the shortcomings of the first commission, which was dissolved in 2010, the South Korean government simply established another TRC with a framework that similar to that of its failed predecessor. Many have questioned whether this second commission is redundant, and critics have gone as far as describing the establishment

of the second TRC as a form of "political abuse" on the government's part.¹⁸

One of the second TRC's shortcomings is the limited range of issues on which it is focused. Critics have questioned the degree to which the South Korean government is willing to accept accountability for historical grievances. To clarify, we must return to the first South Korean TRC. Among many shortcomings, the first TRC suffered from a particularly glaring issue of transferring culpability from the South Korean government to foreign actors. It began by primarily investigating issues related to foreign criminal records, such as those conducted by Imperial Japan, the United States Military Government following partition in 1945, or American soldiers during the Korean War. Even when South Korea's government-led violence was considered, government officials sought to minimize state responsibility. President Roh Mu-hyun may have publicly apologized for the government's involvement in state-sponsored violence during and following the Korean War, but his acknowledgment was all that was expressed. Other prominent officials and governmental bodies, including the head of the KCIA intelligence service, the National Police Chief, and the Secretary of Defense, never acknowledged the wrongdoings of their institutions.¹⁹ Instead, the first TRC often emphasized topics that increased Korean nationalistic sentiment, focusing on stories related to national independence movements like Korean resistance to Japanese colonialism.²⁰ In so doing, the commission was accused of addressing specific political issues of interest instead of conducting an exhaustive and sincere probe of human rights violations that could have led to successful transitional justice.

¹⁶ Hadani Ditmars, Ross Longton, and Antoun Issa, "Truth Commissions in South Korea: Lessons Learned," Middle East Institute, March 13, 2018, <https://www.mei.edu/publications/truth-commissions-south-korea-lessons-learned>.

¹⁷ Kim Dong-Choon, "Korea's Truth and Reconciliation Commission: An Overview and Assessment", 101.

¹⁸ "Of Truth and Reconciliation," Korea JoongAng Daily, May 26, 2020.

¹⁹ Kim Dong-Choon, "Korea's Truth and Reconciliation Commission: An Overview and Assessment", 115.

²⁰ Ian Rowen and Jamie Rowen, "Taiwan's truth and reconciliation committee: The geopolitics of transitional justice in a contested state," *International Journal of Transitional Justice* 11, no. 1 (2017): 96

Today, the second TRC similarly faces an issue of selective recognition of human rights violations. A topic of interest that has never received formal TRC attention is South Korea's involvement in the Vietnam War. In 2018, two survivors of a massacre perpetrated by South Korean troops during the conflict, both named Nguyen Thi Tanh, succeeded in a citizen-led tribunal brought against the South Korean government. Reparations were ordered to be given to the survivors, and an official mandate to investigate South Korean war crimes was recommended (though these measures were non-binding). But the South Korean government responded by dismissing the Nguyen lawsuit and repeatedly "blocked access to relevant records" that detailed South Korean military conduct during the Vietnam War.²¹ The acknowledgment of state-sponsored crimes in certain cases, while selectively denying others, is ironic.

Another shortcoming of the second TRC is its scope. In South Korea, ongoing human rights controversies remain, especially in regards to gender equality. South Korea has faced criticism for its wide gender pay gap, gender-based crimes, and treatment of the LGBTQ community. Neglect of gender rights culminated in 2023, when the South Korean Justice Department canceled plans to revise its legal definition of rape to include non-consensual sex.²² Rather than addressing present issues, the government chose to create a TRC, which, according to Priscilla Hayner, focuses on the past rather than on ongoing human rights concerns. From this perspective, South Korea's establishment of the second TRC points to a fractured approach to resolving modern human rights issues: gender equality is a contemporary subject but TRCs focus on

reconciliation with the past. How can the South Korean government both acknowledge the history of state-led gender violence while remaining hesitant to make even minuscule steps toward addressing current concerns about gender equality?

South Korea's TRCs do not operate solely to reconcile its human rights records. Rather, they seek to use South Korea's human rights record to polish its image for an external audience. In 2006, Lee Young Jo, one of three standing commissioners of the first TRC exclaimed: "If all investigations are properly conducted, Korea can be born as a model country for human rights."²³ The quote reveals an outward-facing goal, far beyond a simple need to "accommodate the urgent needs of survivors and victims' families," that the commission claims.²⁴ Therefore, the South Korean TRC's accomplishments are not only directed to a domestic audience, but also provide South Korea with an opportunity to broadcast their efforts to the world. Indeed, the South Korea TRC also serves, quite explicitly, as a public relations campaign. In a three-year report of the TRC's activities compiled by the commission in 2008, a section on "Truth-finding and reconciliation efforts through international cooperation" is featured under "Major Accomplishments." In it, the report explicitly outlines "positive public awareness and consensus on its activities as an explicit goal. It even outlines the specific foreign press outlets the TRC targets: "special articles were prepared for major foreign press outlets such as ABC, AFP, AP, BBC, International Herald Tribune, Japan Focus, The New York Times, NHK, The Observers, South China Morning Post, Süddeutsche Zeitung, and the Sydney Morning Herald." ²⁵

²¹ Andre Kwok and Nathaneal Kwon, "Politics of Denial: South Korean War Crimes in Vietnam," New Mandala, May 13, 2022, <https://www.newmandala.org/politics-of-denial-south-korean-war-crimes-in-vietnam/>.

²² Susanné Bergsten, "South Korea Cancels Plans to Update Definition of Rape," Human Rights Watch, February 1, 2023, <https://www.hrw.org/news/2023/02/01/south-korea-cancels-plans-update-definition-rape>.

²³ Donald Kirk, "Korea's Bid for Truth and Reconciliation," The Christian Science Monitor (The Christian Science Monitor, March 3, 2006), <https://www.csmonitor.com/2006/0303/p25s01-woap.html>.

²⁴ This mission statement is posted on the official South Korean Truth and Reconciliation Commission website located here: <https://www.jinsil.go.kr/fnt/bbm/bbs/selectBoardArticleView.do?nttId=22949>

²⁵ Truth and Reconciliation Commission. "Truth and Reconciliation: Activities of the Past Three Years." Seoul: Truth and Reconciliation Commission, Republic of Korea), date accessed February 12 (2005): 2010, 110

The report reveals that the first TRC had a targeted public relations strategy to share the Commission's findings with the world to generate "positive public awareness."

A question then arises: why did South Korea need positive public awareness?

Contextualizing the first TRC within South Korean politics at the time may provide some insight. Two key developments are of interest. First, in the 1990s, Japan-South Korea relations worsened after the Japanese government denied responsibility for Korea's comfort women, a euphemism for sex slaves utilized by the Japanese colonial powers during World War II. Second, in the early 2000s, South Korea was criticized for its leniency toward North Korea in human rights issues under President Kim Dae Jung's Sunshine Policy, a South Korean foreign policy that takes a more accommodating and reconciliatory stance toward North Korea in hopes of ameliorating their relationship. In both cases, the TRC provided reinforcement for South Korea's broader geopolitical strategies. The TRC committee's investigation into Imperial Japan's war crimes provided further legitimacy to South Korea's grievances against the Japanese government. In addition, the TRC's existence and mandate assured international critics that South Korea was deeply committed and interested in rectifying human rights in light of its apathetic reaction to North Korean human rights abuses. As mentioned previously, the first TRC not only investigated crimes, but also celebrated Korean national history. By establishing a narrative that promoted Korean nationalism and broke from the country's colonial history, the first TRC was effective in creating a strong state identity useful in its conduct of foreign affairs.

This argument is further bolstered by studying the dissolution of the first TRC in 2008. One of the first

policy proposals of conservative president-elect Lee Myung Bak was "dimming" the Sunshine Policy to establish a more assertive posture toward North Korea. Alongside this decision, Lee also expressed a desire to shut down the TRC, an institution perceived to be a vehicle for soft power that conservatives found unnecessary with their strong international resolve.²⁶ Without a reconciliatory policy towards North Korea, the conservative party saw no need for a TRC.

The political see-saw for and against the TRC in South Korea is evidence that it has political significance beyond reconciling with historical grievances and past human rights abuse.

Instead, TRCs also serve as geopolitical tools that further diplomatic objectives. In 2008, South Korea's first TRC chief visited Chile to sign a memorandum of understanding (MOU) with Chilean Foreign Minister Alejandro Foxley to mutually recognize both countries' histories under periods of oppression and authoritarianism. In a fascinating diplomatic move, South Korea was able to strengthen Chilean-Korean relations through a shared history of authoritarian repression. Later that year, the TRC hosted a public lecture at the Commission headquarters with the Spanish Ministry of the Presidency, which discussed victims of the Francoist dictatorship. The lecture featuring Professor Jose Alvarez Junco, Director of the Center for Political and Constitutional Studies, examined the Spanish government's redress system for victims of Francoist Spain, providing insight into how South Korea could adopt similar measures for its own TRC. Similar to Chile, South Korea's TRC was able to make inroads in its relationship with Spain utilizing history as common ground.²⁷

South Korea's second TRC also appears to have diplomatic utility. The new focus on adoptees has created a scenario where TRCs have become a

²⁶ Choe Sang-hun, "South Korea's Sunshine Policy Dims," *The New York Times* (The New York Times, January 17, 2008), <https://www.nytimes.com/2008/01/17/world/asia/17korea.html?auth=login-google1tap&login=google1tap>

²⁷ Truth and Reconciliation Commission. "Truth and Reconciliation: Activities of the Past Three Years." Seoul: Truth and Reconciliation Commission, Republic of Korea, date accessed February 12 (2005): 2010, 111.

multilateral instrument to build international relationships. Most recently in 2023, the Danish government announced its commitment to work with the South Korean government to investigate South Korean adoptees that reside in Denmark.²⁸

Just like in the early 2000s, South Korea is again facing pressure to address human rights issues outside its borders. President Moon Jae In, whose liberal National Assembly passed the second TRC legislation, faced fierce pushback for his tepid stance on continued North Korean human rights abuses. In addition, South Korea has faced criticism for its silence on China's human rights crises and coercion of Taiwan. The second TRC can be carefully juxtaposed against this international climate. In his statement regarding the second TRC legislation in 2020, Moon called it a "genuine path for national unity."²⁹ Like in 2005, the second TRC has the potential to become a policy tool to assuage pressures from the international community to respond to human rights issues outside of South Korea.

Currently, with the arrival of conservative president Yoon Suk Yeol, the future direction of the second TRC is again unclear. In February 2023, Yoon's nomination of Professor Lee Jae-Bong to the commission's committee caused a walkout by liberal members of the body. As part of the Ulsan University Education Department, Lee has notably critiqued "leftist distortion" in South Korean educational institutions that have worked to "delegitimize the Republic of Korea."³⁰ Furthermore, Lee has been accused of distorting historical facts in his research, confirming the suspicion that Yoon Suk Yeol was opposed to the TRC's original mandate.³¹

Implications for Truth and Reconciliation in Asia

South Korea's TRC framework demonstrates that Truth and Reconciliation Commissions can go far beyond their initial intentions to provide redress for victims. Rather, they also provide value as a strategic tool. While it may be fallacious to claim that all TRCs across Asia will also be used for geopolitical or diplomatic purposes, it is clear that TRCs operate in an increasingly transnational web of international affairs.

Each TRC is a distinct institution, but there is value in the joint study of different commissions through a comparative lens. By using the South Korean model and comparing it to those of newly established TRCs, one can strengthen the framework used to evaluate these institutions. Do TRCs represent an authentic shift towards transitional justice practices in Asia? Or are they part of countries' broader national geopolitical strategies? As more countries in Asia consider transitional justice initiatives as a response to political instability, these are vital questions to keep in mind.

²⁸ "Denmark Will Investigate Adoptions from South Korea!," January 10, 2023. Danish Korean Rights Group. <https://danishkorean.dk/press>.

²⁹ "Presidential Speeches: Korea.net : The Official Website of the Republic of Korea," Korea.net, accessed March 9, 2023, <https://www.korea.net/Government/Briefing-Room/Presidential-Speeches/view?articleId=185765>.

³⁰ "野 '이제부 부결 당연' 당위성 강조... '국회가 바로 잡아,'" 공감언론뉴스, February 24, 2023, https://mobile.newsis.com/view.html?ar_id=NISX20230224_0002205748#_PA.

³¹ 김연정, "與추천 진실화해위원 부결에 본회의 파행... 법안 47건 처리 무산(종합)," 연합뉴스 (김연정, February 24, 2023), <https://www.yna.co.kr/view/AKR20230224114251001>.

AMERICAN DIPLOMACY AND CHINA: PAST, PRESENT, AND FUTURE

AN INTERVIEW WITH AMBASSADOR (RET.)

JAMES F. MORIARTY

BY SEAMUS BOYLE

Ambassador (ret.) James F. Moriarty served in the United States State Department for 36 years, including postings in Beijing and Taipei as a Minister-Counselor and Director of Political Affairs, and as the US Ambassador to Nepal (2004-2007) and Bangladesh (2008-2011). He served as Special Assistant to the President and Senior Director for Asia at the US National Security Council from 2002 to 2004. From October 2016 to March 2023, Ambassador Moriarty served as Chairman of the Board of Trustees of the American Institute in Taiwan (AIT). Ambassador Moriarty has decades of experience at the highest levels with US-China-Taiwan affairs, has guided the US response to crises on multiple continents, and speaks Mandarin, Nepali, Urdu, French, and Bangla.



Seamus Boyle: Ambassador Moriarty, thank you for speaking to the APAC Journal today, and congratulations on the conclusion of an incredible career at AIT and the start of your retirement. During your time as a diplomat, ambassador, Special Assistant to the President, Director for China and Asia at the National Security Council, and more, you oversaw some of the most tense moments in the history of US-China relations. You were in Beijing in Tiananmen Square when the government announced martial law, helped form the US response to the 1996 Taiwan Strait Crisis and the Hainan Island incident in 2001, and helped defuse tensions with Beijing following the accidental bombing of the Chinese embassy in Belgrade in 1999. How do you feel about the popular sentiment that US-China relations are in the worst state since the establishment of diplomatic ties in 1979, and how

would you characterize the current quality of US-China relations in the context of your career?

Ambassador James F. Moriarty: In some ways ties today are probably worse than those low points, including after Tiananmen. In the aftermath of Tiananmen, everyone was absolutely appalled at what the Chinese had done, so the government realized very quickly that not only did they have to figure out how to keep the lid on their domestic population, but they also had to repair the damage that the massacre had done to their external relations. That's a theme I would say I saw in the other incidents you mentioned, the [Third] Taiwan Strait Crisis, the bombing of the embassy in Belgrade, the EP-3 incident, in all of those cases, you could feel the Chinese wanted to find a way out, and were going to change direction to some

degree to make that path out possible. I'm not sure that's there anymore.

We're now dealing with a very different China than the China of those four incidents. At those points China was unsure of its own relative power, but in the interim, the Chinese economy has grown, its military power has grown tremendously, and I think we're dealing with a China that really does want to change the way the world works. This is not a China that wants to rush back to the status quo ante of peaceful engagement and accommodating outside powers in any way. So yes, the relationship is as bad as it's ever been since the establishment of relations, and I'm not sure I see how it's going to get better in the near future.

SB: Of the East Asian crises you navigated in your career, which would you say posed the greatest challenge, and what lessons do you believe might be helpful for today's State Department to stop US-China tensions from rising to new heights?

JM: The one that had folks the most nervous initially was the bombing of the embassy in Belgrade, because it was our mistake, it was obviously our own fault, and we then had to sit down and negotiate about it. I got locked in the embassy [in Beijing] for five days after the bombing and there were protestors throwing rocks, ink, even a couple of Molotov cocktails. Of course, we recognized we were at fault, but it wasn't until they burned the [US] Consul General's residence in Chengdu that everyone realized that we had to sit down and stop things from worsening. We were very nervous at the start, but when that happened, the Chinese got very nervous as well.

The lessons that we learned from the [1996] missile crisis were that we be consistent, we show support for Taiwan, we deploy aircraft carriers in the neighborhood, and we meet with Chinese leaders to communicate that we don't want things to spin out of control. I don't believe that would necessarily work under the current

situation, unless the Chinese became convinced that we were strong enough and had the intention to back up any mentions of economic or military power against them. The tensions are going to rise, largely because the Chinese aren't giving us any room to compromise, everything in their messaging is now "you have to change what you're doing", and that includes matters which are vital to US interests. Until we get to a point where the Chinese feel it is overwhelmingly in their interests for tensions to decrease, I do not think they will decrease.

Back then, we were dealing with a less confident and, frankly, a much less aggressive China. Today, we need to be building up deterrence, both diplomatically and in terms of the military, that is the lesson for today's China. The lessons that I learned from the old China... I don't think they apply.

"Until we get to a point where the Chinese feel it is overwhelmingly in their interests for tensions to decrease, I do not think they will decrease."

SB: Since the beginning of the war in Ukraine, we've witnessed some American decision-makers sharpen their attitudes on Taiwan, with some suggesting that a major troop deployment be sent to Taiwan, that the US should reestablish diplomatic ties, and even that core tenets of US policy in the Taiwan Strait, such as the One China Policy, should be scrapped. How do you view the idea that the US should depart from the commitments which you upheld as Chairman of AIT?

JM: First of all, we have always threaded a needle with China on Taiwan policy, which is why when we established relations with the PRC we followed it up with the Taiwan Relations Act, which gave us a basis to continue selling arms to Taiwan, as well as clarifying that a Chinese attempt to conquer Taiwan would be hugely against US interests, and that we would have to

respond somehow were that to occur. That's the compromise we worked out amongst ourselves in the US with respect to relations with Taiwan after we established diplomatic relations with China, and I would argue that these continue to be the guardrails with China today. The argument that we should reestablish ties, and inherently scrap the One China Policy is just too dangerous, we would in doing so presumably be forcing Xi to act in a way that we would not like, and that Taiwan would not like. We can't predict exactly what would happen, but we know it would be horrible for the US, Taiwan, and China as well.

"...On the diplomacy front, China is losing some key engagements with respect to Asia and Europe"

That's why I argue instead that we have to work on deterrence. Is the military as strong as it was relative to the PLA in the 1990s? Obviously not, they've been increasing their military budget 10% annually since the 1990s, and are still increasing it as a percentage of their GDP pretty rapidly. In terms of diplomacy, I would argue that the war in Ukraine as you cited, plus China's sheer aggressiveness in many fields, be it on the border, the South China Sea, whether it be punishing Lithuania for saying things about Taiwan or punishing the EU... on the diplomacy front, China is losing some key engagements with respect to Asia and Europe.

Attitudes have soured badly, to the point where you have the French and the Germans and the EU as a whole all calling for peace and stability in the Taiwan Strait! In Japan, we've seen a doubling of the military budget, in the Philippines, all of a sudden the US is being allowed military access to new areas, so diplomatically they're seeing some pretty strong self-inflicted setbacks. But on the matter of abandoning the One China Policy, we need to continue to say that the core, if you really look at it, is that we do not support any unilateral attempts to change the status quo in the Taiwan Strait.

SB: Looking ahead to Taiwan's 2024 presidential election, as candidates from the two main parties, the Democratic Progressive Party (民進黨, DPP) and the Kuomintang (國民黨, KMT) square off, what advice would you give to an incoming Taiwanese president from either party looking to formulate their policy for cross-Strait relations and US-Taiwan relations?

JM: I think that the voters of Taiwan actually give the best piece of advice, and that's to 維持現狀, maintain the status quo. In the 1990s when I was there as political chief and they did polls on this, about 85% of the people were saying 維持現狀, and they would say that because even though underneath, many supported independence or progress towards unification, basically everyone realized that the middle was where safety for Taiwan lay, and still lies today. Even in the polls today, if you ask "what should we be doing in the immediate future," 維持現狀 still comes up over 80%. Obviously far more people support independence today than they did back in the 1990s, but almost everyone who supports independence knows it is just way too dangerous to do today. Frankly, the number of people who support unification has declined significantly, and that's because the vast, vast majority believe that unification with the mainland is unthinkable, particularly after what's happened in Hong Kong.

So I would say listen to your voters, stay on that middle path. There will be pressure coming from the mainland as the election gets closer, and ideally there would be dialogue, but it's not likely that the mainland will offer any kind of substantive dialogue with the DPP. A KMT president would probably have room to talk to the mainland, but neither party will talk to them about anything resembling unification, and even under Taiwan law it's now almost impossible. There was a law passed in 2019 by the 立法院 (Legislative Yuan), which says that for there to be political talks with mainland China, three quarters of the legislature

has to approve those talks ahead of time. If those talks lead to any results, three-quarters of the legislature has to approve passing those results on to a national referendum, which then itself has to pass. That's three impossible hurdles, you're never going to get three quarters of the legislature to say "Okay, sure, go and talk to them. Talks with the 1992 Consensus as a precondition, even though the CCP has tied it directly to 'One Country, Two Systems'? Sure, let's see what Beijing has to say."

We've always said and believed that talking across the Strait is good for all, and we would like to see more of it. I do think, given the legislative constraints, and the wisdom and practicality of the Taiwanese people, that any party coming to power will be appropriately cautious about contacts with the mainland. We wouldn't mind if there's dialogue, and we do worry that we would see more pressure almost immediately on a new DPP government, and eventually on a KMT government. One point I want to make is that the biggest change that I've seen is that I think the mainland has unfortunately gone beyond 反獨, opposing independence, and are now favoring 促統, progressing toward unification. That's what they're talking about now, even though it's under the guise of anti-separatism.

I don't believe they really feel that Tsai Ing-wen (蔡英文) or even Lai Ching-te (賴清德) if he gets elected, are going to declare independence, because they've already said that they don't have to, Taiwan is already de facto independent. So it's really about getting Taiwan to move toward unification. That's what I think the mainland's goal is now. On that question, what you see is Xi Jinping having painted himself into a corner by saying that he has to make that progress.

SB: Since the US-China crises you helped defuse in the 1990s and early 2000s, the most obvious variable that has changed is the PLA, which, as you mentioned earlier, has modernized at an astounding rate.

Considering this, how has US engagement with China changed as its military might has grown over the years?

JM: I was in Beijing when the exponential growth in the military budget started. If you remember, the military was number four, dead last on the list of the four modernizations that Deng Xiaoping said were necessary for the development of China, and its budgets were basically stagnant in the 1980s. It's also important to note why this massive budget growth started. A lot of experts will say it was the US's invasion of Iraq that was this huge "come to Jesus" moment for the Chinese, and they feared they were far, far behind.

I will point out that if you look at exactly where the money in the budget increases went in the early 1990s, it was a reward for the PLA going in to massacre people in Tiananmen Square. If you talk about the impact of PLA growth on diplomacy and crises, the 1996 missile crisis is a prime example, it occurred precisely because the PLA had developed capabilities they didn't have in the '80s to threaten Taiwan with missiles.

"...It's not so much [China's] growth of military might but their willingness to threaten to use it that has worried the US increasingly."

As the PLA has grown more confident, it's become more and more difficult to engage with the CCP. It was always difficult to talk to them about military matters, but now they have far more hubris. Previously, they would be all about trying to hide their lack of capability in certain areas, but now that their capabilities have grown, it's not so much their growth of military might but their willingness to threaten to use it that has worried the US increasingly. We have stern interactions with them over Taiwan, over the South China Sea, where the international tribunals have found in favor of the Philippines, and their

building of artificial islands, which they promised us they would not do then went ahead and did very quickly. So there's much more suspicion now with regard to China's military intent, but we have relatively few avenues to discuss that with China.

SB: In addition to your work on China and Taiwan, you served as US Ambassador to Nepal and Bangladesh. Given that the war in Ukraine has highlighted South Asia's desire to remain neutral on matters which they perceive to be outside their interests, what role do you see a non-aligned South Asia playing in great power competition between the US and China? Will there be a fight for the favor of major economies like India in coming years?

JM: First of all, we have to be cognizant of the divides within South Asia. India and Pakistan are likely to go separate ways on international issues, Bangladesh and Nepal are two places which prefer to keep their heads down and their doors open. Nepal has changed in recent years from being closer to India to, now, China gaining more influence. The big question of course is India, which has an economy which dwarfs that of its neighbors just because of its sheer size, and is not only quietly a nuclear armed power, but has a more competent military than any of its neighbors.

"... The two sides do not like each other and do not trust each other, and I can't believe that anything China is going to do in the near future is going to change that."

India has an inherent suspicion of China caused by the war in the early 1960s, but more importantly the fact that the war left huge sections of the Sino-Indian border undefined. In the Indian view, China is constantly encroaching on that border, leading to that big flare-up with 20 or 30 Chinese and Indians being killed along that border two years ago.

That is why India is not only participating in the Quad, but is exploring much closer relations with powers like Japan and Australia on the military front, and frankly has been working more closely with us as well. I don't see that changing, because of the huge suspicion of China. I served in China and I've worked a lot in India and its neighboring countries, and the two sides do not like each other and do not trust each other, and I can't believe that anything China is going to do in the near future is going to change that.

For the others, I would say Pakistan is pretty firmly in the Chinese camp, but there's friction arising because of the serious economic problems that Pakistan is facing, as well as the fact that the China-Pakistan Economic Corridor (CPEC) hasn't turned out the results that they would like, their restructuring of debt with China hasn't occurred as they would like, but overall it's a solid relationship. Bangladesh and Nepal, I don't think either will want to come down firmly in either camp.

China also frankly sees India not as a potential ally but as a competitor, I think we in the US fail to recognize that India will always do what it perceives India's interests to be, and India's interests have historically been tied closely to Russia, who provides it fairly modern weapons, will support it vis-a-vis Pakistan, and post-Ukraine is a supplier of very cheap fuel. With respect to the US and China, India will do what it can to stop China from making progress in South Asia and protect its own interests, and those interests will inevitably overlap more with the US' than with China's.

SB: During your 36 years with the State Department, you saw many Chinese leaders come and go. The current general-secretary of the CCP, Xi Jinping, began an unprecedented third term at the start of March, and appointed his allies to prominent roles, consolidating his power. Do you see China deviating from the course and the goals that Xi has set any time

in the near future? Do you consider there to be any credible threats to his rule on the horizon?

JM: [Laughs] The second question is the easiest: no, not right now. There is no threat to his rule. If you want one of the factors in my pessimism, it's precisely because, as you said, he has consolidated his power to such an extreme degree. I've lived and worked under a number of one-man or one-woman systems, and usually the people around those leaders tell them what they want to hear. So it means that the flow of information to a leader like Xi Jinping... we don't know what information is getting to him, it's likely reinforcing his brilliance and the correctness of his policies. We do not know how he weighs various issues at any one time.

Economic issues are obviously big right now, that's why we see Li Qiang, the new premiere, going on a world tour saying "China is open for business, we're going to continue 改革開放 (reform and opening up)," a slogan from the past that has been resurrected after years because the Chinese leadership recognizes the need to jumpstart the economy. Do I see China deviating from the course and the goals that Xi Jinping sets? No. But I do see Xi's goals themselves as potentially changing.

I would say this year there is much more emphasis on economic outreach to the outside world while not abandoning the core economic goals of domestic self-sustainability and reducing reliance on foreign countries with respect to core advanced industries. His goals can change over time, but the challenge is getting Xi himself to decide to change his goals, and recognizing that the economic cost of what is happening is too great, the diplomatic isolation is too great, just accumulating enough facts to get through to him about how his current course of actions threatens his country's future.

SB: He won't have his mind changed for him, but there's still the potential for him to act on new info?

JM: Exactly, and I really cannot stress enough how much easier it was post-Tiananmen, after the embassy in Belgrade, post-Hainan incident, post-missile crisis, to see alternative views percolating up through the Chinese leadership, which in all cases was a genuinely collective leadership. Even in the case of Tiananmen, Deng Xiaoping was not a one-man ruler, he had to work with his leadership. But particularly with Jiang [Zemin] and Hu [Jintao], you had a leadership which had between seven and nine people, all of whom were by themselves fairly powerful, all of whom had their own alternative sources of information.

It's very difficult to see that happening now, to see alternative information getting up to Xi. As we've seen, once he decides that the partnership with Russia is absolutely vital, it's impossible to change his mind.

"We are in a difficult transition period where many people will say 'this engagement is just too much to sustain', and my answer to that has to be: no, it's not. It's what's necessary."

SB: The theme of our journal this year is "Asia in Transition", and many of my questions today have revolved around one form of change or another. To conclude, could you share an element of US policy in Asia that you hope does not change in the future?

JM: For me, the most vital thing is the recognition, that is unspoken in many cases but not in the Taiwan Relations Act, that the United States is and must remain a Pacific power, and an Asian power. I believe that will continue to be the case. But there are some folks who ask if we are overextending ourselves by taking on China on top of the war in Ukraine. As costs increase, the temptation is to say "actually, how much do either of these places matter to us?" but I urge everyone to resist that.

I often quote Mark Twain, saying “history doesn’t repeat itself, but it often rhymes.” Frankly, in many ways, this decade reminds me far too much of the 1930s. Not that I was alive then, I have to say! [laughs] But I am a student of history, and economic problems throughout the West, populism of various kinds arising, authoritarians of all kinds on the march, saying “if we can conquer it, it’s ours,” and many democracies feeling like they don’t want to go down this road again. In America we had America First, and I hope people recognize that we cannot retreat from Asia, too much of our future is tied up there. I recommend that everyone read a book called *By More Than Providence* by my former colleague at the NSC and recovering Georgetown professor Michael Green, it essentially examines US engagement in the Pacific and Asia since before the birth of our republic. We had merchants from Massachusetts, my home state, going out to Canton before we even signed the Constitution.

When we get Asia right is when we stay engaged, when we realize that free passage through the first island chain is vital to protect our interests throughout Asia. When we get it tragically wrong is when we get too involved on the continent itself or we fail to recognize that access from Korea through Japan through to that little island we used to live on, through the Philippines and Indonesia is critical. That’s what China is trying to take away from us, now, and looking to see if they can advance into the Western Pacific. I think it’s something that’s critically important as we look around us, because Asia is changing, and a lot of that change is good for the US, good for democracy. But we are in a difficult transition period where many people will say “this engagement is just too much to sustain”, and my answer to that has to be: no, it’s not.

It’s what’s necessary.





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