

# Extended Deterrence in a Changing Asia:

A U.S.–Japan–South Korea Dialogue

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by Paul J. Saunders





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A U.S.-JAPAN-SOUTH KOREA DIALOGUE

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## CENTER FOR THE NATIONAL INTEREST

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*Extended Deterrence in a Changing Asia: A U.S.-Japan-South Korea  
Dialogue*  
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# INTRODUCTION

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2012 was a year of political transitions in East Asia, with important elections in Japan and South Korea, a major Communist Party Congress in China to select a new leadership team, and a consolidation process underway in North Korea following the death of Kim Jong-il in late 2011. It was also of course a year of political campaigns in the United States that concluded with President Barack Obama's re-election. And finally, perhaps due to these many simultaneous transitions, 2012 was a year of hope and anxiety; uncertainty about the future drove questions and speculation, intensifying the contest between possibility and destiny that underlies so many discussions of whether and how our choices can shape the world in which we live.

Moreover, while names of the leaders in America, China, Japan, and South and North Korea are now known, their identities and capabilities as policymakers are still in many respects uncertain. In Asia, leaders in China and the two Koreas are new to power and Japan's Prime Minister, Shinzo Abe, has returned to office after a five-year hiatus with many wondering whether he has evolved. In the United States Barack Obama has prevailed over former Massachusetts Governor Mitt Romney and has begun his second term, but remains locked in domestic battles over debt and spending with Republicans in the House of Representatives and the Senate. President Obama has also overhauled his national security team with a new National Security Advisor, Secretary of State, Secretary of Defense, and Central Intelligence Agency Director.

This report presents the findings of a U.S.-Japan-South Korea dialogue project conducted by the Center for the National Interest in cooperation with Japan's Tokyo Foundation and the U.S.-Korea Institute at Johns Hopkins University's School of Advanced International Studies. Specifically, it summarizes meetings in

Washington in the February 2012 and in Tokyo in November 2012. Needless to say, East Asia has not remained unchanged since that time; where appropriate, I have attempted to address the changes that have occurred.

Because the U.S.-China relationship is so central to developments in East Asia—and at the global level—the dialogue sessions focused extensively on American, Japanese, and South Korean perspectives on the U.S., China, and their interaction. Practically speaking, this reflected interest in Washington’s capabilities and will, on one hand, and China’s goals, on the other. Chapter 1 addresses these topics.

The Obama administration’s “rebalancing” policy in Asia was another key issue and is the subject of chapter 2. Broadly speaking, South Korean and Japanese participants welcomed greater U.S. attention to East Asia, but many seemed unsure about the new policy. The Pentagon’s “Air-Sea Battle” concept provoked particular interest and uncertainty.

Chapter 3 discusses nuclear issues, including nuclear weapons, nuclear power, and their interrelationship in East Asia and internationally. It concludes with an exploration of cyber security, where some participants saw important linkages to the concepts and historical experiences of nuclear deterrence.

The Japan-South Korea relationship is clearly the most challenging side of the U.S.-Japan-South Korea triangle; Chapter 4 focuses on Japanese and particularly South Korean perspectives on the interaction between Tokyo and Seoul during a year when tensions between the two blocked important progress in their security cooperation.

Finally, chapter 5 assesses key conclusions of the dialogue effort. As this report summarizes conversations during the second year of a two-year project, chapter 5 seeks to incorporate the principal findings of the project’s first year—reported in the January 2012 paper *Extended Deterrence and Security in East Asia: A U.S.-Japan-South Korea Dialogue*—and to test their continuing validity. Chapter 5 also examines broader challenges for the United States in East Asia and presents several specific policy recommendations.

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# CHAPTER 1: PERCEPTION AND POWER IN U.S.-CHINA RELATIONS

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Throughout two years of discussions, American, Japanese and South Korean participants regularly stressed the critical role of psychology and perception in assessing deterrence, extended deterrence, and power relationships in East Asia and globally. Given the very substantial role of the U.S.-China relationship in shaping East Asia's security environment, participants extensively discussed their perspectives on the two countries.

Individual speakers identified a variety of factors that shaped perceptions in the region. Predictably, many of these factors were tangible indicators, such as economic growth statistics, military spending, and force sizes and structures—the facts and figures often cited in news reporting and commentary. However, one American speaker argued, elites and publics seem to place much greater emphasis on trends than on absolute numbers: while the U.S. economy and the U.S. military are considerably larger, more diverse, and more capable than China's, Americans, Japanese, and Koreans appear troubled by China's growth and America's relative stagnation. Thus many of today's worries might recede in importance if the U.S. economy were growing at a 3-4% annual rate.

Other factors were more subjective, such as demonstrations of "aggression," on one hand, or of "commitment" and "resolve," on the other. For example, Japanese participants often referred to Operation Tomodachi, America's assistance after Japan's March 2011 earthquake and tsunami, and to the Obama administration's reaffirmation of its alliance commitments to Tokyo following the 2010 confrontation between Japan and China centering around the Senkaku Islands. Likewise, Japanese participants appreciated Secretary of State Hillary Clinton's regular participation in the annual ASEAN Regional Forum

(ARF) summits and stated that her presence had repaired damage to America's reputation in Asia caused by her predecessor Condoleezza Rice's absence from the meetings. Conversely, a Japanese speaker suggested that "China is containing itself" in Asia through conduct that alarms and unites its neighbors; an American made a slightly different point—of China's fourteen neighbors sharing land borders, only North Korea and Pakistan can be considered real friends, in no small part due to Beijing's behavior.

*Views of America*

Perspectives on the United States and its conduct clearly vary widely on a global basis and within the East Asian region, and it is unsurprising that U.S. allies have more favorable views toward America than others. Nevertheless, a sense of international and specifically East Asian public opinion toward America provides important context for evaluating policy decisions, national debates, and even comments by the dialogue participants. For example, according to one U.S. participant, recent polling by the Pew Research Center demonstrates a stark gap between Japanese and South Korean views of the United States, on one hand, and Chinese views on the other. Specifically, 85% of Japanese and 79% of South Korean respondents had favorable views of America, compared to only 46% of Chinese. Conversely, only 14% of Japanese and 18% of South Koreans had unfavorable views, while 44% of Chinese saw the America negatively.

Notably, the Pew Research Center polling shows significantly greater confidence in President Barack Obama than in his predecessor, George W. Bush, in all three countries, with the greatest increases in Japan and South Korea. At the end of President Bush's term, around 30% of respondents in all three countries expressed confidence in him, while in 2010-2011, 81% of Japanese, 75% of South Koreans, and 44% of Chinese said they had confidence in Obama. U.S. assistance to Japan after the March 2011 disasters appeared to play a major role in Japanese attitudes. Interestingly, Chinese confidence in Obama actually decreased sharply from 2009 to 2010 and again from 2010 to 2011 as Chinese-Japanese tensions increased and Washington reiterated its support for Tokyo.

The Obama administration's perceived greater attention to Asia seems to have been a key driver behind both allies' greater confidence as well as the decline in Chinese confidence after Mr. Obama's first year in office. As one Japanese speaker put it, "the Obama administration's

foreign policy ... has been a very much commendable one. It has chosen to give a primary focus on Asia, it has broadened the geographical boundary of Asia to include South Asia, and it has made steps forward to cement the alliance network in that newly defined Indo-Pacific region.” It is understandable that after initially welcoming the administration’s rhetorical departure from Bush-era policies, many Chinese might not appreciate these three moves to the same extent.

Far more striking than the differences between South Korean or Japanese views of America and Chinese views are the Pew surveys’ vast and revealing gaps between perspectives toward the United States in the three Asian countries and those within America. While clear and significant majorities in Japan, South Korea and China saw the United States as the world’s leading economic power, a plurality of Americans chose China as predominant, with 43% selecting China and only 38% picking their home country. In China, 50% named the United States and only 26% said China was the globe’s top economy. The gap was 55%-33% in Japan and a very wide 77%-15% in South Korea. There is perhaps no clearer illustration of Americans’ deeply shaken self-confidence during a very slow post-crisis economic recovery. In more qualitative terms, one U.S. speaker argued that “during the global financial crisis and the financial meltdown in the United States, for about a week, the United States government lost control.” After two decades as the sole superpower, and “irrational exuberance” that extended well beyond economic optimism and into a form of global manifest destiny, this sense of lost control could well have affected Americans much more deeply than others. In fact, one U.S. participant argued, the central foreign policy debate in the United States is not about threats or alliances, but about “how to restore America’s national power.” The debate in the United States has also turned increasingly to calls for “leadership” and denunciations of “isolationism.”

To the extent that Japanese participants expressed concerns about U.S. power, their anxieties had far more to do with narrow defense budget implications of cuts in federal government spending, particularly when set against China’s growing military expenditures. Both Japanese and South Korean speakers also noted the unintended impact of U.S. domestic debates on defense spending—including statements by senior officials and leading members of Congress about the potential effects of sequestration. Dire comments about the future of the U.S. military were “unnerving” in their countries, a South Korean said.

Nevertheless, others argued that there is not yet cause for alarm. One former senior American defense official pointed out that the cuts due to sequestration would likely amount to only \$25 to \$35 billion during the next fiscal year and that “the game is wide open” after that—meaning that the Congress would have plenty of time to make any needed changes. Likewise, a retired senior Japanese military officer commented that Chinese spending might catch up to U.S. spending in “20, 30, 40, 50 years . . . , but it’s a long way to go and military capabilities should be evaluated from the accumulation of at least the last 25 to 35 years,” a standard by which China would remain behind for some time.

Interestingly, one South Korean participant had a very different reaction to potential U.S. budget cuts. Because most Koreans still see the United States as the dominant global economy, the speaker said, they “have a difficult time accepting” that Seoul should increase its own defense spending through greater burden-sharing. America’s growing focus on China exacerbates the problem, this participant continued, because earlier “we can say to ourselves, we need the United States’ armed forces” for security vis-à-vis North Korea, but “now you say that you need to balance and check China’s growing power—now you need us and you ask us to pay more.” Seeking a greater contribution from Seoul that is for “not just Korean security, not just regional security, but actually a matter of your security” could be politically problematic, this speaker concluded. Japanese participants emphasized that restructuring of their nation’s defense spending would take priority over new spending due to Japan’s economic stagnation, suggesting that Tokyo was unlikely to exceed self-imposed limits on its military budget.

Despite the widespread concern among U.S., Japanese, and South Korean participants about global and national economic conditions, one American saw considerable grounds for optimism in the U.S. fossil-energy revolution—including the country’s possible role as the world’s largest oil and gas producer within the next decade or less. This speaker argued that new technologies to extract tight oil and shale gas demonstrate why it is a mistake to assume that Washington’s current problems are long-term rather than short-term or that others’ growing economies and influence must mean America’s fall. The U.S. energy revolution is a clear example of why and how the United States has become an international leader—and how it can remain one—and undermines the narrative of U.S. decline, particularly when taken together with new growth in manufacturing in the United States. A second American also stressed the U.S. capacity for innovation, pointing to the development of emerging technologies like 3D printing.

These developments are important not only because of their immediate economic impacts, but also because of the ways in which they shape perceptions of America.

*Views of China's Development*

Notwithstanding their concerns about China's conduct, U.S., South Korean, and Japanese participants tended to see more weaknesses than strengths in China's domestic conditions. Speakers identified a variety of problems, some economic, some social, and some political. For example, an American participant warned about still-excessive support (including preferential tax rates) for state-owned enterprises that crowds out private firms and cited the Chinese-language expression *guo jin min tui*—"the state advances, the private sector retreats." Others pointed to China's struggle to re-orient its economy from exports to domestic consumption, complicated by an aging population that presses China to develop a social safety net it may not be able to afford. A U.S. speaker pointed to debate over how to build this social safety net between those favoring direct government spending and those urging efforts to reduce support for state companies in order to help private enterprises create more wealth. Simultaneously, this speaker said, China's economy is "starting to sputter."

While many worried about America's political challenges in addressing its fiscal problems, participants tended to agree that China faces potentially dangerous political gridlock of its own. Even as China confronts significant economic and social difficulties, its leaders are hemmed in by a population frustrated by corruption and inequality, on one hand, and deeply entrenched vested interests seeking to protect the *status quo*, on the other. For example, according to one U.S. speaker, 10% of China's population now produces about 56% of China's annual income and holds 84% of its wealth. Ironically, China's ostensibly socialist society is thus less equal than America's capitalist one; according to the U.S. Census Bureau, 20% of the U.S. population generates around 50% of the annual income.<sup>1</sup> Similarly, Federal Reserve Board statistics show that the top 10% of U.S. households control about 72% of the nation's wealth, notably less than their Chinese comrades.<sup>2</sup>

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<sup>1</sup>See <http://www.census.gov/prod/2011pubs/12statab/income.pdf>, Table 694, Share of Aggregate Income Received by Each Fifth and Top 5 Percent of Households: 1970 to 2009.

<sup>2</sup>Arthur B. Kennickell, "Tossed and Turned: Wealth Dynamics of U.S. Households 2007-2009,"

At the same time, one American speaker added, “IT-driven individual empowerment” is forcing China’s leaders to respond to popular concern over “industrial accidents, land grabs, and all the rest” in a way that they did not have to do fifteen or even ten years ago. Public opinion appears especially significant when China’s citizens witness official corruption. Combined with stagnant reform efforts, this anger over corruption has contributed to what another U.S. speaker called “a legitimacy crisis” that China’s leaders “can no longer afford to ignore.”

Several participants noted a sense of disappointment outside China with the composition of the country’s new leadership team, which was perceived as “centrist” rather than “reformist” and excluded “charismatic reformers” Li Yuanchao and Wang Yang. Conversely, however, one U.S. participant suggested that Beijing’s smaller Standing Committee—the powerful subgroup of the Chinese Communist Party Politburo—might operate more efficiently after the exclusion of “polar extremes” among reactionaries and reformers alike. U.S. and Japanese speakers saw former President Hu Jintao as retaining significant influence through appointments to China’s Central Military Commission; a Japanese participant saw this as positive, in that “every time Hu Jintao was the saver of Sino-Japanese relations” when the “Jiang Zemin faction was trying to attack Hu Jintao using the Japan problem.”

A U.S. participant drew attention to new Chinese President Xi Jinping’s frequent references to seeking a national renaissance in his country. While some participants saw worrisome foreign policy connotations in the phrase, another American described it as “pure baloney” not unlike U.S. neo-conservatives’ regular call for “national greatness.” Another participant took a slightly different view, quoting a prominent Chinese scholar’s recent comment that China’s new leaders “want the world’s applause, but they’re more eager for domestic ovations”—in other words, whatever a government’s foreign policy intentions, domestic politics often overrides policies that might be more welcome internationally. This latter observation appears consistent with many of China’s policy choices—not to mention those in other nations, including democratically-governed ones.

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<http://www.federalreserve.gov/pubs/feds/2011/201151/revision/>, Table 5.

*Views of China's Foreign Policy*

Domestic politics affect foreign policy in all countries, but it can be a particular problem in governments that suffer from weak policy coordination processes like in China. Narrowly speaking, for example, one Japanese participant pointed out that the officials running China's non-military maritime agencies have little or no role in the country's foreign policy or, for that matter, its foreign economic policy. As a result, politically ambitious officials have every reason to court public opinion and (absent contrary strong pressure from senior officials reluctant to take a public stand) few disincentives to pursuing highly provocative conduct.

Unsurprisingly, Japanese participants expressed the greatest concern about China's behavior and about the growth of anti-Japanese sentiment in China. Some cited widely-reported anti-Japanese protests and boycotts following the 2010 Senkaku incident, but many also had personal anecdotes. For example, a Japanese scholar saw protesters walking and jumping on photographs of then-Prime Minister Yoshihiko Noda and then-Tokyo Governor Shintaro Ishihara, who called for the regional government to buy the Senkaku Islands from their private owners, leading Japan's central government to intervene. Broadly speaking, Japanese participants characterized China's criticism on Japan's policy toward the islands as "man-made"—starting, stopping, and re-starting when politically convenient to Beijing.

Participants saw public opinion toward China as generally anxious and suspicious. In the United States, for example, one participant described a Pew Research Center study in which 59% of respondents saw economic competition from China as "a major threat to [America's] economic well-being." Respondents were almost evenly divided over whether greater trade with China would be good or bad for the United States, with 45% favorable and 46% unfavorable. Strikingly, a major YouGov poll found that 50.7% of respondents preferred a hypothetical scenario in which the U.S. economy remains larger than China's—at the expense of only 10% growth in average income over a twenty-year period—to one in which average U.S. incomes double but China's economy surpasses America's. Only 20.8% opted for the latter choice.<sup>3</sup>

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<sup>3</sup>This poll was designed by Dartmouth Professor Benjamin Valentino and conducted by YouGov. Findings are available at <http://www.dartmouth.edu/~benv/files/poll%20responses%20by%20party%20ID.pdf>.



An American participant pointed out that China defies typical patterns in U.S. public opinion in that it is of considerable concern to both the elite and the public. There is generally a significant gap between elite and public concerns in American polls. China is also a rare issue that provokes both domestic and foreign policy concerns.

A South Korean participant described fellow Koreans as “thrilled and chilled with the rise of China and the possibility of a U.S.-China confrontation.” “They are eager to know” what will happen, the speaker said, but “politicians do not have the answers,” which led to uncharacteristically limited debate over China during South Korea’s election campaign. More generally, many South Koreans view China through the prism of its policy toward North Korea, which has increasingly alienated them. Still, while South Koreans have hostile views toward North Korea, they do not see China as an “intrinsic” enemy. One Korean said, Beijing will be an enemy only to the extent that it is a friend of an enemy (North Korea) or “an enemy of a friend” (the United States). Conversely this participant continued, if North Korea stops being an enemy or the United States is no longer a friend, South Koreans could have more positive views of China. In this context, China’s diplomatic defense of North Korea after the *Cheonan*’s sinking was a “really big, big wake up call” for South Koreans that hardened attitudes to Beijing. Nevertheless, a U.S. participant added, South Korea’s two-way trade with China exceeds its combined two-way trade with the United States and Japan, something that affects policy debates in the country. Some suggested that Seoul’s interest in the Korea-U.S. Free Trade Agreement was in part an effort to correct a perceived imbalance in the country’s economic relations.

In Japan, one American claimed that official annual polls conducted by the Cabinet show majorities having negative attitudes toward China since 2004. The gap between those with negative and positive views reached its greatest extent in late 2010, after the Senkaku incident. At that point, the speaker continued, a Yomiuri Shimbun poll showed 88.6% seeing Japan-China relations as negative and only 8.3% seeing their ties as positive. More recently, some 76.8% still view Japan-China relations negatively. Despite this, however, 75% of respondents remained open to security cooperation with China. No less important, a Japanese participant added, there is no political consensus in Japan about how to deal with China other than doing so multilaterally—though, another Japanese participant said, there is sufficient worry to make China a major political issue and to motivate Japanese to elect Prime Minister Shinzo Abe, who was “not the main horse” in the race



to lead the Liberal Democratic Party and is “quite radical” and “outspoken” in his views toward Beijing. In fact, the speaker continued, Abe’s election reflects the fact that the LDP has “evolved” and is “not mature” anymore. Another Japanese speaker had a different view and stated that the “partisan divide” over China is much narrower than in the past and that only Ichiro Ozawa, a key leader in the Democratic Party of Japan, still holds a truly divergent view. A third Japanese participant argued that anti-Chinese sentiments are more widespread among the general public than within the parliament and that this helped the LDP and Abe to prevail in an election in which support for the party was actually rather limited.

Turning to China’s conduct, a Japanese speaker argued that China’s foreign policy has increasingly shifted from the principle of “protecting stability” (*weiwen*) to the principle of “protecting rights” (*weiquan*) as Chinese leaders have increasingly seen the country as insufficiently assertive, especially in view of America’s economic struggles. In general, Japanese speakers were the most critical of China’s foreign policy behavior, with one arguing that Beijing is “already at war by other means” with Tokyo and is “trying to push the United States back as much as possible” so that it can “live in a comfortable Asia.” Another Japanese participant suggested that China is trying to turn the South China Sea into “Beijing’s lake” and that as a large deep area, it would serve a purpose analogous to that of the Sea of Okhotsk for the Soviet Navy during the Cold War—a relatively safe region to base nuclear missile submarines. This fear is a “majority view” in Japan, the speaker said. A second Japanese speaker expressed a similar concern, stating that “Japan’s strategic breathing space in sea lines of communication is being narrowed by the extending shadow of the plans influencing Japan’s neighboring waters.” Yet another Japanese participant complained that China does not appear to receive the foreign policy messages that the U.S. and its allies are trying to send and interprets deterrence as containment—including the Obama administration’s rebalancing policy.

American participants tended to emphasize China’s “strategic mistrust” of the United States, referencing a recent joint paper by U.S. and Chinese scholars.<sup>4</sup> Nevertheless, Americans did see China developing an increasingly expansive view of its national interests and becoming more assertive in defending and advancing those interests. An American also

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<sup>4</sup>Kenneth Lieberthal and Wang Jisi, *Assessing U.S.-China Strategic Distrust*, Brookings Institution John L. Thornton China Center Monograph Series, Number 4, March 2012.

argued that China's central aim is to have a role in shaping regional and global rules rather than simply accepting the rules established earlier by others. This speaker suggested that Beijing may want to enjoy the same international prerogatives that it has seen the United States employ in recent history but expressed skepticism about whether Washington could accept Chinese conduct comparable to its own. Another U.S. speaker said that Beijing appears to be attempting to create a "fait accompli in the realm of what I would call a Chinese Monroe Doctrine" to limit the U.S. role in East and Southeast Asia.

A South Korean participant also expressed frustration with the challenges of communicating with Beijing. Korea and Japan are "kind of taming China" by directing investment away from the country to show their displeasure with its conduct and "let China know the limits of its power." "But how can we make China listen?" the speaker said. And there is another problem, the Korean continued, in that China has "multiple identities"—"like Smeagol and Gollum in *The Lord of the Rings*," the speaker said—that make its conduct "unpredictable."

American and Japanese speakers made similar but distinct points about the duality in Chinese policy. For example, one U.S. participant argued that China and other nations are simultaneously living in two different Asias, a security Asia and an economic Asia. These two Asias have different dynamics that are increasingly colliding in China's relations with Japan, Southeast Asia and the United States. A Japanese participant had a somewhat different view, suggesting that China is trying simultaneously to operate inside and outside the international order in Asia. This speaker asserted that China is trying to "enjoy the benefit of international assistance"—including a generally secure international environment—at "no cost" by avoiding a role in maintaining the regional security system (or, for that matter, the global security system). The participant continued by stating that because it is reluctant to enter into an asymmetric strategic relationship with the United States, Beijing prefers to stay outside the system and to try to redefine power to create new asymmetries in its favor with tools like cyber-attacks or anti-satellite weapons. From a policy perspective, this increases the importance of efforts to engage China as a stakeholder in the security system that "pays some cost for the maintenance of the system." The American participant suggested that the lack of rules in some areas, such as cyber and space, would test Beijing's willingness to accept new rules to limit mutual vulnerability and its desire to seek advantage in the absence of rules.

*Views of U.S.-China Competition*

Unsurprisingly given current economic and security dynamics, participants often compared America's and China's relative standing in political, financial, and military terms during the discussions and generally viewed Washington and Beijing as competing for influence in Asia and globally. Nevertheless, while individual speakers proposed a variety of policy responses, all agreed that the overall policy goal for the United States and its allies in Asia should be to integrate China further into regional and international systems with a view of moderating its foreign policy conduct. Broadly speaking, participants sought an approach that would protect important U.S., Japanese and Korean interests while avoiding confrontation with China.

Japanese participants in particular focused on possible implications of China's growing global economic role. For example, one Japanese speaker noted that China had already become the world's largest exporter and was soon expected to become the largest trading nation, overtaking the United States in its total imports and exports (something that has since occurred). This participant expressed concern that the combination of China's economic role with its state-dominated system could "create a trade war with the United States as well as Europe," especially because "China is using economic power as political leverage ... to coerce Asian countries." A second Japanese participant asked "which side is more vulnerable if the trade relationship is terminated" between the United States and China.

This question—the degree of U.S.-Chinese mutual economic vulnerability—provoked some discussion, but led to a general consensus that China would likely suffer more from a serious economic conflict with the United States. A Japanese speaker suggested that because China's economy depends heavily upon imported "intermediate goods," like parts, its economy would face greater challenges in finding substitutes than the United States, which imports "more final products." A U.S. participant reminded the group that former presidential candidate Mitt Romney argued that Beijing was already at war economically with the United States but that America could prevail in any serious dispute because of China's heavy dependence on exports to the U.S.<sup>5</sup> In 2012, the U.S. trade deficit with China was some \$315

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<sup>5</sup>Mitt Romney, "How I'd Deal with China's Cheating," *The Washington Post*, October 14, 2011.

billion<sup>6</sup>—from this perspective, a sign of China’s heavy reliance on the United States for its growth and prosperity.

An American speaker made a broader political point. While a serious economic conflict would seriously damage both economies, the participant said, its political consequences could be much more severe in China. A recession—even a deep one—could change which party controls the U.S. government, but would not likely force a president out of office before the end of his or her term or affect the country’s overall political system. Conversely, the fallout from a major U.S.-China economic confrontation could destabilize China, where not only specific leaders but the entire political system relies largely upon economic legitimacy to survive and the margin for error could be narrower than some may think. Nevertheless, this participant also stressed that an economic conflict on this scale would seriously damage U.S. interests regardless of “who wins”—if anyone can be said to prevail. “The cost for both sides would be so high that if it was somewhat lower for the United States, I’m not sure how many people in the American middle class would find that very satisfying.” A Japanese participant likewise noted that “Chinese growth is in everybody’s interest” and that “if Chinese growth is stopped, economic interdependence in East Asia would also stagnate.”

Another Japanese speaker asked how liberal democratic countries could encourage emerging economies to follow their economic model rather than China’s “state capitalism model,” because China’s “fast economic growth” could appear quite attractive. One American speaker argued that while China’s growth might be attractive, its political and social models has fewer enthusiastic followers. A second U.S. participant suggested that China’s model was unlikely to be sustainable over time, particularly if China’s economy is not able to generate domestic innovation, which is restrained by the country’s political system and weak legal system (something that China’s leaders acknowledge in their public statements). A Japanese speaker added that China’s economy may not be sustainable environmentally, because of the enormous resources it consumes and the mounting environmental and health costs it produces in order to maintain its current growth. Perhaps most important, however, another U.S. speaker pointed out that Chinese officials don’t really discuss China as a model for others. “Their growth model has run its course.... They know it. They know what they need

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<sup>6</sup>See U.S. Census Bureau statistics at <http://www.census.gov/foreign-trade/balance/c5700.html#2012>.

to do, but they don't know how to do it" because of political constraints. As a result, "China is falling into the middle income trap" and its growth is likely to slow.

Finally, an American participant asserted that China cannot really serve as a model for many others due to its unique circumstances and size. Further, this participant continued, some countries that have tried to follow China's model in certain respects—like Russia—have failed to understand the reasons for China's success such as its courting of foreign investors, and have therefore failed to replicate it.

### *Views of North Korea*

South Koreans are most concerned about North Korea, of course, and many see "China's rise as North Korea's rise." Broadly speaking, participants recognized China's key role in sustaining North Korea, which is otherwise a "major exception to this general success" in Asia, as one American put it. Another American stressed China's assistance to North Korea's state trading companies as a mechanism for the Kim regime to co-opt "the top 1%" by providing economic and other benefits to leaders and senior bureaucrats" in North Korea. Still, as a third American commented, "everybody feels that the destiny of North Korea is assured" and that the country will collapse. "The only problem is time, and nobody wants to hasten that time for fear of taking the damage...." Unfortunately, this means that others must also deal with "all the proliferation, all the narcotics crime, all the counterfeiting" Pyongyang undertakes in the interim.

Participants were uncertain about the implications of North Korea's leadership transition. A Japanese speaker captured this sentiment, stating "I won't be surprised if North Korea collapses tomorrow, but I won't be surprised if [the next] succession comes four or five decades later."

A Japanese speaker saw North Korea's "provocations"—especially its missile launches and the possibility of a preemptive attack—as a key security concern for Tokyo. Somewhat more strongly, an American argued that "North Korea represents the greatest threat to security in Northeast Asia today" because of its combination of nuclear capability with "a pattern of conventional provocations," even if North Korea's conventional threat is in relative decline. This participant suggested that China has a clear common interest with the United States, Japan and South Korea in containing "North Korea's destabilizing conduct,"

especially in the nuclear area. However, another American asserted that Beijing has a different definition of stability which is fundamentally based on the continued rule of the Kim family in North Korea rather than negotiating away Pyongyang's nuclear weapons. A third American suggested that China's definition of stability hinges on avoiding war on the Korean Peninsula and that Beijing's goal in the Six-Party Talks on North Korea's nuclear program is "as much to constrain America's and South Korea's rash behavior" as anything else and that China has had "little expectation that it would actually solve the nuclear problem." Put differently, while Chinese leaders want to roll back North Korea's nuclear program, they are unwilling to risk the country's stability to that end. Still, some U.S. and South Korean speakers actually agreed that China has made a significant effort to restrain North Korea from more provocative conduct.

A South Korean speaker went even further in assessing the danger from the North, arguing that "the Korean security situation right now may be the worst" in recent years, because of the combination of an "untested" leader and "unpredictable" policies, "tense" and "stalled" efforts to negotiate, Pyongyang's nuclear and missile tests, and its attacks on the *Cheonan* and Yeonpyeong Island. Moreover, this participant continued, there is a real risk that the South Korean and U.S. responses did not deter North Korea from further provocations—a point-of-view possibly supported by the country's subsequent early 2013 nuclear test—whether due to confidence in its nuclear arsenal, assurance of sufficient Chinese diplomatic protection, or a sense that Washington and Seoul are lacking in "gut" to do more. In the final analysis, this speaker asserted that North Korea's leaders "believe they are immune from any kind of retaliatory moves by the U.S. and South Korea because they possess nuclear bombs."

Some American speakers had a different perspective. As one put it, while deterrence has "failed to prevent provocations," it is in fact "tremendously difficult" to deter provocative behavior that does not directly threaten the truly vital national interests of the target—absent that risk, threats of severe retaliation often lack credibility. Pyongyang's leaders "have the luxury of being able to watch the U.S. and the Republic of Korea very carefully as long as they care to, to detect vulnerability. Then they can go into detailed planning on how to do whatever it is they are intending to do." This is very hard to stop. Moreover, this participant and other Americans said, U.S. and allied policy has in fact succeeded in deterring conventional war on the Korean Peninsula, which is "no trivial matter at all." Moving forward,

one of the few tools available to Washington and Seoul to minimize the provocations is to continually alter their military operational activities to avoid patterns that make North Korea's efforts easier.

Moreover, as one American noted—and South Korean participants agreed—Pyongyang's sinking of the *Cheonan* and shelling of Yeonpyeong Island in 2010 “to a large extent erased” differences within South Korea over policy toward the North, producing widespread suspicion of North Korean leaders' intent. Despite this, during a discussion prior to North Korea's 2013 nuclear test, some South Korean participants expected South Korea's new President, Park Geun-hye, to look for a way to engage North Korea. One added that the South Korean public is frustrated with Pyongyang but is “ready to do something different” and would support an effort at engagement. An American was quite skeptical of this, however, arguing that “there is absolutely, positively no indication that [North Korean leaders are] prepared to give up their nuclear weapons. If that's the case, the only thing you can engage on would be if we wanted to accept their nuclear weapons and try to cut a deal that would cap the number or maybe cap their missile development. I don't think anybody's prepared to do that.”

Finally, U.S., Japanese and South Korean participants discussed wider questions of deterrence. Several wondered whether North Korea is in fact “detrable” as generally understood by Americans and their allies. Or perhaps more precisely, are North Korea's leaders rational by the standards that Washington, Tokyo and Seoul are seeking to apply and, if they are, do we understand their motivations and priorities sufficiently well to construct an effective deterrence strategy? Conversely, a Japanese speaker asked whether “we”—the United States, Japan, and South Korea—“are really deterred by the existence of nuclear weapons in North Korea and China” and specifically expressed concern over “some South Koreans nowadays saying that South Korea is deterred by North Korean nuclear weapons.” An American responded that Pyongyang's nuclear program “certainly has a deterrence effect” and perhaps makes the country “immune from any forcible regime change,” but that “North Korea doesn't need nuclear weapons to profoundly threaten South Korea” with its massive artillery force.





## CHAPTER 2: AMERICA'S REBALANCING POLICY AND U.S. STRATEGY

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The Obama administration announced its “pivot” toward Asia—later described as “rebalancing”—in late 2011, provoking considerable discussion in the United States, Asia, and elsewhere. In broad terms, South Korean and Japanese dialogue participants welcomed the policy and the suggestion that Washington would be paying greater attention to their region, as did most American participants. That said, most also had many questions and concerns. Broadly speaking, these centered around U.S. commitment, capabilities, and military strategy. Participants also discussed regional implications of the policy.

Regarding U.S. commitment, some Japanese and South Korean participants saw the U.S. withdrawal from Iraq and Afghanistan as a reflection of growing skepticism among the American public toward an activist foreign policy. This fueled questions about the long-term sustainability of greater attention toward Asia. An American participant acknowledged “the impatience of our electorate with any further military adventures,” but argued further that this should encourage the U.S. and Japan to “expand beyond security arrangements” in their alliance to cooperate “across all other elements of national life” including trade. Another U.S. speaker argued that the “two pillars of our engagement in Asia are basically the Navy and free trade,” while a third noted that the “rebalancing” policy reflects broad continuity in increasing attention to Asia over decades despite a temporary interruption due to the wars in Afghanistan and Iraq.

A Japanese participant commented that the “U.S. has amassed too much at stake economically and strategically to forgo” in East Asia and expressed little concern regarding America’s long-term engagement in the region. An additional American speaker agreed with this view, but pointed out that the transition between the first and second Obama

administrations—and changes in key personnel—could shape how the U.S. implements the policy. Also, this participant continued, President Obama's intense focus on domestic economic issues may limit time, attention and political capital that he can spend on Asian affairs during his second term.

Several American speakers also questioned the degree to which the United States could in fact reduce its engagement in the Middle East. As one put it, the administration will have to “focus a lot on the turmoil in the Middle East” and will be especially preoccupied with Iran and Syria. More narrowly, another stated that the Middle East could continue to distract the U.S. military: “the Pacific Commander doesn't really own all his forces,” particularly if there is a problem in the Middle East. A third American dismissed the idea that rapidly expanding domestic oil and gas production would allow the United States to withdraw from the Middle East, asserting that instability there would continue to affect energy prices in global markets, including politically sensitive gasoline prices in the United States. A more interesting question may be how governments in the Middle East might react to a decline in America's role as a key customer even as Asia's imports increase.

#### *Budgets and Capabilities*

One American participant described the U.S. defense budget as the “Kevin Bacon of international security,” a topic connected to every other topic at various degrees of separation. Further, this participant continued, the combination of America's economic slowdown with China's rise has been gradually reducing the separation between broad security questions in East Asia and the U.S. budget—and turning conversations on other issues increasingly rapidly toward current and projected U.S. defense expenditures. Indeed, Japanese and South Korean participants asked many questions about the impact of already planned defense cuts, the then-uncertain sequestration, and other possible reductions in the future. A Japanese participant also questioned whether the U.S. defense budget is in line with America's needs and implied that America should spend more rather than less.

A U.S. speaker encouraged the Asian participants not to “take a 10-year cut of \$487 billion too seriously,” asserting that Pentagon planners are often focused on only the next one to two years, and five to six years at most, because U.S. elections and international events can quickly affect Congress' budget decisions. Thus it is far from certain that already agreed cuts will in fact take effect; they may well be modified in the not-

too-distant future. Further, this participant continued, the Congress retains considerable flexibility in dealing with the sequestration and its consequences for the defense budget. Sequestration has happened twice in the past and both times Congress reduced previously-mandated cuts, the speaker concluded.

Nevertheless, in considering the “rebalancing” policy, an American said “it’s not so much that we have pivoted or turned to Asia or whatever term you want to use as much as simply not cut our budgets for Asia or the forces related to Asia as much as we’ve cut them elsewhere.” Another U.S. speaker agreed that American defense cuts would have relatively little impact on the U.S. military’s Pacific Command, though the reductions could slow some deployments and might affect missile defense plans. However, a third American urged the group to recognize that the “rebalancing” policy is not only about budgets but about the “place of Asia in broader U.S. strategic vision” and the need to reduce the U.S. focus on the Middle East in favor of “longer-term strategic interests” in Asia.

Participants disagreed over the extent to which China’s military spending should be a major concern. Some U.S. and especially Japanese participants pointed to China’s growing military budget and argued that it would exceed America’s in 2025, according to some estimates. However, others disputed China’s ability to live up to growth projections, and expressed doubt that China’s leaders could or would give this level of priority to the military among the country’s other needs. A Japanese participant took a different approach, asserting that whether or not China’s budget exceeded America’s in 2025, its capabilities would remain inferior due to America’s amassed capital, both physical and human, and its military technologies, systems and “jointness.” A deeper question is the degree to which growing U.S.-China military competition is by design or by default.

Japanese participants reported that the evolving security environment in East Asia is prompting many in their country to “reflect on the defense budget.” Still, as one Japanese speaker said, “new thinking doesn’t guarantee the money going up and there is still some resistance” to increased military spending, though another stressed that the response to China was more than a budgetary issue. A third Japanese participant claimed that Japan is undergoing long-term changes in its attitudes toward defense issues. For example, this speaker said, there was “no political fight against any kind of defense policies like the Cold War era” and the government has loosened limits on exporting weapons (to

facilitate joint systems development efforts with the United States and other allies) without significant resistance from the opposition. Likewise, an additional Japanese speaker expressed surprise that changes in the country's National Defense Program Guidelines reflecting more open efforts to deter China did not produce domestic criticism and argued that this reflects "societal change" in Japan. Yet another Japanese participant called for Japan to "reactivate its natural innate right for collective defense" so that it could provide military support to other nations, including South Korea, Australia, Indonesia, Vietnam or the Philippines and "to shoulder a fairer amount of responsibilities to safeguard the maritime commons." This participant continued by describing such a change as a top priority for Prime Minister Shinzo Abe; another argued that his predecessor Yoshihiko Noda had earlier begun to reconsider collective self-defense rights.

Participants from all three countries expressed concern about domestic political debates over burden-sharing due to economic challenges and public perceptions. For example, an American noted the revival of political pressure to trim expenses on foreign military bases. Another American cited a YouGov poll in which 77% of Americans strongly or somewhat agreed that "most of America's allies get more help from the United States than the United States gets from them"—and, likely due to their wider economic concerns, 61.6% strongly or somewhat agreed that America "can no longer afford" defense commitments to all of its existing allies. At the same time, nearly 53% of those surveyed strongly or somewhat agreed that Japan spends "less on its own defense than it should" because of the U.S.-Japan alliance.<sup>7</sup> Likewise, a South Korean participant suggested that Koreans willing to support spending to defend against the North would resist spending to facilitate U.S. competition with China. One American characterized the issue as not only "dry wood, but gasoline" during election cycles in the three countries and called for closer cooperation between the three governments in managing constrained budgets.

### *Air-Sea Battle*

Japanese and South Korean participants also had questions about U.S. military strategy, especially the role of the Air-Sea Battle concept, which most agreed had not been adequately explained by U.S. officials. U.S.

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<sup>7</sup>Again, see Benjamin Valentino's polling research at <http://www.dartmouth.edu/~benv/files/poll%20responses%20by%20party%20ID.pdf>.

participants acknowledged that the U.S. government “needs to do better” in discussing Air-Sea Battle, an operational concept based on using high-tech weapons systems to undermine China’s ability to deny access to areas near its shores. More important, however, they raised fundamental questions about its utility both as an element of U.S. strategy and in any potential conflict with China.

Some U.S. participants viewed the Air-Sea Battle concept as “acquisition-driven” and reflecting resource competition within the Pentagon. In fact, one went so far as to joke that it reflects the fact that the “Navy and Air Force agree that the common enemy is the U.S. Army.” More seriously, another complained that acquisition was ahead of strategy development and that acquisition choices could “produce a strategy that could be very disruptive” because it would require attacking missile units and radars in mainland China to succeed. As one speaker said, “I can’t see walking into the Oval Office and saying, Mr. President, we have only one option,” we have to attack Chinese territory. This participant expressed concern that such attacks could lead to the rapid and dangerous escalation of any future U.S.-China conflict and recalled that China is a nuclear weapons state.

A third American expressed anxiety that a “technology-driven highly classified program” like Air-Sea Battle can “separate us from our allies” because its classification limits what can be discussed and shared, thereby failing to reassure U.S. allies and possibly even fueling new or existing concerns. As this participant put it, “we badly need a strategy for our defensive alliances that can be publicly discussed,” since the absence of such a strategy “leaves not only our allies and friends worried about what the U.S. intent really is in a crisis, but also induces China to have visions of the apocalypse, and that’s not healthy.” The speaker further argued that assumptions about some Chinese capabilities—such as anti-ship ballistic missiles—have become widespread “without being questioned” and that the Air-Sea Battle concept likewise relies upon assumptions that the United States will develop a “Star Trek-like shield around our forces that allows us to maneuver with impunity.” Moreover, another participant added, the capabilities necessary to pursue Air-Sea Battle are extremely expensive while potential Chinese counter-measures are much less expensive. The United States would derive little benefit from an asymmetrical arms race.

Rather than this approach, an American argued, U.S. leaders should focus on “how to protect our interests and our allies’ interests without so badly threatening, damaging or destroying Chinese interests that we end up with a much greater conflagration than anybody wants.” Ironically, another added, the concepts of the first island chain and the second island chain (strings of islands crossing the South and East China Seas and the Western Pacific, respectively) now discussed in China were actually developed by the United States during World War II and are a new form of “lost intellectual property.” A third proposed that the U.S. would be better served by its own anti-access/area denial strategy, turning China’s apparent approach on its head. This speaker urged the group to consider “the volume of commercial traffic” through the East China Sea and South China Sea as well as China’s “dependence on imports and exports” and “the extreme concentration of Chinese wealth in the southeast and eastern coasts.” Where Air-Sea Battle operations could produce rapid and uncontrollable escalation in any potential conflict with China, a “sea denial strategy” would make negotiated settlement much more likely.

An American added that Japan’s new “dynamic defense” posture can contribute to U.S. and allied “conventional deterrence without stepping into Chinese space.” A Japanese participant concurred, explaining that Japan has its own anti-access/area denial capability as a legacy of Cold War reliance on surface-to-surface anti-ship missiles to defend against a Soviet invasion. Moreover, an American continued, the United States is in the best position diplomatically when its leaders can “say that we are defending the territory of our allies and friends rather than looking to take something away from somebody else.”

U.S. and Japanese participants also expressed serious concerns about escalation and de-escalation in any potential conflict with China. On one hand, Japanese participants sought a clear and visible escalation process—such as “seamless” integration of coast guard operations and military operations in a crisis—to deter China from escalatory conduct. At the same time, both U.S. and Japanese participants worried about the possible outcomes if the Air-Sea Battle concept produces a military strategy that requires the United States to escalate by attacking targets in China, something that would likely encourage Chinese leaders to escalate as well. One American found this especially troubling due to apprehension that the U.S. military is unintentionally training its officers to believe that de-escalation never succeeds in crises and rewarding escalation. As this participant explained, complex wargaming simulations are often organized well in advance, at significant cost, and

are planned for a certain number of days. As a result, simulation leaders block efforts at de-escalation, which could end these exercises earlier than planned, possibly without fully accomplishing their goals. If widespread, this approach could have dangerous consequences in a real conflict. A Japanese participant suggested that recent Japan-China crises have become more severe because past “back-door channels” between Japan’s Liberal Democratic Party and Chinese leaders broke down—and, due to its long years out of power, the Democratic Party of Japan had little opportunity to develop similar tools before the tense confrontations with Beijing.





## CHAPTER 3: EXTENDED NUCLEAR DETERRENCE AND CYBER-THREATS

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Although one American participant questioned the value of trilateral U.S.-Japan-South Korea dialogue on extended nuclear deterrence—pointing out that U.S. nuclear guarantees were strictly bilateral and difficult to discuss in a wider group—most participants saw considerable benefit in a U.S.-Japan-South Korea discussion of nuclear weapons and their role in East Asian security. One Japanese participant described Asia as a “nuclear-dense” region with the United States, China, Russia and North Korea possessing nuclear devices and others, including Japan and South Korea, using nuclear power. Moreover, one American reminded, Japan and South Korea have both considered or even pursued nuclear weapons during the Cold War. Still, a U.S. participant added, it is not easy to pursue such a dialogue effectively given Japan’s frequent changes in government.

Despite considerable experience with extended deterrence in the Cold War, most participants agreed that the U.S.-Soviet rivalry provides only limited lessons for contemporary Asia. Thus, an American said, extended deterrence must be “tailored” to Asia’s circumstances, not based on Cold War strategies and approaches. A Japanese speaker addressed this issue more concretely, describing Asia as a collection of interlocking nuclear triangles such as U.S.-China-Japan, U.S.-North Korea-South Korea, U.S.-China-India, U.S.-Russia-China, and China-India-Pakistan, to name only a few. As a result, the strategic environment for deterrence and extended deterrence is highly complex.

U.S., Japanese and South Korean participants generally saw North Korea as the greatest nuclear threat in East Asia—prior to its increasingly belligerent conduct in the spring of 2013. South Korean and Japanese speakers emphasized Pyongyang’s unpredictable conduct and its repeated nuclear tests and missile launches as a source of

considerable instability in the region. Moreover, a South Korean participant said, North Korean leaders appear to believe that they can successfully deter Seoul with their existing nuclear arsenal—even without the ability to put a nuclear warhead on a missile<sup>8</sup>—something the speaker asserted was fuelling increasingly provocative conduct by the North. Another South Korean speaker added that officials in Pyongyang may not see U.S. nuclear extended deterrence as credible due to doubts that Washington would actually employ a nuclear weapon so close to the territories of South Korea and Japan. Still, whatever the North Korean leadership thinks, a Japanese speaker described them as playing a “dangerous nuclear game” that endangers the region.

American participants expressed similar concerns about North Korea, but also tended to place them within a wider context. Thus, for example, two U.S. speakers separately commented that Pyongyang did not really need nuclear weapons to deter South Korea in view of its capabilities to launch sudden and massive artillery bombardment of Seoul or even a large-scale invasion of South Korea. Whatever the ultimate outcome of such a decision for the North (which North Korean leaders may well evaluate differently from Americans or U.S. allies in Asia), South Korea could be devastated by either form of attack. Another American participant worried that many of North Korea’s nuclear assets appear to be relatively close to China and even within its air-defense perimeter. As a result, a pre-emptive attack on North Korean nuclear sites prior to a perceived imminent North Korean attack could create immediate and dramatic risks of accidental conflict with Chinese military forces. Yet another U.S. speaker suggested that a U.S. failure to prevent Iran from obtaining nuclear weapons—particularly after so many presidential statements across administrations that it is “unacceptable” for Tehran to develop the weapons—could sharply weaken U.S. credibility in North Korean eyes.

With respect to China, participants did not see significant risk of nuclear confrontation. Still, Japanese participants were outspoken on China’s nuclear arsenal and its implications, describing it as facilitating expansionist conduct in East Asia. As one Japanese speaker put it, “our core concern vis-à-vis the Chinese threat is not about deterrence ... of the exchange of nuclear arms, but more about conflict over territory.” A

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<sup>8</sup>Of course, some people now believe that North Korea may have this capability. See Luis Martnez, “North Korea Can Put a Nuke on a Missile, U.S. Intelligence Agency Believes,” <http://abcnews.go.com/Politics/north-korea-put-nuke-missile-us-intelligence-agency/story?id=18935588#.UXukl8W9LzA>.

second Japanese participant further explained that Tokyo is less focused on an improbable large-scale conventional attack than on frequent small-scale threats under the cover of “nuclear blackmail.”

As a result, Japanese participants argued that the overall size of the U.S. nuclear weapons relative to China’s is quite important in shaping “a favorable strategic balance to prevent opportunistic creeping expansion,” as one put it. This speaker argued that this reflects a “stability/instability paradox” in that if the United States were to accept mutual vulnerability in the U.S.-China nuclear balance—that is, stable mutual deterrence—this would fuel regional instability because Chinese leaders would believe that their country’s nuclear arsenal constrained U.S. freedom of action in responding to conventional regional threats. Another Japanese participant added that excessive focus on stability at the strategic level revives Cold War-era fears of “decoupling,” i.e., the use of nuclear weapons strictly to deter other nuclear weapons, thereby giving up their potential as a (very significant) step up the escalation ladder in a conventional conflict and therefore a strong deterrent so long as clear U.S. superiority (and credibility) endures. In earlier sessions, some Japanese speakers expressed concern about the tension between the need to deter China and the Obama administration’s pursuit of deep arms cuts.

In assessing the U.S. deterrent, another Japanese participant complained that the Department of Defense appears increasingly bureaucratized and process-oriented rather than result-oriented in evaluating the U.S. arsenal. According to this participant, a recent annual DOD performance report measures the security and deterrent effectiveness of the nuclear arsenal by counting the number of warheads that pass a security inspection and the number of meetings with international partners to reaffirm U.S. extended deterrence commitments. The report did not assess the structure of the U.S. nuclear force, the speaker said.

At the same time, a Japanese speaker said, China seems to be increasing the size of its arsenal and shifting from minimum deterrence (a small nuclear capability intended only to deter nuclear attack by threatening a second-strike against cities) to limited deterrence (a force that Beijing can use not only to deter a nuclear attack but also to deter conventional attack by threatening a nuclear response). Nevertheless, this participant continued, Beijing does not appear to be seeking “a capability to pursue total nuclear war” in the way that the United States and the Soviet Union did during the Cold War.

A Japanese speaker argued that the “big question” about potential U.S. reductions in strategic arms—whether for budgetary reasons, through bilateral arms control with Russia, or both—is how China reacts. “Would China develop a counter-force capability” able to strike U.S. strategic systems effectively? Neither this nor deterrence of conventional attack would necessarily be compatible with Beijing’s no-first-use nuclear doctrine—which some have questioned in the wake of a new Chinese defense white paper<sup>9</sup>—though at least one Japanese participant dismissed the Chinese government’s formal positions on nuclear weapons, including its insistence that its nuclear warheads are not mated with their delivery systems. A South Korean participant suggested that China is deeply suspicious of the Obama administration’s interest in “global zero” or “nuclear zero” talks to eliminate all nuclear weapons, attributing it to America’s considerable superiority in conventional systems, including high-tech precision weapons.

Interestingly, a Japanese speaker added to this that “Japanese participants in the global zero movement are not idealistic leftists” but are involved to “make sure that they don’t go too far too fast.” Moreover, this individual continued, in reducing global nuclear arsenals, who has the weapons is no less important than the overall number. “One hundred weapons in two hands—the U.S. and Russia” would be “totally fine,” the speaker said, but the same number of weapons spread across many countries would create “a very big mess.”

Several American participants questioned the degree to which the precise number of weapons in the U.S.-China nuclear balance really matter. Some argued that that America’s credibility was more important than the relative size of Washington’s and Beijing’s nuclear arsenals, while others suggested that extended deterrence is to a degree self-undermining, in the sense that it inherently raises questions about America’s willingness to absorb a nuclear attack on behalf of an ally. Similarly, one U.S. speaker noted that America’s China debate often seems to ignore China’s nuclear weapons and that “some people talk relatively casually about a war with China” when “everybody forgets that they’re a nuclear weapon state and there hasn’t been a whole lot of conflict between the major powers over the last 60 years.”

Reflecting on the Cold War experience, two U.S. speakers pointed out that even when America enjoyed nuclear superiority, its numerical

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<sup>9</sup>James Acton, “Is China Changing Its Position on Nuclear Weapons?” *The New York Times*, April 18, 2013.

advantage did little to address concerns about Soviet conventional military power in Europe. Conversely, addressing the clearest difference between the U.S.-Soviet rivalry and modern U.S.-China relations, another American participant argued that with or without nuclear weapons, the consequences of a breakdown in the U.S.-China economic relationship is a powerful though uncertain deterrent to both sides to avoid large-scale conflict. Finally, one U.S. speaker asked whether and how Washington should think differently about China in comparison with the former Soviet Union. “Do we have to think about planning for a nuclear war with China? If the answer to that is yes, is it a Cold War model? Do we have to bomb every bridge in China, or if we had 400-500 weapons that could hit the top 20 Chinese cities, would that constitute deterrence?”

In contrast with the Japanese participants, South Korean participants in the dialogue sessions had few worries about America’s nuclear extended deterrence—one specifically asserted that South Koreans remain confident in the U.S. nuclear deterrent and that they do not think that the “United States will not be willing to trade San Francisco for Seoul” in a nuclear conflict. Taking into account the flow of the discussion, this appears to reflect the considerable gap between South Korean and Japanese threat perceptions; the South Korean speakers were much more troubled by North Korea’s nuclear weapons program than by China’s actions in the South China Sea and East China Sea, which do not directly threaten Seoul’s interests.

However, despite this relative confidence in U.S. extended deterrence, one South Korean speaker argued that Seoul would face very challenging dilemmas if this confidence were shaken in the future. On one hand, this participant said, South Korea has “no other credible provider” of extended deterrence, meaning that it could not comfortably replace the United States as a major nuclear power ally. On the other hand, South Korea has “no consensus” on a national nuclear weapons program and, in fact, many Koreans believe that possessing nuclear weapons would make their country less rather than more safe. That said, the speaker continued, in the absence of reliable U.S. extended deterrence, this view could evolve and the country would have the capability to develop an independent nuclear arsenal very quickly.

In this context, it is notable that South Korean public support for an indigenous nuclear weapons capability appears to have grown since the time of the final dialogue session and in the wake of escalating North Korean rhetoric and threats. Likewise, South Korea’s politicians and

prominent media commentators appear to be discussing a nuclear program more and more often. Though some see developing a nuclear program simply as a means to apply pressure to the United States, China and Russia—hoping that they will in turn put more pressure on Pyongyang, and being prepared to negotiate the program away as part of a final deal—others appear to believe that Seoul must consider its own nuclear deterrent capability.<sup>10</sup> South Korea has already expressed interest in developing a nuclear fuel reprocessing capability in negotiations to renew a U.S.-South Korea agreement on civil nuclear cooperation that expires in 2014.<sup>11</sup>

### *Cyber-Threats*

One American participant drew a direct comparison between nuclear weapons and cyber-attacks, describing the cyber-attacks as “what we used to call counter-value targeting during the Cold War.” Moreover, this speaker continued, Chinese military journals explicitly describe cyber-attacks as a strategic weapon, able to “directly attack the production capabilities of the United States.” Where “it used to take intercontinental ballistic missiles” to damage or destroy these targets, today a virus or worm is “a really elegant weapon” that can shut down communication networks, water systems, or financial systems from afar without confronting the target country’s armed forces. Two U.S. participants argued that “China is becoming more dependent on digital warfare” and a digital economy, leading to growing mutual vulnerability.

American and Japanese participants noted that hacking and cyber-attacks have already taken place on U.S. and Japanese government agencies and companies, with attribution to China. Further, one U.S. speaker continued, many hacking incidents likely go unreported; businesses have strong incentives to avoid disclosing attacks to protect their reputations for security.<sup>12</sup> Despite this, another American argued that cyber-defense and attribution capabilities have been improving and

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<sup>10</sup>For example, see the useful summary in Toby Dalton and Yoon Ho Jin, “Reading Into South Korea’s Nuclear Debate,” PacNet Number 20, March 18, 2013.

<sup>11</sup>According to this report, this South Korean position is holding up the talks. See Lee Chi-dong, “S. Korea, U.S. hold 'productive' talks on civilian nuclear cooperation: official,” Yonhap News Agency, <http://english.yonhapnews.co.kr/national/2013/04/19/90/0301000000AEN20130419003000315F.HTML>.

<sup>12</sup>The dialogue sessions took place prior to announcements by *The New York Times* and other major U.S. newspapers that hackers traced to China had accessed their computer networks.

expressed hope that strong cyber defenses against attacks (as distinct from efforts at theft) may become less costly over time. A Japanese participant was skeptical that defense would become significantly easier, arguing that active defense against cyber-attacks could damage systems of innocent parties.

Americans in particular expressed concern that the implications of cyber-warfare are still very poorly understood. One compared U.S. and allied experiences with cyber-attacks with their understanding of nuclear doctrine in 1948; another said that cyber-doctrine has not moved beyond limited “tit-for-tat” exchanges. As a result, a U.S. speaker said, many key questions are unanswered. “How do you balance offensive capabilities with the need for stability?” And what happens “if you have a building crisis situation and suddenly your ability to communicate is taken away, or suddenly your ability to conduct surveillance is taken away? Does that lead ... to a use-it-or-lose-it scenario?”

Acknowledging the difficulty in developing a policy to address the many forms that cyber-attacks can take, a U.S. participant nevertheless suggested that the absence of clear declaratory policy could encourage dangerous experimentation in cyber-conflict. Lacking negotiated “rules of the game,” this speaker said, governments with strong cyber capabilities are likely to define the rules through a process of iterative exploration, testing particular capabilities and watching how others respond. This could lead to dangerous miscalculations if two governments have different understandings of where the limits are or should be. If Beijing or another government goes too far and provokes an unexpectedly severe reaction, the consequences could be “highly undesirable.”





## CHAPTER 4: U.S.-JAPAN-SOUTH KOREA RELATIONS

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Participants generally agreed that multilateral security cooperation in Asia is growing in importance, though American, Japanese and South Korean speakers often had different perspectives and saw different obstacles.

American participants generally focused on the value of building a growing network of security partnerships in Asia. Several U.S. speakers referred to increasingly frequent statements of concern from governments in the region, including Japan, South Korea, Australia and Southeast Asian nations. In this context, one American participant said, the United States is pursuing “the diplomacy of re-engagement” in both Northeast Asia and Southeast Asia. Another suggested that the new U.S. focus on Southeast Asia is especially significant in helping those governments to organize themselves so that Beijing is less able to “deal with them separately.” A third U.S. speaker argued that Southeast Asian governments welcomed the Obama administration’s announcement of its intention to move 2,500 U.S. Marines to Australia and to redeploy 8,000 troops from Okinawa to Guam—but acknowledged that others in the region were nonplussed. Moreover, yet another American participant said, the United States is not seeking a confrontation with China and has to craft its policies subtly and carefully, which has not always been easy for Washington. “The challenge for us is to have a strategy where we’re not in charge necessarily, where we encourage these networks to work in Asia so that China learns that there are antibodies when it oversteps.”

Both Japanese and South Korean participants noted concerns that the United States was shifting its attention away from Northeast Asia within the wider Asia-Pacific region. According to one Japanese speaker, this is a particular worry for right-wing Japanese politicians—even those who

see the strategic value of moving some American forces from Okinawa to Guam are nervous that it may weaken deterrence. At the same time, the speaker continued, it has prompted some to ask whether Japan is too dependent on the United States. Likewise, a South Korean participant asked whether the United States was actually pivoting toward Southeast Asia rather than Asia as a whole. The speaker further questioned whether the Obama administration's rebalancing policy would eventually strengthen U.S. ties to Seoul or perhaps weaken them.

U.S. and some Japanese speakers saw little reason for concern about a shift in U.S. attention away from Northeast Asia. American participants agreed that the U.S. has granted particular new attention to Southeast Asian nations, but saw little evidence of declining interest in Northeast Asia. A Japanese speaker agreed with this and further argued that it is important to make a distinction between the "geographical distribution" of American forces (where they are based) and their "operational residency" (where they can go if needed). An American likewise argued that in a real crisis, U.S. forces based in Southeast Asia would be less vulnerable to attack than those in Japan while remaining available for operations.

Japanese participants generally advocated much broader security cooperation in Asia, moving beyond even Southeast Asia. For example, one Japanese speaker strongly endorsed the concept of an "Indo-Pacific security diamond" later publicized by Prime Minister Shinzo Abe. The diamond—with Japan, India, Australia and Hawaii at its corners—would unite democratic governments in regional security cooperation and its Japan-India leg would also pass through South Korea and Taiwan. This participant went on to describe "regularized service-to-service dialogues" between Japan and India, including navy service chiefs and staffs and soon army leaders as well. The two nations are also conducting bilateral exercises, the speaker said.

U.S. and South Korean participants argued for caution in pursuing regional security cooperation; steps that provoke China excessively could undermine security rather than enhancing it. A South Korean speaker said that turning his country into a platform "to check and balance China" would "irritate China" and could have undesirable consequences. Similarly, another South Korean participant asserted that "networking" between allies is "going to be more problematic in Korea" because of China's possible reaction. As a result, this speaker continued, Seoul is trying "to separate strengthening our cooperation with the United States from increasing our cooperation with other U.S.

allies like Japan or Australia.” Still, South Korean speakers supported expanded security cooperation, acknowledging that “China’s naval power is growing” and that managing Beijing successfully will require more effective multilateral action.

South Koreans had mixed reactions to changes in the U.S.-South Korea alliance. All welcomed an apparently stronger U.S. commitment to South Korea and to U.S. forces based there. Likewise, one South Korean speaker also welcomed Washington’s higher expectations, which this participant saw as increasing Seoul’s importance to the United States. At the same time, other South Koreans viewed the planned transfer of operational control of allied forces from the U.S. to South Korea with uncertainty. For example, one speaker argued that the shift could simultaneously strengthen deterrence vis-à-vis North Korea, because South Korean leaders might be more likely to retaliate against North Korean provocations, and increase instability on the Korean Peninsula—for the same reason. Focusing strictly on allied military force structures, another South Korean participant argued that U.S. reductions in ground forces in South Korea might complicate Seoul’s efforts to address imbalances in its military, which is already too heavily dominated by the army at the expense of the navy and air force.

U.S., Japanese, and South Korean participants all acknowledged real challenges in trilateral cooperation—particularly the weakness of Japan-South Korea relations. Both Japanese and South Korean speakers acknowledged the complexities of their bilateral relationship and expressed hope (though not always optimism) about the prospects for improving cooperation. As one South Korean participant put it, it is a “national pastime for both sides to blame each other” but “the biggest narrative we have to deal with in this century is not us ... but about the rise of China.” Similarly, a Japanese speaker argued that Seoul and Tokyo are likely to continue to concur regarding the South China Sea and the East China Sea, because both have “fully embraced the existing rules-based liberal international order” and are “big traders” who depend on maritime security and as the largest beneficiaries of U.S.-provided peace and stability in East Asia. A South Korean participant added that Koreans understand “how frustrated Americans are looking at the inefficiencies or the lack of trust” between Japan and South Korea” and called for the two nations’ new governments to “start discussions in a deep fashion” to overcome their differences. “It’s time for us and those in the States to join hands together to show our unity vis-à-vis China.”

All viewed public opinion and historical grievances as considerable challenges for Japan-South Korea relations. One South Korean speaker explained that despite South Korea's significant gains from its 1965 normalization with Japan during Cold War, there is still considerable controversy about Seoul's relations with Tokyo, especially over the legacy of Japan's occupation of Korea and the disputed Dokdo/Takeshima Islands. For example, one South Korean participant said that "whenever Japan is talking about normalizing its state identity, it scares the regional powers, because it reminds them that Japan may have a national identity." Others referred to longstanding dissatisfaction in South Korea over Japan's handling of the issue of South Korea's "comfort women" and their brutal treatment during the Japanese occupation, which contributed to the unraveling of an important information-sharing agreement between Seoul and Tokyo in 2012.

One Japanese participant argued that the Japanese government's apologies over the abuse of the South Korean comfort women were "rather well made but not quite perfect as yet. That is why from South Korea there is still criticism that it was not sincere enough." Unfortunately, this speaker said, the people handling the matter in Japan suffered "serious trauma" from the experience of "fighting against enemies in Japan" in order to make the apologies and then being "refused and rejected" by many South Koreans. They are now dispirited and skeptical that a new and different apology could produce better results. Another Japanese speaker referred to "apology fatigue" in Tokyo resulting from each new government being asked for a new apology.

Other Japanese participants asserted that South Korea should appreciate Japan's contributions to Korea's security and welcome deeper security cooperation with Japan despite these issues. For example, one Japanese participant stated that the United States would be unable to defend South Korea without its bases in Japan and, as a result, that the U.S.-Korea alliance would have substantially less value without Tokyo's support. A second Japanese participant pressed a similar point further, suggesting that rather than feeling anxiety, South Koreans should welcome Japan's gradual moves toward greater support for "collective self-defense."

South Korean and Japanese participants appeared to agree that Korea's rising wealth, power and influence may help to improve South Korea-Japan relations over time. One South Korean speaker argued that Koreans are very proud of their country's rapid economic growth and

higher international profile, while another suggested that many see Japan as a declining power. Either way, a Japanese speaker concluded, South Koreans seem less worried about Japan, which should contribute to building a more “normal” relationship between the two.

Nevertheless, South Korea’s democracy makes this problem more complex, a Korean speaker said, because governments in Seoul and Tokyo cannot build a stronger relationship without a better foundation between the two societies—something hampered by considerable gaps in perception. For example, one U.S. participant pointed to a 2011 public opinion poll in Japan that found nearly 70% of Japanese feeling affinity toward Korea and about 60% seeing Japan-South Korea relations as positive. Unfortunately, a Japanese participant said, some 54% of young South Koreans still see Japan as the principal threat to their country—more than double the share who see China as the top danger. Strikingly, an American reported, another recent poll shows some 75% of Japanese seeing China-Japan-South Korea security cooperation as possible, while just 50% of South Koreans and 24% of Chinese felt the same way.

Japanese participants generally articulated views consistent with this assessment, assuring other participants that Tokyo “will be delighted” to work again on the General Security of Military Information Agreement (GSOMIA) that fell apart last year and to pursue cooperation in other areas. Nevertheless, South Korean speakers were skeptical about the prospects for deeper engagement between the two governments due to Korea’s domestic politics. One South Korean compared Seoul’s interaction with Tokyo to its ties to Beijing, characterizing each as “cold politics, hot economics”—or, in other words, growing trade and investment ties despite enduring mistrust and suspicion; another urged “we shouldn’t ask too much” and suggested that any new efforts “should start from a low level.”

Still, South Korean speakers differed on the way forward. For example, one called for Seoul and Tokyo to separate economics from politics and also to separate historical and territorial issues from everything else in bilateral relations, while another argued that South Korean-Japanese differences over history must be addressed at a “much deeper level” before significant progress will be possible. A third South Korean participant took a similarly long-term view, arguing that the two countries “have to manage the post-modern transformation of international relations in the region like Europe did” over the decades following World War II.

In the immediate future, U.S., Japanese and South Korean participants all saw immediate political obstacles to closer Japan-South Korea relations. An American noted that South Korea's new President, Park Geun-hye, may be in a weak position to reach out to Tokyo because of her father's service in the Japanese army during World War II, prior to his rise to power in a military coup in 1961. Likewise, a Japanese speaker commented that despite his strong nationalist credentials, Japanese Prime Minister Shinzo Abe will probably have limited political capital for a major initiative in Japan-South Korea relations due to Japan's ongoing economic troubles. Another American asserted that if Japanese politicians and bureaucrats continue to make controversial statements about historical issues—whether or not they are mainstream figures in Japan—many South Koreans will remain suspicious of cooperation. Since then, South Korea and Japan have faced new tension after Abe defended visits by Japanese officials to the controversial Yasukuni Shrine, which honors several convicted war criminals among others on its expansive grounds.<sup>13</sup>

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<sup>13</sup>Emily Alpert, "South Korea chides Japan after lawmakers visit war shrine," *Los Angeles Times*, <http://www.latimes.com/news/world/worldnow/la-fg-wn-south-korea-japan-war-shrine-20130425,0,3438722.story>.

# KEY CONCLUSIONS AND RECOMMENDATIONS

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The report *Extended Deterrence and Security in East Asia: A U.S.-Japan-South Korea Dialogue*, published by the Center for the National Interest in January 2012, presented five key conclusions from this project's first year of discussions. As a departure point, it may be useful to restate those conclusions briefly, evaluate their continued validity, and add some further texture and specificity. After this, the report will present specific policy recommendations. As an American, the author will suggest options strictly for U.S. policy; Japanese or South Korean readers may draw different conclusions from the dialogue or seek different responses from their governments.

## *Conclusion 1*

- **The Cold War is over and China is not the Soviet Union. Chinese leaders have not pursued an aggressive Soviet-style campaign for global dominance. Moreover, China is integrated into the global economy in a manner that creates constraints and pressures that neither Washington nor Moscow faced during the Cold War.** Finally, the vast geography of East Asia and the Pacific shapes the dynamics of the competition that is occurring in ways fundamentally different from what took place between the United States and the Soviet Union in Europe.

## *Comments*

Most important, it remains true that China has not sought to impose its political model through Soviet-style global ideological competition and support for national liberation movements. Nor has it actively supported international terrorist groups targeting U.S. citizens or allies



as Moscow did in the Middle East. So far, China's new leadership does not seem inclined to change these approaches, though Chinese officials do often bluster at their smaller neighbors and seem to expect automatic deference to their preferences. Thus, while China's rise poses many serious challenges to the United States—including the risk of military conflict—it is less immediately threatening to American security than the Soviet Union and requires different responses.

There are also other important differences between the Soviet and Chinese challenges that merit consideration in developing U.S. policy. One is in their approach to international politics. For example, during the Cold War, the Soviet Union attempted to establish its international leadership from the bottom up, promoting communist revolution on a country-by-country basis—or persuading national leaders to adopt communist rhetoric and governance in return for aid—and seeking to establish a favorable international “correlation of forces” that would tip the scales toward worldwide communism. Soviet leaders likely expected to maintain and strengthen the U.S.S.R.'s international role as this process advanced.

While China has attempted to win international political support through loans and investment, its aim appears to be a top-down redefinition of the international order rather than a one-at-a-time transformation of individual countries. Bluntly, China is rallying support to rewrite the rules of the game in a way that enhances its role and prerogatives. This does have an ideological component, in that Beijing's principal audience is among emerging economies and developing countries dissatisfied with the U.S. and Western-dominated international system; China has sought to portray itself as a voice for the voiceless. However, Beijing's objective seems less to become a global leader than to increase its own freedom of action.

Ironically, because China is not trying to promote its political and economic model, its economic successes may actually undermine its ability to lead this group rather than strengthening it. The less China looks outwardly like a developing country, the less it is able to claim the mantle of leadership among them—something already seen on issues like climate change, where China's relative wealth and status as the world's top greenhouse gas emitter set it apart from many of its hoped-for followers. China's mercantilist approach to its economic relationships accentuates this problem, something highlighted in a March 2013 *Financial Times* commentary by a former head of Nigera's Central Bank, who argued that “China is no longer a fellow under-



developed economy” and that its economic relations with Africa reflect “the essence of colonialism.”<sup>14</sup> If China is not seen as representing something larger than its own interests, it will likely have difficulty in winning broad international support.

Still, there is a clear contradiction between current U.S. policy and China’s apparent goals. U.S. policy is predicated on China’s acceptance of America’s definition of international rules and norms, particularly in international security, while China has its own definition. If this is true, absent adjustments in policy in Washington or Beijing, U.S. leaders may become increasingly frustrated with China’s failure to accept America’s definition of the international rules even as Chinese leaders become increasingly aggravated by U.S. statements and conduct in pursuit of this goal. This may in turn create a vicious circle of growing mistrust and tension—especially if leaders in Beijing simultaneously believe that they are defending international norms of sovereignty from perceived U.S. violations.

### *Conclusion 2*

- **While acknowledging the profound differences between today and the past, Cold War deterrence and extended deterrence do offer useful lessons—especially the fact that deterrence is credible only in extreme circumstances and cannot reliably prevent provocative conduct.** The threat of escalation to war is unlikely to be effective when vital national interests are not at stake.

### *Comments*

China’s and particularly North Korea’s recent conduct continues to demonstrate the very real limits to deterrence and extended deterrence based upon the threat of force against a nuclear-armed state, something U.S. leaders originally learned during the Cold War. With respect to North Korea, leaders in Pyongyang seem well aware of past limits on South Korea’s retaliation for their provocations—just as South Korean and Japanese participants in the dialogue meetings clearly fear. So long as North Korea’s periodic attacks and other moves do not threaten South Korea’s or Japan’s fundamental national interests, such as their

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<sup>14</sup>Lamido Sanusi, “Africa must get real about Chinese ties,” *Financial Times*, March 11, 2013, <http://www.ft.com/intl/cms/s/0/562692b0-898c-11e2-ad3f-00144feabdc0.html#axzz2P1KKeUDi>.

survival or continued prosperity, Seoul, Tokyo and Washington may have few tools at their disposal to discourage these actions.

Nevertheless, North Korea is an extreme case due to its unique international isolation in the globalized world of the twenty-first century; it enjoys so few constraints on its conduct because it has little or nothing to lose in international trade and finance or in regional or world politics. China does face these limits and, as a result, international approbation is often sufficient to curb its bouts of assertive behavior. When China overreaches, the political reactions of other Asian states can persuade its leaders to pull back. From this perspective, so long as the United States and its allies consider the risk of a significant armed conflict with China to be low, political and economic forms of deterrence are likely to be more useful day-to-day policy instruments than conventional or nuclear deterrence.

The Cold War period provides useful perspective in other areas as well. For example, given assumptions at the time regarding Soviet conventional military superiority, U.S. military strategy in Europe—presumed to be the central theater of any such conflict—was focused on deterring Soviet aggression and defending U.S. allies. Somewhat strikingly given today's debates in the United States and some Asian nations, the United States essentially accepted Soviet conventional superiority in Europe over a period of decades. America's European allies were frequently quite concerned about Soviet military power, but deterrence—including nuclear deterrence—successfully kept the peace.

Conversely, today's U.S. leaders would do well to remember how hard their Cold War predecessors worked to avoid an uncontrollable direct military confrontation with the Soviet Union—and how hard their Soviet counterparts worked to avoid armed conflict with the United States. In fact, it was precisely this reluctance to engage in direct combat that produced the Cold War's many proxy wars in the developing world. Moreover, AirLand Battle—the U.S. strategy to defend Europe—did not inherently require massive conventional attacks on Soviet territory. While AirLand Battle did call for swift and powerful attacks on Soviet and Warsaw Pact rear echelon forces to weaken them before they could reinforce front line units, as a practical matter the combat ranges of U.S. and NATO tactical aircraft were insufficient to reach Soviet territory from then-West Germany. Because these deep strikes would take place in Warsaw Pact countries, which did not possess independent nuclear arsenals, these strikes would have been less likely to provoke a Soviet nuclear attack on America. Conversely the United States would have

assessed these risks quite carefully before undertaking strategic bombing against targets within the U.S.S.R.

Today's Air-Sea Battle concept is quite different from America's Cold War military doctrine in that it appears to depend upon direct attacks on aircraft, missiles, radars, and air-defense systems on Chinese territory. Thus far, no nuclear-armed state has faced a large-scale conventional attack like this. Under the circumstances, it seems unwise to assume uncritically that strategic nuclear deterrence would succeed if the United States and its allies were to devastate anti-access/area-denial assets based on or near China's coasts—forces upon which Beijing would rely not only to project power, but also to defend China from invasion (however unlikely the prospect may seem to non-Chinese) or deeper air attacks.

### *Conclusion 3*

- **Understanding the China-North Korea relationship is important to U.S. policy toward both countries and to U.S. efforts to work with Japan and South Korea.** Japan and South Korea naturally have different interests and priorities based on their differing circumstances and perspectives. For the United States to forge a tri-lateral relationship with Tokyo and Seoul, it will be necessary to assess whether China and North Korea are one problem or two.

### *Comments*

North Korea's conduct in late 2012 and early 2013—and China's reaction—suggests increasing strains in relations between Beijing and Pyongyang. Perhaps most notable is China's support for tighter sanctions against North Korea after its February 2013 nuclear test. Widely-read comments from an editor at China's Central Party School calling for Beijing "to re-evaluate its longstanding alliance with the Kim dynasty" have also been interpreted as signaling China's disapproval of the test, though the article's importance has since been called into question.<sup>15</sup> Still, many believe that Chinese President Xi Jinping has himself obliquely reprimanded Pyongyang, stating that "no one should

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<sup>15</sup>Deng Yuwen, "China should abandon North Korea," *Financial Times*, February 27, 2013, <http://www.ft.com/intl/cms/s/0/9e2f68b2-7c5c-11e2-99f0-00144feabdc0.html#axzz2PJ7euMtg>. Deng was later suspended from his post as deputy editor of a journal affiliated with the Central Party School and claimed that he lost the job because of his article.

be allowed to throw a region and even the whole world into chaos for selfish gains.”<sup>16</sup> Unfortunately, for the United States and its allies, the China-North Korea relationship remains opaque in many respects.

Even more uncertain than China’s view of North Korea is North Korea’s perspective toward China. On one hand, North Korea is clearly heavily dependent upon Beijing for trade, investment and assistance—without China, Pyongyang would be extremely isolated. Nevertheless, North Korean leaders also appear to believe that Beijing depends to an even greater extent upon them to maintain stability on the Korean Peninsula; this sense appears to be the critical factor in their willingness to defy China.

What is most unclear—and appears largely unexplored—is whether North Korean officials consider this to be a stable situation taking into account China’s growing economic and military power and its expanding international influence. While reactions to China’s rise have differed from place to place in Asia, it is clear that the fact of China’s rise is a major preoccupation for all. Is North Korea similar to other Asian nations in this or is it uniquely unconcerned? The China of 1950—to which Kim Il-sung turned for help—is a profoundly different country from the China of 2013 upon which his grandson Kim Jong-un now relies. With this in mind, North Korea may be determined to maintain a nuclear arsenal as much to assert its independence from China as to deter South Korea and the United States. If this is indeed the case, it could make the already quite difficult task of de-nuclearizing North Korea much harder. It also could place Pyongyang’s efforts to engage in direct talks with the United States into a somewhat different light.

#### *Conclusion 4*

- **Japan and South Korea appear capable of improving their political and military relationships in concrete and useful ways.** Though the historical legacy of Japan’s occupation of Korea will continue to feed mutual skepticism, Tokyo and Seoul seem to define their interests increasingly similarly and to see the benefits of functional cooperation. Needless to say, this process will depend heavily upon domestic politics in each country.

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<sup>16</sup>“Full text of Xi Jinping’s speech at opening ceremony of Boao Forum,” Xinhua, April 7, 2013, [http://news.xinhuanet.com/english/china/2013-04/07/c\\_132290684.htm](http://news.xinhuanet.com/english/china/2013-04/07/c_132290684.htm).

*Comments*

At present, domestic politics seem set to frustrate efforts at deeper Japan-South Korea cooperation and, as a result, to slow trilateral dialogue. To an outsider, two separate problems seem to underlie this: nationalist politicians in Japan and South Korea, whose statements and actions often receive significant attention in the other country, and disengaged and ill-informed publics that don't recognize or understand the opportunities that each nation is forgoing. (To be clear, the United States also suffers from both of these problems in different ways.)

Taking this into account, Japanese and South Korean leaders seeking to intensify their cooperation ultimately have three options. The first—waiting for a better political environment—is probably the easiest to pursue. However, by deferring deeper dialogue or practical steps, this approach also delays its benefits. The second, pursuing modest efforts in the hope that they will remain invisible and uncontroversial, allows prompt action and can create a political environment in which more ambitious goals become achievable. Unfortunately, this is what Seoul and Tokyo tried and failed to do with the GSOMIA information-sharing agreement that collapsed in 2012. The final option is for those in South Korea and Japan who are committed to working together to make a major effort to build an effective political constituency favoring engagement through public education and outreach. An effort like this could help to marginalize skeptics in each country and to energize publics or at least to soften opposition. This is likely the most difficult direction to take—but even if it does not succeed, it could facilitate both of the other two options.

From this perspective, North Korea's increasingly provocative conduct may contribute to Japan-South Korea cooperation in a way that China's disputes with Japan could not—their perspectives on North Korea are probably in closer alignment than their views of China.

*Conclusion 5*

- **American and Japanese anxiety about China's rise is intimately interconnected with mounting frustration over domestic economic problems and political gridlock that prevents solutions.** These concerns have less to do with the China's capabilities and conduct today than with Beijing's possible future power and goals. With this in mind, successful domestic policies that produce growth and reduce deficits and

debts could simultaneously address those worries and change Chinese perceptions, lending greater credibility to U.S. efforts at deterrence and assurance.

*Comments*

New evidence makes clear that China is increasingly not only a foreign policy issue for many Americans, but also a domestic concern—largely because of the perceived impact of its economic expansion on U.S. jobs. This is apparent in regular polling conducted by the respected Chicago Council on Global Affairs. The Chicago Council’s 2012 survey found that “protecting the jobs of American workers” was Americans’ top foreign policy concern, identified by 83% of respondents as a “very important” goal of U.S. foreign policy.<sup>17</sup> Moreover, the share of respondents selecting this answer grew by four percentage points since the group’s last survey, in 2010. At the same time, 52% of survey participants described U.S. debt to China as a “critical” threat to vital U.S. national interests. And when asked to rate U.S. and Chinese international influence during the coming decade on a scale from one to ten, those surveyed rated Washington at 8.1 (down from 9.1 in 2002) and Beijing at 7.8 (up from 6.8 in 2002).

Other 2012 polling further sharpens the nature of Americans’ anxieties. As noted earlier, opinion research by Dartmouth College Professor Benjamin Valentino and administered by YouGov found that Americans surveyed would greatly prefer a scenario in which average U.S. incomes increase by only 10% over two decades—a near-stagnant increase of just 0.5% per year—if the U.S. economy remained the world’s largest when given the choice between that and a scenario in which U.S. incomes double in the same twenty years but China’s economy overtakes America’s.<sup>18</sup> Fifty point seven percent of respondents chose the first option (including 62.1% of Republicans), while just 20.8% selected the latter—a margin of 2.5 to 1. Valentino’s poll also found that 73.6% of respondents consider it very or somewhat important for the United States “to remain the world’s number one military power” (55.0% very important, 18.6% somewhat important)

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<sup>17</sup>Dina Smeltz, *Foreign Policy in the New Millennium: Results of the 2012 Chicago Council Survey of American Public Opinion and U.S. Foreign Policy*, [http://www.thechicagocouncil.org/UserFiles/File/Task%20Force%20Reports/2012\\_CCS\\_Report.pdf](http://www.thechicagocouncil.org/UserFiles/File/Task%20Force%20Reports/2012_CCS_Report.pdf).

<sup>18</sup>See the results at <http://www.dartmouth.edu/~benv/files/poll%20responses%20by%20party%20ID.pdf>.

and that 76.6% see it as very or somewhat important for America “to remain the world’s most influential country” (53.2% very important, 23.4% somewhat important).

Americans’ economic pessimism and political frustration—also seen in extensive polling—provides essential context for these responses. If the U.S. economy were growing at 3% or more per year, as was often the case during the 1990s, it seems quite unlikely that Americans would be as troubled as they are about China’s rise; among other things, the point at which China’s economy is projected to overtake America’s might seem more comfortably remote than it does today. (And fewer might erroneously believe that this has already happened.) This strengthens the case—made by many others—that America’s top foreign policy priority should be to “get its house in order,” re-establishing the economic foundations of U.S. global leadership and U.S. military power.<sup>19</sup>

Still, as some dialogue participants stated, there is some cause for optimism about the U.S. economy, both in the energy sector and in manufacturing, which is increasingly benefiting from lower energy costs. A recent study by the global information and analysis firm IHS finds that shale gas supported 600,000 jobs in the United States in 2010, a number projected to reach 870,000 in 2015 and 1.6 million in 2035, when shale gas would account for 60% of US natural gas production. The study predicts that this will add \$118 billion per year to the US economy by 2015 and \$231 billion per year by 2035—and that the cumulative tax revenues for federal, state, and local governments could approach \$1 trillion during this period.<sup>20</sup> More generally, as one U.S. participant argued, the United States could well be “one budget deal away from economic resurgence.” If the President and the Congress are able to negotiate a long-term agreement that puts an end to annual (or more frequent) political-economic crises, their demonstration of political will—and the resulting sense of stability—could release a

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<sup>19</sup>Remarkably, Valentino’s poll also found that despite their desire for America to be the world’s top military power, just 30% of Americans were willing to pay higher taxes to make it happen, and most of those would not support an increase larger than 5%.

<sup>20</sup>“Shale Gas Supports More Than 600,000 American Jobs Today; by 2015, Shale Gas Predicted to Support Nearly 870,000 Jobs and Contribute \$118.2 Billion to GDP, IHS Study Finds,” December 6, 2011, <http://press.ihs.com/press-release/energy-power/shale-gas-supports-more-600000-american-jobs-today-2015-shale-gas-predict>.



substantial amount of the \$1.27 trillion in cash and marketable securities held by the S & P 500 companies at the end of 2012.<sup>21</sup>

*Additional Conclusions*

- **Notwithstanding America’s serious economic challenges, Japanese and South Korean citizens remain confident in the United States and in American power—and to a greater extent than Americans themselves.** This appears to reflect a more accurate understanding of the real balance of economic and military power between the United States and China.
- **Because of Asia’s geography and global economic role, its security cannot be separated from other key regions and should not be considered in isolation from the overall international system.** Most obviously, the United States is the dominant actor in Asia’s security despite its location in the Western Hemisphere. Likewise, Asia cannot be separated from the Middle East, upon which its top economies (which are also top global economies) rely for energy imports. At the same time, Russia is an important player in Asia but also in Europe—and Russia’s attitudes toward European security contribute to its approach to Asia.
- **If current U.S. efforts to work with Beijing to develop rules in cyberspace are not successful, U.S.-China tension over hacking apparently linked to China’s government is likely to escalate and could seriously threaten U.S.-China relations in the future.** Tension in Japan-China and South Korea-China relations will probably increase as well. In America’s current political environment, a major cyber incident could have profound consequences for public attitudes toward China and could prompt responses from the U.S. Congress that may be politically difficult for the executive branch to manage.
- **The evolving security environment in East Asia is increasingly shaping the thinking of policy and opinion leaders in Japan and South Korea on security matters and**

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<sup>21</sup>Steve, Schaefer, “Big Companies Are Throwing Off Cash Faster Than They Can Spend It,” *Forbes*, April 3, 2012, at <http://www.forbes.com/sites/steveschaefer/2013/04/03/big-companies-are-throwing-off-cash-faster-than-they-can-spend-it/>.



**could lead to sudden policy shifts if a new consensus crystallizes in either country.** In South Korea, this is evident in the growing debate over nuclear weapons; in Japan, it has been expressed in discussions over re-interpreting traditional limits on the country's military. These debates intimately involve each country's relations with the United States as well.

### *Recommendations*

The following recommendations include both broad approaches and specific policy proposals.

- **While it is tempting to mobilize political support for domestic economic measures by referring to U.S. competition with China—particularly because that competition is in fact an important reason for domestic action—senior U.S. officials, top military officers, and members of Congress should be extremely careful in how they characterize China and the U.S.-China relationship for domestic audiences.** Given already high levels of public anxiety about China in the United States, it may be easier than many think to turn public opinion toward confrontation. Televised political campaign advertisements in the 2010 and 2012 election cycles already moved significantly in this direction. Taking into account the potentially high costs of a breakdown in U.S.-China relations, and how difficult it might be to encourage an agitated public to support important cooperative approaches, continuing this trend could be dangerous.
- **The Obama administration should establish a genuine strategic dialogue with China.** While valuable, the current Strategic and Economic Dialogue has become too large, too concrete, and too ritualized to allow for the high-level strategic dialogue needed to address fundamental challenges and opportunities arising from China's growing power and its impact on the international system. Real strategic dialogue requires very few participants and a less structured agenda focused on long-term trends, goals, and perceptions and connects them to the immediate problems that drive most diplomatic engagement. In pursuing this dialogue, the United States should take care to inform and reassure its allies, including Japan and South Korea.

- **Though Beijing may continue to reject talks, the United States should use the opportunity provided by North Korea's increasingly provocative conduct to seek a meaningful U.S.-China dialogue on nuclear weapons.** Elements of America's response—especially announcements of new missile defense deployments—may increase China's concern about its own security. China has previously been reluctant to discuss nuclear weapons, but the changing environment may facilitate dialogue on strategic offensive and defensive systems. U.S. officials should indicate that just as Washington has responded to a growing threat with new defenses, it would reevaluate its defensive needs if threats diminish.
- **In the context of efforts to discuss cyber issues with Beijing, U.S. officials should communicate clearly to their Chinese counterparts the damaging political effects of hacking publicly attributed to China's government.** China's apparent conduct could substantially weaken the support of one of its most important political constituencies in the United States—the business community—and prompt public anger. Moreover, China's vulnerability in cyberspace is growing rather than diminishing.
- **The White House should launch an expeditious but serious review of the Air-Sea Battle concept and U.S. military strategy in Asia to ensure that the Air-Sea Battle concept does not drive U.S. strategy without thorough study and debate.** An operational concept that some envision as facilitating U.S. attacks on mainland China—a nuclear weapons state—deserves much more careful consideration than it has received so far, including examination of China's possible responses and the potential reactions of vulnerable U.S. allies whose participation and support American leaders would seek. This review should specifically seek to connect Air-Sea Battle to wider strategic considerations and to assess a range of options for U.S. military strategy in Asia. It should also include consultations with Japan, South Korea, and other regional allies.
- **In the wider debate over U.S. energy exports, the Obama administration and Congressional leaders should consider**

**amending existing legislation restricting U.S. natural gas exports to facilitate exports to Japan.** Current rules allow easy exports to free trade partners—presuming such exports to be in the national interest—but do not apply the same standard to America’s allies. Proposed legislation would extend the looser rules to NATO allies. While maintaining the current rules might encourage Tokyo in talks on the Trans-Pacific Partnership by holding out the prospect of simplified export procedures, and while Tokyo has its own protectionist tendencies, it seems inconsistent to have one set of gas trading rules for free trade partners and another for allies (or worse, for some allies but not others)—particularly when the underlying logic is that of the national interest.

- **While recognizing the limits of deterrence, the United States should consider creative options to prevent and deter provocative conduct in the East China Sea and South China Sea.** For example, one possibility may be to establish a structured program of bilateral exchanges between the U.S. Coast Guard and analogous agencies in Japan, South Korea, or other nations. Visibly placing U.S. personnel aboard select vessels for extended periods could discourage China’s non-military maritime agencies from seeking confrontations by increasing the stakes. There is no reason that the United States could not simultaneously propose a similar exchange with China, which might help to reduce tensions.
- **The U.S. intelligence community should intensify its efforts to assess North Korea’s relationship with China, including North Korean perspectives on China’s growing power and international influence.** Despite the inherent difficulty of collecting information in an isolated and restricted society like North Korea’s, relations between Pyongyang and Beijing appear set to become more important. Thus far, publicly-available analysis and commentary has focused almost exclusively on China’s attitude toward North Korea, with comparatively little attention to Pyongyang’s views. This could also provide an opportunity to re-visit information sharing between Japan and South Korea, as well as reviewing intelligence cooperation with other U.S. allies in Asia.

- **The Obama administration should explore options to build on previous and existing multilateral counter-piracy operations in the Arabian Sea in order to involve China, Japan, South Korea and other Asian nations in a cooperative maritime security project.** Maritime security cooperation would likely be difficult in Asia at the present time. However, focusing efforts on the Middle East, where China's interests are more closely aligned with those of the United States and its allies could help to generate positive interactions that slowly build a degree of mutual trust.

## ABOUT THE AUTHOR

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