

# FINAL ADJUDICATION

AND

# ANALYSIS

of the

Fourth Asia-Pacific Crisis Simulation

at the

Massachusetts Institute of Technology

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## **I. Format of the Game**

The fourth Asia-Pacific Crisis Simulation was held at the Massachusetts Institute of Technology on 21-23 May 2004. The exercise brought together scholars and practitioners from the United States and countries from the region, and was the culmination of a graduate seminar entitled “Japan and East Asian Security” taught by Professor Richard J. Samuels, Director of the Center for International Studies and the MIT Japan Program.

The principal goal of the simulation was to examine the impact of a major power transition, specifically the rise of China and the waning of U.S. influence, on the foreign policies of countries in the region. In particular, we were interested in seeing what effect, if any, such a transition would have on tendencies toward multilateralism among regional actors. In addition, we wanted to assess the impact on the provision of global public goods, especially the willingness and ability of states to create and sustain institutions to deal with WMD and international terrorism. The time frame under study was 2010 to 2021. Participants were assigned to teams representing leaders and constituencies from a number of regional actors. Japan, China, and the United States were modeled as large teams with five or more members. Four small teams, ASEAN, Korea, Russia, and Taiwan, were modeled with one or two members each.

Through role playing, domestic bargaining, and international negotiations, each team developed national plans and policies over the course of three four-year “moves.” A Control Team-- comprising Professor Samuels, a small group of advanced graduate students, and recent graduates-- guided the game and played the role of countries, regions, and other actors not represented by an independent team. Principal players, drawn from among business executives, former government officials, journalists and academics, were assigned roles as key policy makers in each country team. MIT students enrolled in the seminar served as “aides-de-camp” for the game’s principals. Two working journalists played the role of the Japanese and American press. Japanese citizens residing in the Boston/Cambridge area played the role of a “Japanese public” and voted in three national elections during the twelve-year period.

## **II. The Baseline Scenario**

*It is important to note that the baseline scenario developed for the game was entirely fictional and was intended solely for the educational use of MIT students and the participants in the simulation.*

The game begins in 2010. Economic linkages within the Asia-Pacific region have widened and deepened over the past six years. China has begun to replace the United States as the principle market for Japanese finished products, and Japanese investment continues to pour into China. A series of agreements have been reached to deal with regional energy issues, including the joint development of Iran's Azadegan oil field by China and Japan; the establishment of the North-East Asia Energy Development (NEED) forum, an organization that facilitates Chinese, Japanese and Russian cooperation on the development of upstream assets in Siberia; and a regional oil stockpiling project due to begin in 2012. China, South Korea, and Japan have joined the ASEAN nations in committing to a single market for goods, services, investment and skilled labor by 2020. A rotating secretariat was established in 2008 by Japan and China to hammer out details for an Asian Monetary Fund. Meanwhile, continued outsourcing of manufacturing and service jobs have combined with the ballooning U.S. trade deficit to increase friction between China and the US.

Political relations within the region have shown signs of following economic developments. South Korea has taken the lead in managing the North Korean nuclear issue, with China, Russia, and Japan supporting the process and the United States largely on the sidelines. Attitudes towards the U.S. have worsened considerably in South Korea as China has become increasingly important to the economy there. The US-ROK alliance continues to exist, but the U.S. military presence in Korea has been reduced to a total of 4,000 troops. The US-Japan alliance remains in place, but spurred on by technological changes and budget concerns, the United States has reduced its forces in Japan to 16,000. The 7th Fleet remains based in Yokosuka. Additionally, Japan has increased its power projection capabilities with the addition of "transport" ships with hardened decks and helicopter gunships. On the other side of the China Sea, the Chinese navy has acquired blue water strike capabilities and is preparing to introduce aircraft carriers. Despite these somewhat menacing developments, however, Japan and China have made significant efforts to put history behind them and deepen political ties. In 2006, Chinese and Japanese leaders established a committee to draft mutually agreeable histories of the mid-20<sup>th</sup> century Sino-Japanese War. In addition, Japan and ASEAN have asked China to cooperate in a joint exercise to

secure the Sea Lanes of Communication (SLOCs) in the Malacca, Sundra and Makassar Straits.

In 2010, these new regional dynamics are tested by a crisis in the Middle East. The United States has accused Iran of using Russian, Chinese and North Korean components to develop a working nuclear device and delivery system capable of targeting all U.S. bases in the region. Protracted negotiations between Iran and the International Atomic Energy Agency continue following the expulsion of IAEA inspections from Iran on charges of spying for the US. The United States is mobilizing forces in the Middle East for “decisive action” against Iran if it does not agree to the terms of the Nuclear Non-Proliferation Treaty. Nuclear powers Russia, China and North Korea deny aiding Iran, and both Russia and China have sent delegations to Iran to offer advice on the negotiations. ASEAN, South Korea and Japan have publicly expressed support for U.S. concerns. Public sentiment in South Korea and Japan, however, has turned against the United States, particularly following the high profile interception by the Japanese Maritime Self-Defense Force of a North Korean ship accused by the Americans of carrying missile components but which was found to contain no banned items.

### **III. Results of the Game**

#### **Initial Crisis**

The initial crisis of the simulation, the nuclearization of Iran, was never fully resolved. The situation in Iran spiraled into other regional and global crises that preoccupied world leaders beyond the first move and well into the next decade. Although the large teams signaled their opposition to a nuclear Iran, no effective multilateral solution emerged to forestall this possibility. Instead, individual teams (Russia and the United States) took limited measures in response to Iranian provocations. These measures failed to roll back the Iranian nuclear program or to stop the flow of fissile materials and know-how among Islamic extremists. The failure to resolve this initial crisis-- despite its dire consequences for world security-- is perhaps the most surprising and troubling result of the game.

#### **The First Move, 2010-2013**

The large teams offered cautious responses to the Iranian crisis during the first move. The United States never contacted Iran directly, took no military action during the move, and sought only diplomatic support from its allies in confronting the situation. Its hints to other teams that it might unleash Israel on the Iranian

nuclear facilities came back to haunt it at the end of the first round. Japan did even less, adopting a policy of providing rhetorical support for the United States while signing onto a joint statement with the ROK and PRC urging Iran to submit to IAEA inspections. China's offer to use its influence with Iran to diffuse the crisis lapsed when the US failed to respond positively.

On other fronts, the major regional powers-- including the United States-- shared a penchant for multilateralism. The U.S. proved an attentive ally to Japan, apologizing for providing the faulty intelligence that prompted the Japanese to stop the North Korean ship and holding a bilateral summit that focused in part on reaffirming the US-Japan alliance as the "keystone" of U.S. policy in Asia. The United States also sought to deal with the Iranian threat primarily through the IAEA and coordinating diplomatic pressure with its allies. Japan and China tried to influence the Iranian crisis through a trilateral joint-statement signed with the ROK. Outside of the Iranian crisis, China saw some success in its multilateral strategy in the form of a Free Trade Agreement involving the ROK and ASEAN-Australia. The absence of unilateral strategies among the large teams was striking.

Many of the more energetic moves during the round were taken by the small teams, particularly Russia and ASEAN. Russia approached the proliferation crisis by strengthening its ties with Iran through a negotiated security alliance. Russia also adopted a clear balancing strategy in the face of rising China by strengthening relations with Japan, which was only too happy to oblige. Japan's simultaneous cooperation with China and Russia was a striking diplomatic success. The Russia team aggressively pursued and finally achieved a deal whereby it ceded control over four disputed islands in exchange for \$50 billion in Japanese investment and increased bilateral cooperation, including on security issues.

ASEAN was confronted early with a major crisis in its own backyard. Iran increased its support for Islamic separatists in Indonesia's Aceh and the Philippine's Mindanao, which was particularly hard hit by the resulting upswing in violence. ASEAN dealt with the crisis smoothly, scoring a major victory with its "Friends of the Philippines" initiative, which deployed troops from Malaysia, Singapore and Indonesia to monitor a ceasefire between the Philippine government and Iranian-supported Islamist rebels in Mindanao. This episode strengthened ASEAN as an organization by expanding its profile in the area of regional security.

Meanwhile, South Korea and Taiwan stuck with low-key approaches during the first round. ROK reached out the North Korea with its "Sunan Policy" while taking pains to avoid riling relations with major regional players. Taiwan,

although showing concern about the weakening of the United States' position in the region, confined its actions to a consultative mode.

Failure to resolve the Iranian crisis had important consequences for the teams moving into the second round. First, Israel, encouraged by leaks from the US administration, launched three days of air strikes on suspected Iranian nuclear facilities. These attacks produced significant civilian casualties and damage to Iran's energy infrastructure. Second, in response to the strikes, Iran sponsored a major Shiite separatist revolt in Iraq which upped the costs for the United States and further tied its hands elsewhere in the world. Finally, among the democratic states, both the United States and Japan saw changes of government in national elections. In addition to the weight of unresolved foreign policy problems, these incumbent administrations were confronted by effective opposition and failed to communicate their positions effectively to their respective electorates.

### **The Second Move, 2014-2017**

The second round saw more proactive measures from most teams. Invoking the terms of its alliance with Russia, Iran began the round by demanding Russian support in rebuilding its air defenses. Russia's tepid response ultimately led to the violent collapse of the alliance, with Iranian-backed Chechen guerrillas attacking high-value targets in Russia and the Russia team responding with commando raids on Iranian oil facilities. During this breakdown, the United States hammered out a joint strategy with Russia, offering NATO membership in exchange for more Russian pressure on Iran. Despite Russia's failure to make progress on the Iranian nuclear issue, Russia was allowed to join NATO and the U.S. withdrew its forces from Europe in the same year.

A second proliferation crisis emerged when the existence of a Taiwanese stock of weapons-grade plutonium became public during negotiations between the US and Taiwan over a Free Trade Agreement. In addition, the Taiwanese opposition leader made inflammatory comments regarding both the nuclear program and the extent of planned weapons purchases from the United States. China responded by dumping \$100 billion in U.S. Treasury bills and seeking clarification from both Taiwan and the US regarding the plutonium, weapons sales, and the FTA. In a provocative move, Taiwan countered by purchasing \$75 billion in US T-bills. At this point, the United States stepped in aggressively to diffuse the situation through a "hotline" call with Chinese leaders. The United States clarified that plutonium stocks left-over from Taiwan's now defunct nuclear program had been handed over and promised it would not change the strategic balance in the Taiwan Straits

through future weapons sales. China agreed not to sell more T-bills and took no further provocative action. As the tension between the great powers eased, it became clear that the FTA remained a work in progress rather than a finalized agreement. Dissatisfied with this humiliating outcome, the Taiwanese public voted its government out of office at the end of the round.

The Iranian situation, however, continued to simmer. Facing the collapse of its Russian alliance, Iran announced the nationalization of all oil-related industries, a move which put a significant number of Chinese, Japanese, Russian and European assets in jeopardy. The Iranians also approached China, Japan and South Korea in an effort to trade concessions for their recognition of the nationalization program. An agreement was reached whereby the Asian teams supported the nationalization program in exchange for the full compensation of affected parties and preferential treatment for their national firms in obtaining contracts to operate seized facilities. As the round came to an end, the European Union (EU) approached China with an offer to open dialogue on potential energy cooperation in exchange for an end to the EU arms embargo. Defection from the U.S. hard-line against Iran thus not only failed to court punishment from the American team, it actually led to tangible benefits for China in the form of concessions from the EU.

The failure to resolve the Iranian crisis continued to plague the teams moving into the third move. First and foremost, Iranian-backed terrorists successfully carried out simultaneous attacks on Culver City, California, and Tel Aviv, Israel, using “dirty bombs” to kill and sicken thousands. A dirty bomb with Iranian “fingerprints” was also found off Indonesia, raising fears that the proliferation problem might also spill over into Asia. Second, the U.S. failure to respond to the separatist movement in southern Iraq produced a steady stream of casualties among US forces stationed there. Third, the continuing instability in the Middle East pushed world oil prices to new heights, far exceeding \$50 per barrel, a significant blow to the economies of many countries which, unlike China and Japan, did not enjoy the benefits of long-term fixed-price supply contracts.

Although, with the exception of Taiwan, all team governments were returned in end-of-the-round elections, several new challenges loomed on the horizon. First, a coup in North Korea removed the Kim dynasty from power when disgruntled military officers, approached the ROK with a 10-year reunification plan. In Japan, a joint Chinese-Korean venture (FAW-Hyundai) sought a controlling stake in Honda and China’s Haier offered to buy Sharp outright. Both deals awaited government approval, and experts noted they could become important precedents as wealthy Chinese investors sought M&A opportunities in the technology-rich

Japanese market. Finally, the Russian and Chinese governments faced internal challenges from the rise of a nationalist politician in Russia and a tax-payer revolt in China.

### **The Third Move, 2018-2023**

Recognizing its declining position in the world, the US team made significant adjustments to its foreign policy in the final round. Moving first to address the Culver City attack, the United States launched surgical strikes and Special Forces raids on suspected nuclear facilities in Iran. The United States then successfully negotiated a grand bargain to reduce its exposure in the Middle East. The agreement, negotiated between the members of the Arab League, Israel and the US, required Israel to return to its 1967 borders, established a new Palestinian state, and mandated the complete withdrawal of US forces from the region. Once in place, the deal greatly reduced U.S. military costs, but left much of the region in chaos, with the long-term fate of both Iraq and Iran remaining unresolved. In addition, the United States aggressively sought economic concessions from other teams, even attempting to “sell” Taiwan to China in exchange for massive Chinese investment in the US. When none of these attempts proved fruitful, the U.S. ended the game with its economic and military capabilities degraded significantly.

China also altered its strategy in the face of changing fortunes. The China team began the round by calling for a new United Nations initiative to address the proliferation of weapons of mass destruction. Other major powers, especially the US, initially opposed the plan because they perceived it as a veiled attempt by China to gain control over the Asian SLOCs. This perception was strengthened by the existence of a competing ASEAN proposal to establish a regional organization to secure the SLOCs, which many of the principals had already agreed to support. Faced with this negative reaction, China scaled down its proposal to include only the restructuring of UN anti-proliferation organizations and the setting of new controls on the production and sale of fissile materials. A UN General Assembly vote on the proposal-- which was supported by the larger powers and opposed by the smaller ones-- was deferred in the last moments of the round, leaving the episode unresolved.

The Korean reunification talks, which occupied many of the teams in the beginning of the third move, went smoothly and revealed much about the changing power balance in the region. Faced with pliant and pro-reform coup leaders in the DPRK, the major regional powers negotiated a deal that traded North Korean nuclear capabilities for a regional security agreement and economic aid. China took the



lead by offering \$10 billion and concessions on refugee issues, while the US agreed to replace the US-ROK alliance with a looser regional security regime. Although Korean reunification was achieved, the resulting arrangement and the relative decline of the United States left the new Korea heavily dependent on Chinese goodwill in both the security and economic realms.

Japan and Russia responded quite differently to China's new position of power in the region. Japan held to a hedging strategy of maintaining its alliance with the United States and consolidating its ties with Russia while allowing Chinese access to its M&A market in exchange for similar access in China. Russia, on the other hand, continued to pursue a balancing strategy by establishing a security alliance with India that included significant transfers of defense technology. Thus, despite economic pressures and the weakening of U.S. power in the region, both Russia and Japan rejected the "bandwagon" strategy adopted by the new Korea.

Finally, China carefully managed its relationship with Taiwan. Despite a pro-independent candidate winning the Taiwanese presidential election, China chose not to deploy its enhanced naval capabilities in the Taiwan Straits. Instead, the China team reached an agreement with Taiwan to freeze reunification talks until mid-century. As a result, Taiwan survived the game as an independent entity and the salience of the entire Taiwan issue appeared to have declined significantly in Beijing.

## **IV. Analysis**

### **Main Issues**

This simulation was designed to explore six issues that may confront East Asia over the next two decades:

**1. Power Transitions and Instability:** *What are the implications of managing the rise of China? What will China do with its new power? Will China exploit its new economic and military strength for leverage over world affairs? How will regional powers respond to China's rise?*

Scholars of international relations have argued that power transitions—periods when one great power overtakes another in strength—are especially likely to generate conflicts and instability. In this simulation, however, the eclipsing of the United States by China caused few problems at the regional level. During the twelve-year period, Asia experienced no international wars, deepened its economic

interdependence and became more tightly bound by regional institutions. One of the most surprising outcomes was the relatively small amount of balancing engendered by China's increasing power. The United States eschewed a balancing strategy in the region. Although agreeing to increased security consultations with Russia as part of the Northern Territories settlement, Japan never leveraged this new relationship against China. Instead, the Japanese team often cooperated with China, even to the point of joining the PRC in supporting Iran's nationalization program, a measure opposed by the United States. Japan also reacted placidly to the rise of Chinese economic power and adopted a quid pro quo strategy of allowing China access to Japan's M&A market in exchange for similar access to the Chinese market. Russia was the only regional power that consistently sought to balance against China. Although early efforts to reach out to Japan and Iran met with limited success and spectacular failure, respectively, Russia was able to build a security alliance with India that placed some constraints on Beijing. Still, faced with a regional and later a global power transition, most teams avoided following overt balancing strategies. With the exception of Taiwan, which was neither absorbed nor achieved sovereignty, most of the rest of the region fell into China's orbit.

China's skillful management likely mitigated the level of balancing it faced. Throughout the game, the Chinese team favored multilateral approaches to unilateral action that might be perceived as threatening by neighbors. It joined virtually every regional initiative that emerged and carefully coordinated its responses to regional problems, such as Korean reunification and SLOC management, with its neighbors. When challenged, China offered extremely measured responses. For example, when the US-Taiwan FTA negotiations raised questions about Taiwanese plutonium and U.S. weapons sales, the China team chose to respond by dumping T-bills while working to get better information on the deal. Although its naval capabilities expanded by leaps and bounds during the course of the game, China never deployed them. When China finally made a move toward global leadership in the last round, it chose to work through the United Nations. Responding to the alarm caused by this move, the China team quickly reformulated its proposal to make it less threatening to the other teams.

Two other factors aided China's smooth rise. The first was U.S. acquiescence. The US team never seriously tried to undercut China, despite numerous opportunities to do so. In particular, as Russia reached out to the West in the early part of the game, the US chose not to pursue the possibility of a US-Russian alliance against China. It also passed on a similar opportunity with India later in the game.

Finally, Japan's hedging strategy, which placed it between the United States and China, complicated the potential balancing strategies of other teams. Without the enthusiastic support of Japan, any attempt to contain China's rise was likely to fail. Although the Russians reached out during the first move, the Japanese remained steadfast in their determination to take the middle road. In particular, Japan's decision to allow Chinese firms access to its M&A market epitomized the Japanese preference to engage, rather than contain, China.

On the whole, China's cautiousness in navigating through the power transition was effective in diffusing balancing activity. However, China was aided in this effort by a United States that chose to fade quietly into the night and a Japan that refused to take sides.

**2. Multipolarity and the Public Goods Problem:** *What will be the impact of U.S. decline? Will new security regimes develop in the absence of U.S. leadership? How will regional security crises be managed? How will global security crises be addressed?*

The flipside of China's rise was the decline of the United States. However, this aspect of the power transition also had a surprisingly benign impact on the Asia-Pacific region. In particular, collective problems at the regional level were solved with relative ease, even without significant US involvement. ASEAN effectively dealt with a serious crisis in the Philippines. Korean unification, which involved the thorny issue of North Korea's nuclear arsenal, was quickly resolved when China took the lead. Later, all major teams agreed to form an ASEAN-sponsored organization to improve the security of regional SLOCs. In short, the Asia that transitioned from U.S. to Chinese dominance proved capable of handling its own problems.

However, U.S. decline had negative implications for the provision of collective goods at the global level. In particular, the central collective action problem of the game, the proliferation of nuclear weapons technology, was poorly addressed through the early rounds of the game. This allowed the spread of nuclear technology from Iran to extremist groups worldwide, including in the Asia-Pacific region. Although Russia and the United States grappled with the Iranian problem with varying degrees of intensity, the Asian teams initially provided only rhetorical support and later actually undercut the effort to isolate Iran by opportunistically signing on to its oil nationalization proposal. This changed in the third round when

China brought forward a global anti-proliferation initiative through the United Nations. By this time, of course, Culver City and Tel Aviv were glowing at night, and Jakarta had also been targeted with a radiological weapon. Although the new Chinese superpower acted proactively when proliferation issues arose on the Korean peninsula and Taiwan, it turned a blind eye to the global dimension of the problem for most of the game.

**3. Regionalism under a New Hegemon:** *Will regional actors adopt multilateral or unilateral approaches in solving regional and global problems? Will existing institutions matter here? Will new institutions be required? What will be the effects of regional interdependence?*

One of the most striking features of the simulation was the continued reliance on multilateral approaches by the Asian teams. Whether the problem was instability in the Philippines, securing SLOCs in the South China Sea, Korean reunification, or the global proliferation of weapons of mass destruction, the Asian teams addressed them by utilizing existing multilateral institutions or creating new ones. By the end of the game, ASEAN had developed an Asian Defense Force under unified command and a new organization for securing regional SLOCs. Korea's security was guaranteed by a China-centric security regime that also included Russia, Japan and the United States. Finally, a Chinese motion was pending in the United Nations General Assembly calling for the establishment a new global anti-proliferation regime.

In addition, no team attempted to buck the trend of increased regional economic interdependence. In the first round, Japan agreed to invest heavily in Russia. Russia continued to develop its oil resources in the region. China and Japan agreed to trade ownership in national firms. Most regional teams also chose to participate in the rebuilding of the unified Korea. Although it is difficult to specify the effects of this increased interdependence, the deepening of economic ties appeared to go hand-in-hand with the pervasive reliance on multilateralism.

One conclusion that can be drawn from the game is that the incipient multilateralism in Asia today need not be derailed by the difficulties of managing a power transition in the region. On the contrary, the wide-spread use of multilateral approaches may be the key to managing these problems successfully.

**4. Perceptions and Misperceptions:** *How important will perceptions and misperceptions be in solving global and regional problems?*

Although significant misperceptions occurred on several occasions, none proved decisive and most were quickly corrected. For example, China misperceived the content and nature of the US-Taiwan FTA negotiation. However, after adopting a measured economic response, the China team was able to correct its misperception by leveraging ties with Israeli intelligence. A second example involved the U.S. understanding of China's original anti-proliferation proposal. Believing the proposal granted China total authority over patrolling Asian SLOCs, the United States initially opposed the initiative. However, subsequent talks made clear that this was never part of the Chinese proposal.

One reason for the insignificance of misperceptions may have been that many negotiations took part in multilateral venues, which eased communication problems. Another factor may have been that, for whatever reason, few teams made extensive attempts to bluff or deceive.

**5. Democracy versus Authoritarianism:** *Are there foreign policy advantages or disadvantages to being a democracy? Do democracies behave differently than authoritarian states in international politics?*

The game did not yield clear results on these questions. The two teams modeled as strong democracies, the United States and Japan, both faced difficult elections and changes of government during the first round. Similarly, China and Russia, two of the more authoritarian teams, faced internal instability in the form of taxpayer revolts and nationalist movements during the third round. However, despite these difficulties, all teams maintained stable and consistent foreign policy lines.

**6. The Balance of Economic and Military Security:** *Will economic or security issues dominate the agendas of regional players during the power transition?*

Economic calculations played a major role throughout the game. On a number of occasions, economic interests even seemed to trump security concerns. For example, Japan and the ROK broke with the US hard-line position against Iran when offered special access to the newly nationalized Iranian oil industry. Although the significant decline of its main ally, the United States, was undeniable by the third round, Japan nevertheless decided to allow China quid pro quo access

to its M&A market. Finally and most notably, the US effort to prop up its economy in the final round included an attempt to trade abrogation of its defense commitment to Taiwan in exchange for Chinese investment in the United States. In each of these cases, teams chose to weight economic interests above security concerns.

### **Other Lessons:**

The simulation generated at least five lessons that were not “designed in” to the game’s architecture:

#### **1. Lessons about balancing, bandwagoning, and hedging:**

One lesson of the game is that there are multiple paths to success. For example, if “success” is defined as increased economic prosperity and military security, then Russia, Japan, and Korea can all be said to have been relatively successful. Russia pursued a classic balancing strategy in response to the power transition in the region, while Korea bandwagoned with the rising China, and Japan continued its long-standing policy of hedging against new risks. By the end of the game, Russia had deepened its economic and security ties with Japan and had established a security alliance with India, thereby improving both its economic and security outlooks. Japan, on the other hand, had maintained its reliance on the US-Japan alliance while continuing to engage China economically and diplomatically. Korea sacrificed little and gained much-- including unification and the denuclearization of the peninsula-- in the transition. In the end, each grew richer and more secure, an indication that there may be more than one “best” way to respond to a power transition.

#### **2. The legacy of the 2003-4 Iraq War:**

Another important factor seemed to be the 2003-4 Iraq War, which had a very serious impact on the subsequent course of world politics. First, the U.S. failure in Iraq seemed to generate reluctance among the teams to take action against Iran, particularly in the first round. Second, the Iraq War precedent seemed to cast a shadow on the military responses that were initiated. When Russia attacked Iran in the second round and the US in the third, both chose limited strikes on oil and WMD-related targets rather than wholesale invasion and occupation. Finally, the presence of a large number of US troops in Iraq proved costly when the region destabilized in the face of a widespread Shiia rebellion. This appeared to contribute to the US decision to withdraw completely from the region in the third round.

### **3. The growing importance of India:**

The rising importance of India to the region's politics was another important lesson of the game. Although this simulation was designed to model a power transition between the US and China, it is difficult to imagine such a scenario that doesn't also include a rising India. Russia's focus on India in the latter part of the game and the establishment of a security alliance aimed at China was a major accomplishment and raised questions about whether China's ascent would continue as peacefully in the future.

### **4. Declining salience of long-standing problems:**

Another lesson drawn from the simulation is that long-standing problems, such as the Taiwan issue and the Israeli-Palestinian conflict, may become less salient over time in a world where China waxes while the US wanes. Perhaps the most counter-intuitive outcome of the game was that as China became more powerful, its designs on Taiwan became less ambitious. By the end of the game, the two Chinas had agreed to put off reunification talks for decades, even though the US commitment to Taiwan's defense was evaporating and China had the power projection capability to overwhelm the island. This may indicate that as the Chinese become more self-assured both at home and abroad, they will turn away from anti-Taiwan nationalism as a basis for regime legitimacy. In addition, the sudden resolution of the Israeli-Palestinian issue in the third round seemed to contradict the view of this conflict as intractable. That the final terms were somewhat favorable to the Palestinians also served to highlight the weakness of the Israeli position in the context of a broad-based US decline.

### **5. Increased global instability and violence:**

A final lesson is no doubt drawn from the fact that this was the first MIT Asia-Pacific crisis simulation held since the terrorist attacks in New York and Washington, DC in 2001. The Control Team was struck by the contrast to the previous simulations in which the players were far more restrained in the use of force and were much less willing to countenance persistent political instability. The extent to which global leaders accepted widespread chaos and the use of weapons of mass destruction was unprecedented in our experience and, we fear, closely models the greatest dangers of the post 9/11 world.