

***Dividing ASEAN and Conquering the South China Sea: China's Financial Power Projection.* By Daniel C. O'Neill. Hong Kong: Hong Kong University Press, 2018. Hardcover: 261pp.**

The title of Daniel C. O'Neill's book, *Dividing ASEAN and Conquering the South China Sea: China's Financial Power Projection*, is probably out of order. Those looking for a work on the South China Sea might at first be disappointed, but O'Neill's analysis is well worth the time of anyone interested in China's pursuit of power, both in Asia and around the world. The author builds a compelling academic argument for something that many Southeast Asia watchers probably already know in their bones, but for which they might lack an analytical framework: that Beijing uses its financial assistance to buy influence and divide the region. That is what the book is about, and O'Neill could have just as effectively made his case on the cover by highlighting Taiwan, Xinjiang or the United Nations Security Council; indeed, he does so throughout the volume.

O'Neill's argument will not come as a surprise to most, but how he frames and tests it is elegant. He maintains that as an independent variable, Chinese economic assistance to a given state, mainly in the form of loans and investment by state-owned enterprises, is correlated to Chinese influence in that country through the intervening variables of regime type and level of development. Put simply, China can more effectively buy influence in poorer more authoritarian regimes than it can in wealthier more democratic ones. This is because authoritarian rulers rely on a smaller pool of supporters, what O'Neill calls the "ruling coalition" or "selectorate", to remain in power. Authoritarian leaders can use Beijing's economic assistance to disburse rents to that small group while ignoring any opposition to Chinese investments or loans from the wider public. That is not the case in more democratic states where the "ruling coalition" is a much larger segment of the population, and civil society, the media and other branches of government can more effectively express grievances.

To make his case, O'Neill examines the very different stories of Chinese investment and loans in authoritarian Cambodia, the more democratic Philippines, and Myanmar, where there was a clear change in regime type in recent years. These three case studies are where the work really shines, and readers will be hard-pressed to argue with the author's conclusion that, while not deterministic,

regime type and development level are strongly correlated to the effectiveness of China's ability to leverage economic assistance for political gain. It is also hard to deny that Beijing knows what it is doing when it comes to buying off authoritarian states (and much less so in its clumsy efforts to influence democracies). O'Neill points out that no other extant theory can explain the enormous levels of Chinese foreign direct investment in otherwise inhospitable environments like Cambodia and Laos, where Chinese investment amounts to a jaw-dropping 3.3 and 6.9 per cent of overall GDP, respectively.

The positions countries take on the South China Sea are a useful measurement for O'Neill's dependent variable of Chinese influence and the choice is entirely understandable. The topic is undoubtedly timely and the stories of Cambodian intransigence at the 45th ASEAN Ministerial Meeting in 2012 and the former Philippine government's pursuit of its claims under the United Nations Convention on the Law of the Sea will be familiar to most readers. But the book's opening chapters, covering the background information on the maritime disputes, are its weakest and could present an impediment to some readers. Close watchers of the South China Sea will notice a number of mistakes, some minor and some less so. A map near the beginning of the book inaccurately depicts the claims of most of the Southeast Asian parties (p. 6), the author repeatedly conflates "maritime territorial claims" as one and the same thing (p. 52), miscounts the number of features occupied by Malaysia (p. 54), and falsely states that Indonesia's maritime claims do not overlap with the nine-dash line (p. 58), among other inaccuracies.

The omissions are just as telling. In discussing China's claims there is no mention of "historic rights" and almost nothing about the "nine-dash line". A large section on Southeast Asian states' history of maritime dispute resolutions offers a survey of claims in the Gulf of Thailand but leaves out examples that actually occurred in the South China Sea, such as the China–Vietnam agreement in the Gulf of Tonkin, the Vietnam–Malaysia joint continental shelf submission, the Malaysia–Brunei joint development scheme and Indonesia's continental shelf delimitations with both Malaysia and Vietnam. These errors and omissions will prove frustrating for close watchers of the South China Sea, but they do not take away from O'Neill's broader argument about Chinese financial power projection, which dominates the latter four-fifths of the book.

While the analysis rests mainly on three case studies, O'Neill's argument appears universal in explaining China's weaponization of financial assistance for political gain. In fact, the final chapter of the book includes a brief examination of cases in Latin America that seem to fit the pattern. Since the book was published, events have reinforced the author's conclusions. Elections in Malaysia, the Maldives and Sri Lanka have led to exactly the backlashes against Chinese investments that O'Neill predicted, while democratic backsliding in Myanmar and the Philippines have coincided with a new but easily reversible openness to Chinese economic assistance. And despite some shaky analysis on the South China Sea itself, it is hard to argue with O'Neill's conclusion that "as long as ASEAN includes authoritarian regimes, China's influence will inhibit ASEAN collective action on the South China Sea disputes" (pp. 231–32).

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GREGORY B. POLING is Director of the Asia Maritime Transparency Initiative and a Fellow with the Southeast Asia Program at the Center for Strategic and International Studies in Washington, D.C. Postal address: 1616 Rhode Island Ave., NW, Washington, D.C., 20036, United States; email: [gpoling@csis.org](mailto:gpoling@csis.org).