

FINAL ADJUDICATION

AND

ANALYSIS

of the

Fifth Asia-Pacific Crisis Simulation

at the

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I. Format of the Game

The fifth Asia-Pacific Crisis Simulation was held at the Massachusetts Institute of Technology on 9-11 May 2008. 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 major power transition, specifically the rise of China and India, and the waning of U.S. influence, on the foreign policies of countries in the Asia-Pacific region. In particular, we were interested in seeing what effect, if any, such a transition would have on the tendencies of countries to adopt strategies designed to encourage regional multilateral institution building, or whether they were more likely to act bilaterally, or unilaterally, in order to solve regional problems.

The exercise simulated regional relations in the Asia-Pacific for the period from 2014 to 2025. Participants were assigned to teams representing leaders and constituencies from six countries in the region. As in the fourth crisis simulation, held in May 2004, Japan, China, and the United States were modeled as large teams with five or more members. Three smaller teams, India, Russia, and Iran, were modeled with one or two members each, with the inclusion of India reflecting the findings of the 2004 simulation.

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 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, specialists with government experience, 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 national elections during the twelve-year period.

This report outlines the major developments, and lessons, drawn from the 2008 simulation exercise. It begins by describing the baseline scenario, which each team was confronted with at the start of the first move. It goes on to outline the most significant developments noted during each of the three moves of the simulation. Finally, the report concludes by summarizing the

most important lessons learned during the simulation exercise about the possibilities for future cooperation, and conflict, in a multipolar Asia-Pacific region.

II. Baseline Scenario

This baseline scenario is entirely fictional, and was developed solely for the educational use of MIT students and participants in the simulation.

The game began in 2014, by when two major challenges had undermined the regional balance of power. First, the economies of China and India continued to grow in size and technological sophistication, and their governments used part of this wealth to enhance their military power. Yet no regional institutional framework emerged to stabilize their emergence as great powers. Further, by the beginning of 2014 each country's future trajectory remained opaque. For China, domestic politics were increasingly fraught because of social instability, political dissent, and environmental problems. India's most significant problem, on the other hand, was external; it faced ongoing problems in its neighbor Pakistan, and its leaders were undecided on how to deal with attempts by the United States, Japan, and Russia to draw India into closer diplomatic and security relations.

Second, changes rooted in the domestic politics of the United States and Japan had distanced the two countries by 2014, undermining the structural beam that holds up East Asia's regional security architecture. The Japan-US security alliance remained in place, but the United States had reduced its military presence in the region, both because of the negative fiscal effects of the Iraq war and because of changes in the Korean Peninsula and Taiwan.

In the years to 2014 Japanese leaders took note of the incremental but significant changes in the US military posture, and adjusted by moving to diversify their diplomacy, as well as increase military spending. This was given impetus in 2012 by the decision of the US government to move towards normalization with North Korea, despite Pyongyang's not having fully achieved denuclearization. This decision was taken following the signing of a historic compromise between North and South Korea following Kim Jong Il's death in 2011, which includes a road map for a broad economic and political partnership between the two countries.

A third factor complicated regional relations: the increased influence of Russia and Iran. Russia continued to play a spoiler role vis-à-vis the United States, and had ample resources to do so given ongoing high oil and gas prices. Russia also has a complicated set of relations with regional actors: historical and military ties with India remain, but Russia continues to have fraught relations with the United States, and relations with China remain uneven. Iran, on the other hand, remained an energy-rich theocracy. Its

energy resources drove energy hungry India, China, and Japan to bargain with it; which had invited opprobrium from the United States.

III. Results of the Game

Move One: 2014-2017

The first move of the simulation began with a crisis in Pakistan, in which the leader of the incumbent secular military government was deposed, missing, and feared dead. No replacement was immediately apparent, and at the start of the move three factions appeared to be vying for power: one headed by the leader of the Pakistani 3rd Army Corps, AP Khan, another headed by a secular democrat, and a third led by a religious zealot.

The players initially faced two challenges: managing the evacuation of citizens located in Pakistani territory, and dealing with the problem of nuclear proliferation and the lack of a central Pakistani government. As part of the baseline the Japanese coast guard vessel *Shikishima*, acting on US intelligence, interdicted a ship that departed Pakistan and discovered fissile material on board, underlining the fact that Pakistan's nuclear weapons program was not under central control. Further, in boarding the vessel three Japanese officers were killed, and three Chinese engineers were also found on board. During the game, a second ship, thought to be on route to the Philippines, was not intercepted. Nor was a land convoy, two failures of the international community.

This initial crisis was designed to test whether teams were able to cooperate in crafting a solution to the nuclear proliferation and governance crises they faced in Pakistan, while also managing to protect other national interests, including the security of their citizens inside Pakistan. The beginning of the first move saw a fluid diplomatic situation, with each country assessing the willingness of others to act in concert to achieve shared goals. In a positive opening, China and Japan were able to quickly negotiate the release the Chinese engineers held on the *Shikishima*, after Japan had asserted it acted in self-defense when engaging the Pakistani ship militarily.

As the crisis unfolded, however, the teams proved less able to cooperate. The strongest push for a multilateral response came from China, which asserted that the stability of Pakistan and the security of its nuclear weapons were paramount, and that countries should not take actions that may lead others to escalate the crisis. The Chinese team also took care to signal its benign intentions when making its only unilateral move of the round - using the PLA Navy (PLAN) to evacuate Chinese nationals from Pakistan.

Ironically, despite China's efforts to craft a multilateral solution to the problem, the other major powers proved most suspicious of Chinese intentions. Japan, the United States, and India met early in round one and agreed that China should not be permitted to interfere in Pakistani domestic politics. The three powers agreed to naval cooperation off the Pakistani coast in part to serve humanitarian goals, but also to function as a combined show of force.

India, on the other hand, responded to the Pakistan crisis by forcefully asserting that the problems were an internal Pakistani matter, and that only India had the right to intervene if the domestic political situation worsened. Any interference by outside powers, the Indian team noted, would be met with a "fitting response." Later in the move the Indian defense minister met with his Chinese counterpart and communicated India's "deep concerns" about what was perceived as Chinese interference in domestic Pakistani politics, as well as the scale of the naval forces China used to evacuate its civilians.

The strategy adopted by the United States focused on encouraging regional powers to take the lead in managing the crisis. This kept with domestic political commitments made by the president prior to the start of the first move, and noted in the baseline. Under these constraints, U.S. efforts focused on Japan. A high level meeting early in the round was used by the United States to thank Japan for interdicting the Pakistani vessel. The two teams also agreed that India should take the lead in resolving Pakistan's domestic problems, a conclusion reiterated in a trilateral meeting between the United States, Japan, and India.

The middle powers of Russia and Iran cooperated closely during the crisis, and sought to draw India into a formal trilateral security arrangement. In keeping with its foreign policy traditions, however, India considered cooperating with Iran and Russia, but refused to join any formal alliance. Russia and Iran also used the crisis in an attempt to secure long-standing goals. Iran sought to use cooperation borne of the crisis to increase its participation in multilateral institutions and emerge from diplomatic isolation, demonstrated by its repeated requests for Russian and Indian support in making Iran a formal membership of the Shanghai Cooperative Organization (SCO). Russia, on the other hand, sought to use a trilateral agreement with Iran and India in order to build regional institutions that isolated the United States. Russia also used its energy resources in order to draw closer to China and Japan, offering to construct a gas pipeline from Siberia. Interestingly, both China and Japan agreed to this Russian initiative.

Move 2: 2018-2021

By the end of the first move the Control Team judged that despite multilateral efforts being made by a number of teams – most notably by the Chinese – all had failed to achieve the immediate goal of stabilizing Pakistan and stemming the proliferation of nuclear materials. The failure of the teams in the first move to craft an effective response to the collapse of the Pakistani government was reflected in the worsened security environment the teams faced at the start of round two. Pakistan remained divided, and the leader of the Islamic extremist faction claimed responsibility for the detonation of a dirty bomb in New Delhi. Casualties numbered in the hundreds, although it was not clear at the start of the move what the long-term health effects were likely to be. A second, defective bomb was also detonated in Jakarta, but casualties were minimal and no group claimed responsibility for the act.

China attempted to push a multilateral response to the crisis, centering on the major powers. However, it failed once again to inspire others to follow. At the start of the move the Chinese called for a conference among themselves, the United States, India, Iran, Indonesia, Japan, and Russia, to discuss a common response. China's desire to craft a multilateral response was underlined by its proposal to negotiate a new treaty to further reduce nuclear arsenals in the long-term. Also noteworthy was the emergence of dissent within the Chinese team over its continued focus on multilateralism and its peaceful rise policy more generally, and the unwillingness of the central leadership to act unilaterally.

India was unresponsive to Chinese overtures once again. Instead, the Indian prime minister stated that if nuclear forensics proved Pakistani involvement in the attack there would be “dire consequences.” India used a phone call with the Chinese president to impress upon the Chinese that they should halt all military aid to Pakistan given Indian suspicions of Pakistani involvement in the attack.

The major diplomatic event of the second move was a meeting held among China, Japan, the United States, Indonesia and India. The meeting went ahead despite the refusal of the Russians and Iran to participate; Russia and Iran opposed the involvement of the United States and Japan in the meeting, arguing that regional problems should be managed by regional actors.

India declared at the meeting that it intended to take military action against targets in Pakistan, and that it would not differentiate between Islamic terrorist elements supposedly outside the government's control and the government itself. It would, in other words, destroy Pakistan's nuclear

infrastructure, missile sites, and military bases. While the other teams impressed on India that it should show restraint, they acquiesced to India's right to retaliate. This included China, despite long-standing security ties to Pakistan.

Faced with the imminent destruction of his primary military assets (including airpower) and therefore with the likely collapse of his regime – and without any promise of support from other actors – the military faction in control of Pakistan took decisive action to forestall India's military attack. The head of the 3rd army corps faction, AP Khan, contacted India offering to coordinate the Indian attack on relevant non-governmental sites within Pakistan in order to neuter the radical Islamist movement. An offer was also made to resolve the Kashmir issue by recognizing the line of actual control. The Indians agreed.

Following negotiations between the two a public statement was made by the Indian President, and AP Khan, announcing that “targeted, limited, and decisive” attacks had been carried out, and that the attacks were not an attack on the Khan regime. The two also announced that India recognized the legitimacy of the Khan government, and was willing to provide economic aid in return for a solution to the territorial dispute between the two countries in Kashmir. China, after delaying its decision for some time, sent a note to Pakistan recognizing the Khan government, and congratulating it on striking the broad agreement with India.

Initiatives pursued by other teams during the second move proved less decisive. The Japanese reported an interest in establishing a multilateral institution to share information on suspected terrorist activities, but their initiative was unsuccessful. The United States also approached Iran with the intention of pursuing the normalization of relations and solving all outstanding problems within the context of diplomacy. Iran responded that it would agree to talks if the U.S. publicly announced it would not interfere in the domestic politics of Iran, nor attempt to change the political structure or boundaries of Iran. By the end of the second move this meeting had not been realized.

Russia, on the other hand, enjoyed greater success in the second move. It cemented closer ties with a moderate Iran by negotiating a large arms deal, including diesel-powered submarines, missiles, and an expansion and upgrade of Iran's air forces. Russia and Iran also agreed to expand and upgrade its gas exporting forum into a formal institution. Russia failed, however, in its attempt to derail the international conference on Pakistan discussed above and only succeeded in marginalizing its voice on the issue.

Surprisingly, Russia finished the second move by succeeding in redefining diplomatic relations with Japan. Russia offered to meet Japan's demands on the Northern Territories in exchange for a mutual investment agreement, technology transfers and energy cooperation. The Japanese, feeling unsure of the U.S. security commitment, also agreed to military cooperation, including joint naval patrols, space cooperation and a SLOC defense agreement. Although the Japanese took care to notify the United States of their intention to meet with the Russians, they made the agreement independently. A further sign of growing Japanese independence came with their decision to send the MSDF to the Indian Ocean in case Japanese citizens needed to be evacuated.

The main lesson drawn from events played out during round two was that while the deepening crisis elicited a more concerted effort by the major powers, led by China, to craft a multilateral response, this effort was weak in the face of India's threat of general war against Pakistan. There are at least three possibilities why this may have been the case. First, an Indian armed intervention in Pakistan was recognized as legitimate by a number of teams, given the seriousness of the attack against it. A less serious threat to Indian interests, therefore, may have seen a more robust multilateral response to the possibility of Indian unilateralism. Second, although China called on the other major powers to cooperate, it did not enjoy the full confidence of the other teams. Absent an engaged United States, this meant there was no trusted hegemon able to draw the powers together. Third, it is possible that India's nuclear status meant other teams were unwilling to challenge India's threat to use military force against Pakistani targets.

Move 3: 2022-2025

The third round began in 2022. The crisis in Pakistan stabilized following the agreement between the Indian and the Pakistani government under the secular military leadership of AP Kahn. By 2022 a new set of crises faced the countries of the region, however. The first centered on the Korean Peninsula. After years of warming ties between North and South Korea, much of which consisted of direct and indirect ROK subsidies for North Korea, the North Korean regime collapsed in late 2021. The South Korean army moved north, assuring China and the world that no U.S. troops would be permitted north of the old DMZ, and shortly thereafter requested a complete withdrawal of American troops from the Peninsula. The newly united Korean nation – Shilla – announced a new “360 degree” defense strategy, aimed largely at Japan. And the Shilla President appealed to Korean patriotism by publicizing the expansion of military facilities on the contested Tokdo/Takeshima Islands. Feelers were quickly made in Beijing about expanded military and military industrial cooperation.

In the second crisis the news reached the teams that a section of the Bamar people (the dominant ethnic group of Myanmar) had begun to target the local Chinese population, including those working on Chinese energy projects in that country. Widespread demonstrations and looting were reported, driven by complaints about their wealth relative to other ethnic groups.

Despite a rather more hawkish profile, the new U.S. president began the round by announcing, through the secretary of state, a proposal for a conference to discuss constructing a regional nuclear free zone, although it did not propose a global arms agreement which would have required it to make concessions. The U.S. team invited China, Japan and India, but in a sign of their reduced influence the proposal came to nothing, and was pushed down the agenda of a later summit organized by China.

Instead, it was Russia, employing a policy of controlled nuclear proliferation, that proved more successful, and it did so using traditional, power politics means. Most notable was its willingness to proliferate nuclear weapons to Japan, an offer Japan accepted given its lack of confidence in the U.S. nuclear umbrella and heightened threat environment in its immediate region. This Russian-Japanese entente quickly developed; the Russian and Japanese foreign ministers announced joint development of a new energy pipeline extending from Iran through Russia to the Pacific Ocean, with Japan covering the costs of construction. Later, Russia gained the agreement of Japan in stationing a carrier group to Vladivostok, as well as four quiet submarines. The two countries concluded the round with a startling agreement to develop and deploy a joint missile defense system over Northeast Asia.

This willingness of Japan to assert its own interests separately from the United States followed public criticism of the government for its ineffective response to the Tokdo/Takeshima problem. The Japanese team began the move by threatening Shilla with strikes if it failed to freeze military development of Tokdo/Takeshima, but was reminded by the Shilla government (played by Control) that Japan was threatening a nuclear power with conventional forces. Japan's response was remarkable. The Japanese team became more conciliatory in a summit between the two countries, but Japan also quickly shifted its security policy, and, in a reflection of their lost confidence in the nuclear umbrella extended to them by the United States, pursued an independent policy, including by obtaining an independent nuclear deterrent from the Russians.

The Chinese also began to be more willing to act unilaterally in the final move. This followed a change in the Chinese leadership. At the party

congress held at the start of the third move the Politburo was given the choice between a candidate supporting continuing the policy of multilateral institution-building, and another candidate advocating a more muscular foreign policy in which China would assert its interests forcefully. The latter candidate won handily, and the outcome was largely determined by the teams' perception that other countries had failed to acknowledge China's attempts to craft international responses to regional crises. China's greater willingness to act unilaterally was demonstrated by it sending a carrier group on a port visit to Pusan during the ongoing dispute between Tokyo and Seoul over Tokdo/Takeshima. At the end of the move, it also agreed to joint naval exercises both in the vicinity of the Korean Peninsula and farther afield. The Chinese PLA representative also noted that it was willing to intervene in Myanmar in order to protect Chinese nationals, stating that "China has the ability to protect its citizens overseas." China subsequently dispatched a naval force to evacuate citizens from Myanmar.

Interestingly, as it began to act more forcefully China was also able to organize the most significant multilateral effort of the twelve years of the simulation: a Beijing Summit involving Japan, China, India and the United States. In contrast to China's earlier efforts the summit was held, with immediate issues of Myanmar and the newly united Shilla discussed by the participants. Only Russia and Iran chose not to attend.

IV. Analysis

The simulation was designed to model the dynamics of a multipolar Asia-Pacific region, in which a United States constrained by domestic political and budgetary factors was unwilling to underwrite stability, and where China and India had emerged as legitimate great powers.

1. What were the effects of multipolarity on regional relations?

Two key lessons emerged from the simulation about the effects of a multipolar environment on regional relations. First, despite the efforts of the major powers no regional hegemon, or durable multilateral institution, emerged to provide regional public goods. As written in to the baseline scenario, the United States remained unwilling throughout the game to shoulder responsibility for managing the various crises that emerged during the simulation.

The major power that attempted to replace the United States in rallying regional powers to solve the nuclear proliferation problem that confronted the teams was China. Despite its best efforts, however, China proved unable to craft a multilateral coalition capable of effectively responding to the crises.

Interestingly, this failure was in part because the Chinese team was unable to persuade others of its benign intentions, and by the end of the third round there were signs China was beginning to discard its multilateral approach in favor of unilateralism. The other major new power in the region, India, chose to pursue a strategy in which it engaged with other powers in the pursuit of its narrow national interests, but did not seek to build more durable coalitions or regional institutions.

The second lesson about multipolarity drawn from the simulation was that in the face of China's failure to secure a multilateral response to a series of regional crises, teams tended to coalesce into loose coalitions, which were easily formed, but also tended to collapse easily as teams adopted new strategies. Tellingly, in the absence of a regional hegemon, or successful multilateral initiative, the teams proved unable to respond adequately to the nuclear proliferation threat and domestic political turmoil in Pakistan. Although general war did not occur between the great powers, this failure of the teams to craft effective solutions to these crises meant they faced the possibility of total collapse of governance in Pakistan, and more severe proliferation, with dire consequences for regional security.

2. Which strategies adopted by states proved successful in a multipolar world?

During the simulation the Control Team noted that a number of strategies adopted by states to pursue their national goals emerged in this multipolar environment. Most striking was the success of Russia, which adopted a range of bilateral and trilateral initiatives to increase its regional influence and limit the influence of the United States. Examples of successful Russian statesmanship included using its energy resources to develop relations with China and Japan through a trilateral energy partnership, as well as offering Japan a grand bargain that included investment, technology, and military aspects, in return for territorial concessions on the Northern Islands dispute. Russia also successfully cooperated in the energy sphere with Iran.

India, on the other hand, pursued a unilateral strategy in which it worked to further its national interests while avoiding becoming involved in formal alliances or agreements with other powers. Other states proved unable to impede India in this regard, most notably when it threatened to strike against Pakistan, despite the protests of the other major powers. Japan, after adopting a conciliatory stance for most of the game, also successfully managed to unilaterally pursue its national goals once threatened with a nuclear armed and united Korean Peninsula, seeking and securing from Russia control over an independent nuclear deterrent. This development was met with relative equanimity by the other teams.

As noted above, perhaps the least successful strategy adopted during the game was China's attempt to draw other powers together in crafting a multilateral response to the crises that faced the teams during the simulation. Interestingly, this failure appeared not to be because of the rejection of the message of multilateralism by the other major powers, but rather because they were unsure of the intentions of the messenger, in China. As a result the Chinese team was beginning to discard multilateralism by the end of the third move, and adopt more robust unilateralist measures to pursue its interests.

3. Which instruments of statecraft proved effective in furthering national interests?

Finally, a number of lessons can be drawn from the simulation about which instruments of statecraft appeared successful. First, the outcome of the simulation suggested that soft power was ineffective in the absence of a willingness to use hard power. This was evident in both the strategies of the United States and China. The United States signaled numerous times that it was unwilling to engage its military forces, that that it preferred regional powers to take the lead in solving the crises they faced. This quickly led them to be marginalized in negotiations, with the U.S. voice quickly becoming one-of-many when it was not actively seeking to influence events in a meaningful way.

China's unwillingness to use, or threaten to use, hard power in the first two moves to defend its interests also led few of the other states support Chinese multilateral initiatives. It should be noted that this strategy did have one positive effect: there was no concerted balancing against China by other teams despite its increased power.

Nevertheless, by the third round the Chinese leadership was suffering significant domestic political costs because of the failure of its multilateral strategy, and a leadership change in the third round presaged a more hardline approach to protecting Chinese interests in the future, as noted above. Clearly, if this lesson of the simulation is to be adhered to, a failure of other powers to recognize or acknowledge Chinese multilateralism and internationalism (to the extent that it occurs), or China's failure in communicating its benign intentions to others, could lead to a shift in Chinese strategy to one that is more inimical to U.S. interests.

Second, the simulation suggested that hard power, in the form of nuclear weapons, played an effective role as an instrument of statecraft. First, it proved a useful tool for promoting bilateral relations, as Russia demonstrated in its willingness to proliferate to Japan, and support a Vietnamese civilian nuclear program but with few controls over the diversion of civilian

technologies to military use. In both cases this use of nuclear technologies as an instrument of statecraft led to Russia securing much broader cooperative agreements with these two countries, Second, India's willingness to adopt unilateral measures against Pakistan, and the willingness of other teams to accept this Indian assertion of its right to use conventional military power against Pakistan, suggested the possession of nuclear weapons played a role in enabling to engage in conventional warfare. The Japanese team was similarly deterred from more serious action when reminded by the team from Shilla (united Korean Peninsula) in round three they were threatening a nuclear power with conventional weapons.