EXTENDED DETERRENCE AND SECURITY IN EAST ASIA
A U.S.-JAPAN-SOUTH KOREA DIALOGUE

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The Center for the National Interest is a non-partisan public policy institution established by former President Richard Nixon shortly before his death in 1994. Its current programs focus on American national security, energy security and climate change, Iran’s nuclear program, maritime security, and U.S. relations with China, Japan, Mexico, and Russia. The Center also publishes the bimonthly foreign affairs magazine *The National Interest*. The Center is supported by foundation, corporate and individual donors as well as by an endowment.
Following the North Korean sinking of the South Korean frigate Cheonan, and North Korea’s subsequent shelling of Yeonpyeong Island, the Center for the National Interest proposed a U.S.-Japan-South Korea dialogue on extended deterrence in East Asia to assess whether and how the three countries could work together to strengthen stability in a region of vital importance to America’s security and prosperity—and, of course, to the security and prosperity of its close allies. Shortly before the project began, the collision of a Chinese fishing vessel with a Japanese coast guard ship near the Senkaku Islands led to a significant political confrontation between Tokyo and Beijing.

These incidents appear in many respects to have reinforced and crystallized Japanese and South Korean security concerns—and to have contributed to changes in policy. One important goal of this project is to compare American, Japanese, and South Korean perspectives on Chinese and North Korean conduct, including its sources and objectives, and to evaluate policy options.

The project will ultimately include four expert dialogue meetings, two in Washington and two in Tokyo. This report highlights key findings from the first two sessions and is intended primarily to address U.S., Japanese, and South Korean perceptions of regional challenges. A second report will provide policy recommendations in 2013.

The Center for the National Interest organized the dialogue meetings jointly with the Tokyo Foundation and the U.S.-Korea Institute at the Johns Hopkins University School of Advanced International Studies; the first session took place in Washington in February 2011 and the second in Tokyo in October 2011. The Japan Foundation’s Center for Global Partnership provided essential financial support for the effort.
I am deeply grateful to Tsuneo Watanabe and Shoichi Katayama at the Tokyo Foundation and to Jae Ku at the U.S.-Korea Institute for their collaboration in the dialogue meetings. I would also like to thank everyone who participated in the meetings and especially those who traveled east or west across the Pacific Ocean to do so. Finally, I appreciate the organizational efforts and formatting, proofreading, and production assistance of my colleagues Erin Robinson and Kathryn Hartzell as well as the research and note-taking help provided by Nicholas Myers, Katherine Zimmerman, Katherine Zylinski, and Daniel Vajdic. Greg Dlaziel produced a transcript of the Tokyo session. Of course, I alone am responsible for the content of the report.

Paul J. Saunders
INTRODUCTION

In view of their centrality to the Cold War U.S.-Soviet relationship, deterrence and extended deterrence are inevitably loaded terms, weighted down by history. With this in mind, applying the logic of extended deterrence in modern-day East Asia requires special care to avoid some of its assumptions; it should be clear, for example, that China is not the Soviet Union and that America’s relationship with twenty-first-century China is fundamentally different from its relationship with the U.S.S.R. Despite this, however, close scrutiny of the Cold War experience may provide useful lessons—including in the differences between today’s world and the past. Notwithstanding those differences, extended deterrence remains a useful analytical framework in assessing security and stability in East Asia and a helpful language in conversations between the United States, Japan, and South Korea.

Deterrence generally refers to the ability to discourage an attack through the threat of retaliation, while extended deterrence describes deterrence on behalf of a third party, typically an ally. During the Cold War, analysts often defined deterrence and extended deterrence largely or even strictly in nuclear terms; for example, John Lewis Gaddis described extended deterrence as the threat of “a nuclear-strategic response in case of a nuclear attack on the territory or troops of allies.” As the danger of strategic nuclear war has receded since the Soviet Union’s collapse, many definitions of deterrence and extended deterrence have widened to include conventional military threats. Taking into account that political and economic considerations also substantially shape twenty-first-century decision making on war and peace, it may now be appropriate to view deterrence in an even broader context.

Closely related to extended deterrence is assurance, the ability to encourage the third party that deterrence on that nation’s behalf is in fact effective and reliable. The distinction between extended deterrence and assurance is a critical one since each is fundamentally psychological and subjective. Thus the United States could succeed in deterring a potential adversary yet fail in assuring an ally or, conversely, succeed in assurance but fail in deterrence. U.S. officials might believe that deterrence and assurance are succeeding when its rivals or partners do not. Like beauty, successful deterrence and assurance lie in the eye of the beholder.

Discussion during the two dialogue meetings repeatedly demonstrated the critical importance of understanding the psychological aspects of deterrence. One South Korean participant stated this simply, saying that successful deterrence “rests on attacking the mind rather than the body.” Recognizing that deterrence succeeds or fails in the minds of those whom one seeks to deter, participants asked frequently whether the United States and its allies are creating the proper incentives and how these incentives are understood. In other words, are our deterrence efforts credible and are they evaluated through rational and pragmatic decision-making processes? Each question proved to be a source of concern for some.

Equally fundamentally, participants considered many important questions about the goals of deterrence and extended deterrence in East Asia. Whom do the United States and its allies seek to deter? What are the limits of deterrence? Is deterrence strictly a military security concept or does the logic of deterrence apply in other areas as well? Is there such a thing as “too much” deterrence? The answers can profoundly shape U.S. policy in a critical region.
COLD WAR DETERRENCE AND EXTENDED DETERRENCE

The differences between the environment in twenty-first-century East Asia and the Cold War experience are deep and wide-ranging. As noted above, one fundamental difference upon which participants generally agreed is that between China and the Soviet Union. An American participant argued that China does not pose a global or regional military threat in the way that the U.S.S.R. did during the Cold War. Conversely, China’s power in the international economy is considerably greater than Soviet Russia’s and the United States and China are economically interdependent to a degree unimaginable in the U.S.-Soviet relationship. And notwithstanding China’s rise, one U.S. speaker said, it is not the “central organizing principle” of U.S. foreign policy in the way that the Soviet Union was.

There are also many structural differences. As one Japanese participant pointed out, East Asia’s geography is quite different from Europe’s, which was the primary focus of Cold War extended deterrence. The “essential character of the Asian theater” is naval, this speaker said, and because of this there is no fear of armed invasion in Japan (though this remains a concern for South Korea). Distances are also much greater in Asia. One American speaker noted that a conflict between China and India in the Himalayas would not necessarily involve other nations. Europe’s geography “made neutrality difficult” in ways that Asia’s does not.

At the international level, participants focused on alliance structure and the role of nuclear weapons. A Japanese speaker noted that while Cold War Europe relied upon U.S. extended deterrence through a multilateral alliance—NATO—America’s alliances in East Asia are bilateral. Still, like NATO, the U.S. alliances with Japan and South Korea are each derivative of Cold War competition and conflict and as a result must be
redefined to suit new challenges. While acknowledging that China is a major component in these new definitions, one American participant argued that U.S.-China competition is unlike past U.S.-Soviet competition in that China’s rise is taking place within a more clearly defined strategic environment.

The role of nuclear weapons in East Asia also has important historical roots. Several Japanese participants pointed to their country’s renunciation of nuclear weapons because of its unique experience as a victim of the atomic bomb, though one speaker acknowledged that Tokyo had in fact secretly permitted American naval vessels to bring nuclear weapons into Japanese waters. Another Japanese speaker pointed out that South Korea hosted hundreds of U.S. nuclear weapons during the Cold War (though Washington removed them in 1991). South Korea also considered and ultimately abandoned its own nuclear program. Two of the world’s five nuclear weapons states under the Non-Proliferation Treaty are in Europe and the United States continues to deploy nuclear weapons there as well.

Global norms regarding nuclear weapons also appear to have changed in the decades since the height of the Cold War, though the extent and consequences of these changes remain unclear. Nevertheless, one American participant suggested, it is possible to imagine situations in which domestic political pressures could effectively block the use of nuclear weapons in retaliation.

Notwithstanding these differences, the Cold War experience does provide some lessons in thinking about security and stability in East Asia. Concern over assertive Chinese and North Korean conduct has prompted growing interest in deterrence and extended deterrence, which many in the United States and allied nations view as having been a key component in their victory in the Cold War. Yet perhaps as a result of the Cold War’s satisfactory outcome, few seem to recall the many serious tests America and its allies confronted before the Soviet Union’s collapse.

The table below presents a rough hierarchy of Soviet behaviors and illustrative examples. It demonstrates quite clearly that despite the success of deterrence and extended deterrence in preventing a nuclear war, the U.S.S.R. retained considerable scope for destabilizing and even threatening conduct.
America’s fundamental problem in confronting the Soviet Union was that Washington could deter only certain behavior. Deterrence and extended deterrence rely upon the threat of escalation to all-out war, including possibly nuclear war. The United States could not credibly threaten nuclear war in circumstances when vital American interests—including the survival of U.S. allies—were not at stake. Conversely, when Soviet leaders recognized that America saw dangers to its vital interests and was prepared to act—as in the cases of U.S. extended deterrence in Europe and during the 1973 Yom Kippur War, which posed an existential threat to Israel—extended deterrence worked. However, the United States could not reliably deter Soviet actions that did not rise to this level and thus often faced such behavior. Though U.S. officials consistently sought to develop policies to solve this problem, such as the doctrine of “flexible response,” America was never fully able to prevent provocative, destabilizing, or threatening Soviet actions.

In modern-day East Asia, this suggests that despite the concerns of its allies and partners, and other governments in the region, the United States cannot reliably prevent many troubling behaviors through Cold War-style extended deterrence that did not in fact accomplish this aim during the Cold War. With this in mind, the first step toward strengthening security and stability in East Asia is to assess potential
threats and the tools available to manage them. While American, Japanese, and South Korean participants had differing perspectives in many specific respects, most if not all saw China and North Korea as their leading challenges.
Broadly speaking, American, Japanese and South Korean participants in the dialogue meetings expressed considerable concerns about China’s power and ambitions in East Asia, tempered with a sense of the country’s internal difficulties. Perspectives varied regarding China’s motives and goals; participants’ language in describing China and its conduct ranged across a spectrum including “win-win diplomacy,” “testing” or “probing,” “assertive,” “creeping expansionist,” and “revisionist.” Some saw Beijing as an unprecedented problem for the United States, which has not previously managed a similar challenge to its international or regional leadership.

Participants generally agreed that many other governments in Asia appeared concerned about China’s rise but did not see evidence of efforts to accommodate Beijing. On the contrary, one American said, most governments in East and Southeast Asia are “independent-minded”—and this will constrain China’s ability to increase its regional influence, particularly because many continue to look to Washington as a guarantor of stability. Another American pointed out that Russia also seems troubled by China’s increasing wealth and power; Moscow’s determination to retain large stocks of tactical nuclear weapons appears to be driven by this rather than by fear of NATO or the United States.

U.S. and Japanese participants were most troubled by China’s growing military spending and capabilities. One Japanese speaker noted that if the United States reduces its defense spending as a share of America’s gross domestic product, China’s defense budget could exceed the U.S. defense budget in the 2030s. Another Japanese participant pointed out that China’s military budget is already twice Japan’s—and could be four times the size of Japan’s in ten years. (This of course relies upon a variety of assumptions, including how China’s budget is counted, China’s overall economic growth, and the priority that China’s leaders
assign to military spending over time.) Despite this, a substantial share of China’s current spending is directed to modernizing a distinctly unmodern military establishment, something that clearly increases Beijing’s capabilities but is not inherently threatening.

In discussing China’s military, U.S. and Japanese participants appeared overwhelmingly to focus on Beijing’s pursuit of anti-access/area denial capabilities, also known as A2AD. One American participant argued that China’s A2AD systems pose a growing danger to U.S. military bases in East Asia, which are increasingly “sitting ducks” that could be rendered unusable “in the first hours of a war”. This would not only put the U.S. and its allies at a disadvantage in responding to an attack, this speaker continued, but also deliver “an extreme psychological blow” to America. While this participant was confident that the U.S. and Japan could deter a Chinese attack on the bases “in a peacetime environment,” it could be another matter entirely during a crisis. If China were to target U.S. bases, this speaker continued, Beijing could limit American forces’ “freedom of movement” and even “cut Japan off” from its ally.

Moving forward, the American participant continued, this dilemma could press U.S. military and political leaders to reconsider the logic behind some U.S. bases. While America’s presence in South Korea is more explicitly a “tripwire”—designed less to fight than to deter an attack by making clear that Washington would be immediately involved in any large-scale aggression against South Korea—the speaker asserted that its bases elsewhere (including Japan) have a central war-fighting role. U.S. and Japanese participants both noted that this situation could encourage the United States to consider a strategy of “offshore balancing” by reducing its military presence in the region and instead signaling its determination to intervene decisively (if needed) from more distant bases. However, while this approach may be strategically sound, it could also fuel substantial new anxiety among some U.S. allies about the depth of America’s commitment to their defense in a crisis.

Many participants saw China’s capabilities as more threatening because of Beijing’s conduct. Several Japanese speakers referred to the 2010 Senkaku Islands dispute as key driver of changing attitudes toward China in their country; some saw Beijing’s escalation of the crisis after a Japanese Coast Guard vessel arrested the captain of a Chinese fishing trawler in Japanese waters as especially troubling. One Japanese participant pointed to the absence of a crisis management system—including lines of communication to the People’s Liberation Army
(PLA), the PLA Navy, and China’s civilian maritime agencies—as an exacerbating factor. A Japanese speaker noted that the civilian agencies in particular often create crises.

South Korean participants did not see similar threats to their country’s security emanating from China. Instead, one South Korean speaker said, South Koreans find Beijing’s tacit support for North Korea and its provocative behavior to be increasingly troubling. Thus China’s refusal to condemn Pyongyang’s sinking of the South Korean navy frigate Cheonan or its shelling of Yeonpyeong Island has led many South Koreans to reassess their views of China, this participant said. China’s decision to “side” with North Korea has had a disproportionate impact on younger South Koreans who had no significant negative experiences beforehand with Beijing, one South Korean speaker explained.

U.S., Japanese, and South Korean participants described concern about not only potential security threats, but also economic and political pressure. A South Korean participant captured this sentiment in stating that it is critical for regional security to maintain continued “separation between economic and political interests” and that China’s conduct has led to new questions about whether Beijing may be “weaponizing” its economic interests. China’s reaction to the Senkaku incident—including apparent economic retaliation against Japan—was seen as a disturbing indicator in this context.

Two Japanese speakers were concerned about cyber-security as well; it is very difficult to deter cyber attacks, they argued, and Japan, the United States, and South Korea should considerably intensify their discussions of this as well as how to respond. Shortly following the second dialogue meeting, U.S. intelligence officials publicly identified China as the leading international source of cyber-espionage directed as American government agencies, companies, and universities in a report to Congress.²

A Japanese participant similarly drew attention to China’s “legal warfare” in the East China Sea and South China Sea. The speaker argued that China’s legal claims are a form of “probing behavior” to assess how strongly other states will defend their territories or disputed regions. A second Japanese speaker described China’s economic, political and legal moves, including minor maritime disputes, as

asymmetric strategies to pursue its interests without directly confronting the United States.

Japanese participants appeared to find China’s moves especially frustrating because they are difficult to deter. One Japanese speaker acknowledged that “it seems like we cannot deter everything” in dealing with China and North Korea. While the U.S. role is to respond to “high-intensity” crises, the speaker said, East Asia is primarily experiencing “harassment” or “low-intensity” incidents, to which America does not and perhaps cannot play a major part in responding. However, this speaker continued, the publics in Japan and perhaps in South Korea might expect the United States to be involved even in the low-intensity scenarios. The clear implication of this is that if America does not intervene in some manner, it may weaken the sense of assurance among the Japanese and South Korean people.

Others drew different conclusions, however. For example, another Japanese speaker admitted that a situation in which the United States successfully deters nuclear war or the invasion of Japan—but Japan is responsible for everything else—might be “a happier world” but would also create problems for Tokyo, which could be continuously responding to low-intensity provocations. The proper solution to this is not Japan’s acceptance and management of the problem, this participant continued, but rather a “streamlined escalation ladder” that threatens major retaliation to deter such actions. Yet this raises its own questions, the speaker said, because Japan cannot now be sure about America’s response in these situations. This requires further discussion at not only the political level, but also at the levels of strategies and budgets. The speaker argued that exchanges between the two governments in this area have thus far been insufficient.

**Economic Deterrence**

An American participant asserted that the United States and its allies should also consider “economic deterrence” as an aspect of their relations with China. Many argue that economic interdependence through globalization can prevent conflict by creating strong economic disincentives for military action. In that context, this participant asked whether deeper economic integration among America, Japan, and South Korea could be understood as creating a virtual economic “tripwire” that might deter some behaviors by raising the prospect that economic pressure on Tokyo or Seoul could provoke economic or political retaliation by Washington—a form of economic extended deterrence.
The U.S.-Korea Free Trade Agreement could provide a significant contribution in this regard; likewise, success in negotiating the Trans-Pacific Partnership Agreement—especially with Japan’s participation—could have strategic as well as economic benefits. Conversely, Japanese and South Korean participants worried that America’s economic ties to China might deter Washington in a serious crisis.

Still, to the extent that the logic of extended deterrence can be applied to economic relationships—which is uncertain—credibility remains a complex and significant challenge. Though it would not produce immediate casualties remotely approaching those of a nuclear exchange, a full-blown trade war between the United States and China could become the functional equivalent of a U.S.-Soviet nuclear war, with potentially dire consequences for all involved that would likely have a global impact. Washington and Beijing could thus be said to exist in a state of shared economic vulnerability akin to nuclear Mutual Assured Destruction. Yet, as in the U.S.-Soviet experience, taking the view that this is an apocalyptic danger is likely simultaneously to enhance extended deterrence vis-à-vis existential threats and to weaken it in dealing with lesser challenges; not unlike a senior Chinese general’s reported 1990s comment that the United States would not sacrifice Los Angeles to attack in order to defend Taiwan, today’s Chinese leaders might not believe that Washington would risk severe economic pain to aid an ally under pressure.

Within this frame, the argument that China would not be prepared to pursue an economic confrontation with the United States because of its relatively greater dependence on the U.S.-China economic relationship in some respects echoes Cold War-era discussions of whether the United States could fight and win a nuclear war. From this perspective, if the United States has convincing escalation dominance (the ability to prevail by escalating a conflict) in trade and economic disputes, Washington is in a position to settle differences more or less on its own terms. One leading U.S. presidential candidate has publicly adopted this position. However, this logic ultimately confronts an inherent dilemma revealed during the Cold War, in that reducing one’s assessment of the damage from a full-scale conflict—which is necessary to considering one’s own side the winner—may actually make conflict more likely by reducing its costs, particularly if each side considers the other to be the more vulnerable party.

As a matter of history, the fact that the Nixon and Reagan administrations considered options for limited nuclear war and prolonged nuclear war (also presumed to be limited in scope) did not ultimately produce a nuclear conflict. However, there are two key differences between nuclear war and trade war that could make economic conflict more probable in relative terms. First, the destructive effects of a trade war are typically distributed across a longer period; a nuclear warhead inflicts its greatest damage at the moment of detonation (though radiation effects will appear later), while an embargo or tariff has continuing impact that may even grow over time as economic actors adjust their expectations. Second, the horrifying consequences of a nuclear war are basically predictable according to the laws of physics, while the actual results of a U.S.-China trade war are surely negative but still sufficiently uncertain to permit debate. Both of these factors could make deterrence weaker in the economic sphere than it is in the security sphere.

**China’s Internal Problems**

Notwithstanding concern about China’s capabilities and conduct, many participants in the dialogue cited China’s internal challenges as a significant constraint on Beijing and its potential ambitions. For example, one Japanese participant asserted that China’s aging population and the rising costs of retirement benefits and health care as a long-term drag on the country’s economy that could force Beijing to make hard choices in ten to fifteen years—and might also prevent the country from maintaining its past rapid growth. This speaker also suggested that China faces shorter-term risks from an economic bubble and from social inequality. An American participant noted China’s continuing corruption and weak rule of law. Nevertheless, noting China’s economic interdependence with the United States as well as Japan, South Korea, and other Asian nations, a South Korean participant stated that China’s neighbors depend upon the country’s economic success and that the consequences of China’s economic failure could be as dangerous as Beijing’s success-driven assertiveness.

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4 Statistically speaking, however, economists have observed increases in mortality due to job loss, which is in turn a likely consequence for many during a major trade conflict. See, for example, Daniel Sullivan and Till von Wachter, “Job Displacement and Mortality Data: An Analysis Using Administrative Data,” *Quarterly Journal of Economics*, 2009.
A South Korean speaker argued that domestic instability may be growing in China. According to this participant, social unrest is expanding inside China and is reflected in the fact that 187,000 riots involving dozens of people or more took place in 2010. In a few cases, the rioters numbered in the tens of thousands. The South Korean participant also argued that Chinese citizens are submitting substantially more petitions to the central and local governments to voice their complaints and that these petitions are often a prelude to demonstrations. Unrest could intensify if economic conditions worsen. (Not long after the second dialogue meeting, as many as 13,000 residents of Wukan, in southern China, drove away village leaders and local police to protest local officials’ seizure and sale of land.)5 Taking all of this into account, one U.S. participant said, it is difficult to see how China could be “dominant” in Asia anytime soon.

**Sources of Chinese Conduct**

Participants had divergent views on the causes and aims of China’s foreign policy behavior and especially regarding the role that China’s domestic politics plays in foreign policy.

One U.S. speaker argued that Beijing’s leaders are cautious and that their decisions are “calculated” and “rarely based on hubris.” On the contrary, this participant said, Chinese officials recognize their nation’s limitations and must focus their attention primarily on domestic matters because of the Chinese government’s “legitimacy deficit”—something that ensures they “think more” about internal stability than about Japan or the East China Sea. These domestic concerns prevent Beijing from taking a leadership role in international affairs either regionally or globally. In fact, this speaker said, China’s recent assertive phase has already ended; “pragmatic” leaders recognize that it has “failed.”

The same U.S. participant suggested that because Chinese leaders seek primarily to maintain economic growth and create jobs, Beijing’s approach to regional interaction often appears “selfish”—though China is also prepared to pursue “win-win diplomacy.” A Japanese speaker drew a more nuanced picture, stating that notwithstanding China’s disputes with Japan, its approach to non-traditional security challenges like piracy in Southeast Asia is based on coordination and cooperation with other regional governments. A second Japanese participant made a

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distinction between China’s “non-confrontational probing” in the East China Sea—where U.S. forces are focused, and Beijing’s territorial claims are weaker—and the South China Sea, where China’s approach is “much more confrontational.”

Another American participant disagreed with the view that China is inward-focused, stating that while civilian leaders may indeed concentrate on domestic challenges, there appears to be a “disconnect” between the civilians and PLA officials pursuing efforts to project power beyond the “first island chain,” a string of larger and smaller islands running from the Kuril Islands (Japan’s Northern Territories) across Japan to Taiwan, the Philippines, and Indonesia. This speaker suggested that while the “legitimacy deficit” is a very real problem for China’s government, and the Communist Party’s legitimacy has “collapsed,” some civilian and military leaders are seeking different solutions. Where many civilian officials continue to struggle to maintain the Party’s legitimacy through economic growth, a number of PLA leaders appear to be searching for legitimacy in the nationalism of a “rising China.” China’s 2012 leadership transition could make some of these issues more acute.

Discussion of the PLA’s role in China’s decision-making provoked considerable debate. Two Japanese participants also argued that PLA leaders “sometimes are the ones making decisions” on Beijing’s conduct vis-à-vis Japan and that China “needs” better civilian control of the military. A South Korean speaker broadly supported this perspective, noting that China’s next generation of political leaders have very little military experience and that this will likely provide the PLA with greater scope to pursue its “top priority”—“weakening U.S. power in East Asia.” However, another Korean speaker contended that while the PLA may be increasing its influence, “China is not a military regime” but a “more consolidated one-party regime.”

An American participant questioned whether China would define its national interests in a manner different from previous rising powers, including Great Britain and the United States. Throughout history, rising powers have tended to define their interests increasingly expansively; as their frontiers—and horizons—widen, rising powers see more and more threats to their interests that must be neutralized, controlled, or defeated. The speaker stated that Britain’s original goal in India was not conquest but simply to establish trading colonies. However, once the colonies existed, British colonial officials saw threats from neighboring Indian princes. And no matter how many princes
they conquered and assimilated into the British Empire, “there was always another prince across the border.” The speaker concluded by asking whether China would be content with continuing U.S. dominance of East Asia as its capabilities grow and whether and how China would act differently from earlier rising powers. Chinese efforts to develop a “blue-water” navy capable of protecting the country’s sea lines of communication—especially China’s massive energy imports from the Middle East—could reflect this process of expanding horizons. Nevertheless, there is a distinction between developing this capability and actually employing force to secure China’s interests, a course that Beijing has thus far not pursued in a manner or on a scale similar to prior major powers.
The dangers posed by North Korea to the United States, Japan, and South Korea appear simultaneously broader and narrower than the challenges from China. At the same time, geography clearly drives some differentiation between U.S., Japanese, and South Korean perspectives and creates special problems for South Korea. South Korea is also distinct in its goal of eventual reunification with the North.

For U.S., Japanese, and South Korean participants, North Korea was a source of broader dangers in the sense that a wider range of troubling and even threatening futures appear possible, including the potential collapse of North Korea’s regime or its use of nuclear weapons. Conversely, however, these disturbing developments would likely be more narrowly focused (though still extremely destructive) in their impact than would be the case in the dire scenarios involving China. As one U.S. speaker put it, North Korea’s ability to pursue nuclear blackmail is limited, because “they cannot destroy the world.” This may be a uniquely American sentiment, however; even Alaska and Hawaii are four to five thousand miles from the Korean Peninsula.

Regarding North Korea’s foreign policy conduct, U.S., Japanese, and South Korean participants all expressed considerable concern about Pyongyang’s regular provocative conduct, including its nuclear and missile tests and the 2010 sinking of the Cheonan and shelling of Yeonpyeong Island. A Japanese speaker described these actions as asymmetric challenges, arguing that North Korea had few other tools to advance its goals in dealing with South Korea or the United States and its other allies. A U.S participant supported this view, stating that America has “overwhelming conventional superiority over North Korea” and that the principal danger lies in Pyongyang attempting to use its “tiny arsenal of nuclear weapons” to pressure South Korea, the
United States, or Japan. North Korea does precisely this, a South Korean participant said, while its leaders “know that as soon as they use nuclear weapons, their life is over.”

A South Korean speaker warned that North Korea’s foreign policy could become increasingly problematic in 2012, the one-hundredth anniversary of Kim Il-sung’s birth. North Korea’s leaders have previously said that their country would become “a great military state” by 2012, this participant said, and will likely see a need to demonstrate Pyongyang’s influence through assertive behavior, including possibly new nuclear or missile tests or further low-level provocations. This speaker added that many in South Korea view former North Korean leader Kim Jong-il’s son and heir Kim Jong-un as potentially more dangerous than his father.

Reflecting on North Korea’s past actions, a Japanese speaker worried that “deterrence clearly didn’t work” in 2010. Other participants asked whether Pyongyang’s decision making was rational and, accordingly, whether North Korean leaders could be deterred. One U.S. speaker asserted that North Korea’s decision making is not irrational; however, this participant said, it is often based on incomplete or flawed information. “Decisions are entirely made at the top,” this speaker continued, but “information gets trapped” at lower levels in the government bureaucracy because information flows less through formal institutional channels than through personal networks. As a result, North Korea’s government ministries “have little ability to formulate policy or recommendations.”

More generally, participants saw North Korea’s foreign policy as an extension of its leadership succession, but recognized that limited information makes this difficult to analyze. From this perspective, North Korea’s leaders are attempting to legitimate the transfer of power from Kim Jong-il to Kim Jong-un through provocative behavior that simultaneously demonstrates Pyongyang’s power as a nuclear weapons state and reinforces the existence of foreign threats. Still, one U.S. participant said, this has less to do with competition inside the elite—of which there is no particular evidence—than with ensuring sufficient popular acceptance.

In addition to the dangers from North Korean conduct, participants also worried about a possible economic collapse leading to the implosion of the North Korean regime. However, an American speaker discounted the possibility of bottom-up instability, because of the lack
of political space in North Korea, or a serious break between political and military leaders, who realize that “they are all in it together” after having “been at war with their own people” for decades. Another U.S. participant suggested that it is best to understand North Korea as a “mafia state” organized on the basis of family-style personal patron-client relationships that ensure loyalty both upward and downward. This appears to provide North Korea’s political system with a degree of resilience; indeed, a system that was not highly resilient could not have endured for so long despite widespread deprivation in the country.

**North Korea and China: One Problem or Two?**

North Korea’s relationship to China is also critical in dealing with Pyongyang—and an important consideration in relations with Beijing. As one South Korean participant asked, are North Korea and China “independent, separate threats” or “a package”?

A second South Korean speaker argued that China’s preferences vis-à-vis North Korea are “close” to those of the United States and South Korea—focused on stability both internally and externally. However, this participant said, North Korea’s leaders prefer a strategy of “stability inside, instability outside.” Pyongyang’s sinking of the *Cheonan* and attack on Yeonpyeong Island reflect this strategy and indeed were a “brilliant strategic move” that forced “China to choose between North and South Korea.” South Koreans believe that China chose the North when it failed to condemn North Korea’s actions; an American made this point differently, saying that South Koreans now see China as “part of the problem rather than part of the solution.” A South Korean participant likewise asserted that Beijing’s non-response would encourage further North Korean provocations.

From China’s perspective, participants saw North Korea as a frustrating but essential partner requiring careful management. For example, one South Korean speaker stated that China has little apparent influence over North Korea’s nuclear policy. Another South Korean suggested that Chinese leaders likely regretted their “loss of strategic ambiguity” in dealing with Seoul after their limited reaction to the 2010 crises, but probably saw the two incidents as “skirmishes” rather than serious attacks. Unfortunately, this speaker continued, this may be that China is becoming more accepting of regional instability caused by North Korea.

An American participant partially explained Beijing’s conduct by suggesting that China’s policy toward North Korea is driven
overwhelmingly by fear of uncertainty and especially collapse. As a result, this speaker said, Beijing has essentially adopted a looser version of South Korea’s past “Sunshine Policy” that expands economic and other interactions and imposes no particular conditions on North Korea’s nuclear program or other activities. China may have gone so far as to offer positive assurances regarding the survival of North Korea’s government.

South Korean participants in particular saw China’s protection of North Korea as based on its fundamental opposition to reunification of the two Koreas on Seoul’s terms—or possibly on any terms. As one South Korean speaker put it, “China will never give up the DPRK and will keep it as a buffer against U.S. influence in Northeast Asia.” Thus it is essential for Beijing to prevent the collapse of North Korea, which could lead to its absorption by the South. Another South Korean noted that this would be especially disturbing for Beijing because Seoul would very likely want to maintain a continued U.S. military presence on the Korean Peninsula after reunification, if it eventually succeeds. In the nearer term, North Korea can be a “critical military ally” for China in resisting perceived U.S. and allied efforts at “containment,” this speaker said.
Three broad challenges emerge in maintaining and strengthening extended deterrence in East Asia: declining defense budgets, insufficient coordination between the United States and its allies, and structural challenges in the U.S. alliance system in the Asia-Pacific region.

Dialogue participants generally expected reductions in U.S. and allied defense budgets in the foreseeable future due to slow economic growth and mounting fiscal pressures. As one Japanese speaker put it, “advanced industrial democracies” will find that it is “too difficult to increase the defense budget from now on.” A U.S. participant echoed this, projecting “increased pressure on budgets in all advanced industrial countries” and arguing that “we will have to learn to do less with less.”

American speakers described multiple factors that could produce disproportionate impacts on U.S. capabilities as the overall budget declines. One speaker explained that the political constituencies favoring higher defense spending do not have the same priorities; one key group—veterans—focus heavily on pensions and health care and other benefits as opposed to procurement. The U.S. military’s costs for active duty and retired personnel are already rising sharply, another noted, meaning that any reductions in spending would be concentrated in areas that undermine U.S. capabilities. At the same time, one of the Americans added, some U.S. political leaders appear increasingly tempted to view military spending as a jobs program rather than a security issue, which could further distort spending priorities.

Looking to U.S. capabilities, one American asserted that missile defense has become the U.S. military’s largest program, absorbing an increasing share of procurement funds and reducing what is available for other new systems. In addition, this speaker said, concluding U.S. operations in Iraq and Afghanistan is unlikely to produce a “Middle East security
dividend” in view of growing insecurity due to uncertainty about the “Arab Spring,” Syria, and Iran. As a result, it is far from certain that the Pentagon will be able to reallocate resources from the Middle East to East Asia. Another American participant worried that defense cuts would take place in top-down fashion without any supporting strategy, further damaging U.S. capabilities. Since the discussion, the Department of Defense has released its broad priorities in reducing the defense budget. The report states explicitly that the Pentagon’s new strategy will advance “the national security imperative of deficit reduction through a lower level of defense spending” and “rebalance toward the Asia-Pacific region.” Press reports state that President Barack Obama has rejected reducing the U.S. Navy’s complement of eleven Carrier Strike Groups due to this focus on Asia. The strategy’s further implications for U.S. forces in the Pacific remain unclear at this time.

In this context, a Japanese participant expressed concern about earlier comments by U.S. Defense Secretary Leon Panetta urging America’s allies to assume a greater share of responsibility for security in East Asia. Panetta’s remarks were “shocking,” this speaker said, because he failed to acknowledge that Asian countries face similar “if not more” budget pressure.

Taking into account this problem, most participants saw closer coordination among the United States, Japan, and South Korea as an essential response to declining budgets; greater integration of strategy and planning could produce greater efficiency and allow savings while possibly even strengthening some capabilities. In general, participants considered the U.S.-South Korean alliance to be the most advanced in this respect; one American described it as “arguably the most developed, clearly articulated, best planned operational alliance in the world today.” Still, this participant continued, the 2015 transfer of wartime control of South Korean forces from the U.S. to South Korea will require extensive discussions between Washington and Seoul to maintain and expand its effectiveness.

In contrast, the U.S. speaker said, America and Japan are “years and years away” from a similar level of strategic dialogue and operational

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clarity—and the level of mutual understanding has actually declined since the end of the Cold War, when the division of labor between the U.S. and Japanese militaries was clearer. Several Japanese participants agreed with this assessment. One Japanese participant specifically complained that Japan’s military does not know when and with what capabilities the United States will contribute to Japan’s defense. “There are a certain number of fighters we need to establish control over certain areas of Japan’s islands,” the speaker said, “but what is not clear is how much the U.S. is going to bring and at what point the U.S. is going to come in; that affects both budgetary and strategic decisions” in Japan.

American participants disagreed regarding the implications of Washington’s budget woes on U.S. bases in East Asia. One American speaker argued that pressure is building to relocate U.S. forces, particularly where host communities appear opposed to the bases. According to this participant, some members of Congress have suggested relocating the Africa Command from Germany to South Carolina and have questioned whether “Stuttgart citizens should benefit from U.S. and DOD money” that could go into the U.S. economy instead. (In January, 2012, the Obama Administration announced a decision to withdraw two U.S. Army brigades from Europe as part of a plan to reduce the size and cut the cost of the Army.)

Other U.S. speakers sharply disagreed with the possibility that the United States could withdraw from East Asia. One argued that it is “ludicrous” to assert that America could substantially reduce its commitments due to U.S. security interests, extensive military deployments, and a “web” of ties between the U.S. and Asian countries extending beyond security to economics and social ties due to large numbers of Asian-Americans. Another American participant claimed that members of Congress who have proposed moving the Africa Command to the continental United States are “extreme” and are not considered to be experts on national security by their colleagues. Moreover, this speaker said, the loss of host nation support—$4 billion per year in Japan’s case—would actually make American bases more

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9 Senator Rand Paul (R-KY) proposed an amendment to a defense authorization bill requiring this. South Carolina Senator Lindsey Graham (R) and Virginia Senators Mark Warner (D) and James Webb (D) have all sought to bring the base to their home states, as have several members of the Texas delegation, among others.
expensive. Nevertheless, skeptical American politicians could make a strong case to move U.S. bases due to their vulnerability to China’s increasing military capabilities. This may ultimately prove a more serious political danger to the U.S. presence, this participant concluded.

**Structural Challenges**

Participants focused extensively on the structure of America’s alliance relationships in East Asia as a critical component of deterrence, extended deterrence, and security. In general, U.S., Japanese, and South Korean speakers saw East Asia as fundamentally different from Europe and—as a result—did not see a need for a large and formal alliance system analogous to NATO. As one American participant put it, Asia today relies less on military capabilities and less on nuclear weapons specifically than Cold War Europe for security. In this context, a “network system of communication” could be more appropriate to demonstrate political unity that can simultaneously assure U.S. allies and deter potential adversaries. Other participants saw a cohesive alliance system as unlikely due to differing priorities. For example, one Japanese speaker said, the U.S.-South Korea alliance is aimed overwhelmingly at North Korea, while the U.S.-Japan alliance has a broader focus on regional security.

Nevertheless, many participants suggested that the currently existing alliance structure—a so-called “hub-and-spoke” system, with the United States serving as the core and coordinator through individual bilateral relationships—is no longer adequate. As one U.S. speaker put it, the hub-and-spoke system worked in the past, when the United States was unchallenged, but is insufficient in dealing with a rising China. Citing the prolonged U.S.-Japan negotiations over the Futenma Marine Air Station, this participant noted that notwithstanding the important part the base plays in overall U.S. force posture in the region, its future is a strictly bilateral topic. Likewise, the speaker continued, the transfer of operational control in South Korea will have profound implications for America’s military role in East Asia, but is discussed only in Seoul and Washington. Progress beyond this is unlikely, however, in the absence of “strategic conceptualization or working sets of relations to move it forward.”

Japanese participants in particular saw the “hub-and-spoke” alliance system evolving through a combination of “coalitions of the willing” that could include the United States and some—but not all—of its Asian allies and partners, on the one hand, and growing interconnection
between the “spokes” that is not channeled through Washington, on the other. In the latter area, one Japanese participant asserted, while the “basic architecture” of the hub-and-spoke system has not changed, there has been “increasing networking between the spokes” that the United States may not have noticed because it has not necessarily been involved. This is occurring in Japan’s relations with Australia, the speaker stated, and to a lesser degree in its ties to South Korea. Another Japanese participant suggested that the improving Japan-Australia relationship could allow for movement from the second category to the first, i.e., from closer Japan-Australia ties within the hub-and-spoke construct to a more structured trilateral relationship among the United States, Australia, and Japan.

Several Japanese speakers called for greater “JUS+” cooperation with other nations along these lines, meaning specific efforts undertaken jointly by the United States, Japan, and one or more other partners. One Japanese participant argued that Japan’s naval deployment to the Indian Ocean had already provided Tokyo with important opportunities and experience working with new partners.

**Japan and South Korea**

Japanese and South Korean participants generally agreed that relations between Tokyo and Seoul have improved significantly in recent years, but differed substantially (without regard to their nationality) about the future limits to their ties. Nearly all saw the historical legacy of Japan-South Korea relations—Japan ruled Korea as a colony from 1910 to 1945—as a source of continuing resentment in South Korea and the greatest obstacle to closer cooperation. Notably, most South Korean and Japanese participants shared this view. However, South Korean participants also referred repeatedly to a lingering territorial dispute over a cluster of small rocky islands known variously as the Liancourt Rocks (by the United States), the Dokdo Islands (by South Korea, which controls them), and the Takeshima Islands (by Japan, which claims them). One South Korean participant referred to the confusion that this dispute introduces into Seoul’s defense policy, saying “we have to clarify who and what we are trying to deter. Is it China or the DPRK? Or are we deterring Japan over Takeshima?” Approximately one month before the meetings, a South Korean parliamentarian announced that his government would spend nearly $300 million to build a naval base on one of the islands, not long after three Japanese Diet members were
blocked from visiting them by authorities in Seoul. Another South Korean speaker speculated that an alliance between his country and Japan would be possible only if Koreans were to perceive a considerably greater threat from China. “If there were a Chinese aircraft carrier floating in the Eastern Sea [the Sea of Japan],” this participant said, South Korea’s “conservatives [might] think sincerely of a more formal alliance or security arrangement.”

However, another South Korean participant explained that the country’s 2012 elections have introduced considerable uncertainty regarding Seoul’s future foreign policy. Describing the current South Korean government as “the most pro-American in the history of the ROK,” the speaker argued that a victory by progressives, who view the United States as “basically an imperialist power,” could substantially complicate efforts at cooperation with both Washington and Tokyo. Because South Korea’s progressives would focus on “peaceful coexistence” with China and North Korea, this participant concluded, they would have little interest in trilateral projects, particularly those emphasizing military-to-military ties. The U.S-Korea Free Trade Agreement would help little in this respect because it derives less from “any love for the United States” than from the fact that America is “the least distrusted nation” for many South Koreans.

A Japanese speaker agreed that “historical issues such as the Dokdo/Takeshima island disputes are huge challenges” to Japan and South Korea forming “any kind of alliance.” Several Japanese participants identified this as a major problem and asserted that anti-Japanese sentiment in South Korea would block a formalized security relationship. One Japanese participant went further, however, expressing doubt that either government would accept a mutual defense commitment. “If we have a chartered formal alliance with the ROK, will we have an article five [defense] commitment that includes the Korean Peninsula? I think that is too great a commitment from the Japanese side. And for South Korea, will the ROK protect all of Japanese territory?” Another Japanese speaker asked rhetorically whether South Korea’s soldiers are prepared to fight “shoulder to shoulder in combat” with Japan’s Self-Defense Force.

An American speaker urged further efforts at Japan-South Korea dialogue, noting that in a “worst-case scenario” Seoul, Tokyo and Washington would face “intense pressure” in a crisis with “no experience working together.” Notwithstanding broad skepticism regarding a formal alliance, many Japanese and South Korean participants insisted that Tokyo and Seoul have in fact made real progress in their relations, including in military-to-military ties, and were optimistic that deepening practical cooperation could eventually produce what one South Korean speaker described as a “virtual alliance.” A Japanese speaker noted that Japan and South Korea had finally moved beyond side-by-side naval navigation to conduct formal joint exercises. Another Japanese participant added further historical context, explaining that military intelligence confidence-building began in the 1960s and 1970s and only after twenty years, in 1994, did operational consultations begin. Moreover, this speaker continued, while Japan cannot share specific information with South Korea because of constitutional limits, “Japan can share information with the U.S. knowing that it might be shared with other allies.” A third Japanese speaker saw a realistic basis for “limited functional cooperation” between Japan and South Korea that could continue until “both countries have the right match of administrations” to move to “the next phase.” Ideas for this functional cooperation included closer collaboration in missile defense and in intelligence, surveillance, and reconnaissance as well as joint capacity-building efforts involving Southeast Asian militaries.

Despite the sense that Japan and South Korea could significantly improve their ties without reaching the limits of what is now practical, participants remained sensitive to China’s possible reaction to the evolution of relations between the two countries. One Japanese speaker urged caution against efforts to move too quickly that, should they fail, would undermine deterrence rather than buttressing it by demonstrating the weakness of the Japan-South Korea relationship rather than its strength. Conversely, an American participant warned that visibly closer military contacts between Seoul and Tokyo could actually undermine stability if Beijing’s leaders saw their nation as less secure. China’s reaction over time to the Obama administration’s increasing activity in East Asia, including its recent announcement of a new Marine facility in Australia, could provide an opportunity to evaluate this.
KEY CONCLUSIONS

The dialogue discussions produced several broad conclusions that are important in considering U.S. policy in East Asia.

First, while it may seem obvious, it bears repeating that East Asia is not Europe, the Cold War is over, and China is not the Soviet Union. While China’s economy is growing rapidly, Beijing’s military capabilities are increasing, and its conduct has heightened tensions, Chinese leaders have not pursued an aggressive Soviet-style campaign for global dominance. Moreover, China is integrated into the global economy to an extent that Soviet officials may never have imagined possible for their own country and 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.

Second, 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. Recognizing this is essential both to developing policy and to managing public expectations.

Third, 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. The answer to this question will shape U.S. strategy in approaching these two key allies.

Fourth, despite real and ongoing tensions, 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.

Finally, 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.
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