



Massachusetts Institute of Technology  
Center for International Studies

# Conference Report

## US-Japan Relations and a Changing Asia

MIT Endicott House  
Dedham, Massachusetts  
29 February – 1 March 2008

Llewelyn P. Hughes, Rapporteur



## US-Japan Relations and a Changing Asia 29 February – 1 March 2008

### Friday 29 February

**5:00p.m. Check-in at Endicott House**

**5:30p.m. Welcome Reception**

**6:30p.m. Keynote Address “US Grand Strategy-Consensus and Critique” -- Barry Posen**  
(MIT) Dinner follows.

### Saturday 1 March - Moderator - Richard Samuels (MIT)

**8:30a.m.-10a.m.**

#### **1) How Asia is Changing**

- 1) China's Rise -- Taylor Fravel (MIT)
- 2) India Looks East -- Mr. Takio Yamada (Embassy of Japan, New Delhi)
- 3) The Korean Peninsula – Derek Mitchell (Center for Strategic and International Studies)
- 4) The New Regional Political Economy – Mireya Solis (American University)

*10:00-10:15 a.m. Coffee break*

**10:15 a.m.-11:45a.m.**

#### **2) How US Interests/Options May Be Changing**

- 1) The Restraint Option -- Daryl Press (Dartmouth College)
- 2) New Alliance Architectures -- Christopher Twomey (Naval Postgraduate School)
- 3) US Political Economy -- Stephen Brooks (Dartmouth College)
- 4) New Options? – Michael Swaine (Carnegie Endowment for International Peace)

*11:45 a.m.-12:45 p.m. Lunch*

**12:45p.m.-2:15p.m.**

#### **3) How Japan's Interests/Options May Be Changing**

- 1) Domestic Sources of Foreign Policy – Peter Ennis (*The Oriental Economist*)
- 2) Hedging? -- James Schoff (Institute for Foreign Policy Analysis)
- 3) Japanese Grand Strategy -- Professor Yuichi Hosoya (Keio University)

*2:15-2:30 p.m. Coffee break*

**2:30p.m.-3:30p.m.**

#### **4) The Future of the Alliance**

- 1) Sheila Smith (Council on Foreign Relations)
- 2) Professor Akihiko Tanaka (University of Tokyo)

**3:30p.m. Adjournment**

*Keynote Speech: Professor Barry Posen, Director of the Security Studies Program (SSP) and Professor of Political Science, Massachusetts Institute of Technology*

Today I am going to do two things. First, I will review the views that have existed over the last fifteen years over the question of U.S. grand strategy. It is striking how little they have changed. It is also striking how positions that seemed distinct fifteen years ago have now converged. After talking about these, and I will then address the ideas that I have been advancing recently. These are not my original ideas, but rather have been presented by others quite actively over the last ten years. In fact, I have changed my views, and have left a school of thought with which I was associated, and joined a school of thought of which I was formerly critical.

I define grand strategy as a state's theory about its national security. It includes an enumeration of threats to safety, sovereignty, territorial integrity, and power position. It is a system of interconnected political and military means and ends. It is also a system of priorities, which is necessary because resources are always scarce, with connections between means and ends explicated. A grand strategy is not a cookbook; there must be a connection between means and ends.

At this moment, there are three grand strategies actively competing in debate within the United States. There was a fourth that was in a stronger position in the early 1990s, but is now in a weaker position. These grand strategies are: 1) nationalist-liberalism, which is a descendant of a 1990s strategy of primacy and is enunciated by the current Bush Administration; 2) liberal internationalism, which is associated with the Democratic Party leadership and foreign policy elite, and is a descendent of "cooperative security" from the 1990s; 3) a third strategy, called "selective engagement" and advanced by Professor Bob Art of Brandeis University, which has fallen somewhat out of a favor; 4) a strategy talked about somewhat pejoratively in the 1990s as "neo-isolationism," but now dubbed the strategy of restraint.

For each of these strategies I will sketch out how its proponents understand the world, the threats each is concerned about, and the remedies that each prefers.

First, in talking about the Bush Administration's grand strategy, we should note that it is a strategy that combines notions familiar to both realists and liberals. According to this view the international system is an anarchic struggle for power. The United States cannot be too powerful, U.S. security flows from the application of this power, and others follow the United States primarily because of this power.

The nature of states for supporters of this position, on the other hand, does matter. This differs from the realist worldview. In this strategy democracy is best, but it has to be helped by U.S. power. U.S. power will be viewed as benign by democratic states, who will accept the legitimacy of U.S. power and leadership. Also, balancing does not happen from other liberal states. Rather, balancing is only carried out by illiberal states, and this need not be of concern because these states were going to oppose the U.S. in any case. Only illiberal states fear the United States, but this is a positive thing.

International and domestic politics should not be confused, according to this strategy. International politics is the realm of power, while domestic politics is the realm of principle. Finally, there is the question of nationalism and identity politics. For adherents of this strategy, these forces are dangerous but weak; they are dangerous if you leave them unopposed, but if you show them power they will collapse.

The threats this strategy identifies, despite the rhetoric of war on terror, are firstly other nation states, and most important the so-called “rogue states.” The second-order priority is terrorists, especially, but not limited to, Al-Qaida. And third, failed states, because these are where terrorists can create safe havens.

The remedies are first found in the use of preponderant U.S. power and in limiting the power of others. Second, military power should be used, so that others fear the power of the United States. Preventive and preemptive wars are legitimate tools if necessary. In this view international cooperation is good, but only in the tradition of the Cold War; the NATO model of international cooperation where America leads and others follow. Finally, the preferred end state is a world of small, pliant democracies, perhaps best captured in Donald Rumsfeld’s vision of the “New Europe.”

The liberal internationalist view, on the other hand, is most closely associated with the Democratic Party establishment. This view promotes liberalism at both the international and domestic levels, with U.S. power playing a central role. The big evolution that has occurred in liberal internationalist circles is that they have become enamored with U.S. power, as in Madeline Albright’s rhetoric of the United States as the “indispensable nation.”

To liberal internationalists the international system is not an anarchical struggle for power. The world is highly defense dominant given the existence of nuclear weapons and the nature of modern economies, so great powers have little to fear from each other, and little to gain from fighting each other.

Instead, the international system is an economic and social system. The biggest threats are those that emerge from below, and negative externalities, such as climate change, which are generated by the system's economic success. This view acknowledges that there are factors that are causing significant domestic problems in the world, but no clear argument is advanced about what the culprit is.

Proponents of this view also believe that nationalism is a dangerous but weak force; if the U.S. intervenes in a nationalist civil war and brings the possibility of democracy to a population, they will grasp the opportunity. U.S. power is also useful, but it should be put to use in a leadership role, and in providing collective goods. In other words, the U.S. should pay more if it means that better collective outcomes are produced.

Liberal internationalists believe that great powers cooperate, and will rationally recognize their enlightened self-interest in solving problems, if they are gently led by the United States. The nature of regimes does matter, and democracy is best because it produces fewer anti-systemic actors. This is an area of agreement with the current Republican strategy. The most important thing that distinguishes this view from the advocates of primacy is the belief in international institutions.

In terms of threats, for liberal internationalists the world is fragile and interconnected. Terrorists are a big threat, especially with nuclear weapons, as are failed states. Nuclear proliferation is also defined as a problem. A further threat is the negative externalities associated with economic growth, such as climate change, pandemics, and so on. Emerging powers are a problem if they are not socialized into the existing liberal world order, and an approach emphasizing socialization of these states should take precedence over confrontation.

The remedy for these problems, as for those who support primacy, is found in the preponderance of U.S. power. But it is the mailed fist in the velvet glove. Often the importance of winning the "war of ideas" is proposed, as well as humanitarian actions in failed states.

"Selective engagement" I will talk about less because it has fallen out of favor somewhat. It is a view of grand strategy that sees international politics as a struggle for power and security, but argues that after the end of the Cold War the U.S. had achieved an extremely secure position. Great power politics after the Cold War ended was viewed as unusually calm, and the purpose of U.S. power should therefore be to preserve this moment as long as possible.

The single criterion for determining what the U.S. should and should not do in the world, according to this view, is to assess how it contributes to maintaining great power peace for the longest possible time. In effect this means not doing very much at all, and the problem was that when advocates of selective engagement were asked what the U.S. should do, they were always able to find things, undercutting their argument.

There are no real advocates of the selective engagement argument in the policy world today. This is surprising, as in many ways one should expect the reemergence of a selective engagement option, especially in the Republican Party. In many ways it mirrors the strategy of the first Bush Administration, which focused on maintaining traditional alliances, and using Colin Powell's notion of using military force rarely, but powerfully, and with a clear exit strategy. This view is not reemerging in the Republican Party, however, nor in the Democratic Party.

Finally, there is the strategy of restraint. There are four premises to the restraint strategy. First, the world remains a balance-of-power system. Second, nuclear deterrence can work, and the United States armed with nuclear weapons is quite secure. Third, identity politics is a strong and dangerous force. Fourth, it has a very Clausewitzian notion of war: that it is a blunt instrument, not a scalpel.

There are five important facts, according to this view. The first is unipolarity; the distribution of power in the world strongly favors the United States, which is the only truly global power. Second, there are regional balances of power amongst the other consequential states in Europe and Asia, if one takes into account GDP, military capabilities, and so on. Third, globalization precedes apace. This comes with modernization, which stirs up and energizes the forces of identity politics. There is likely, therefore, to be a great deal of turmoil in the developing parts of the world. Fourth, there is a diffusion of power happening in the military realm, both in terms of weaponry and expertise. Even though the U.S. is the most dominant state in the world in military terms, there are many other groups that are able to make the United States suffer costs in war, even if they have no likelihood of achieving victory. Fifth, nuclear proliferation is real, and although it can be slowed it cannot be stopped. Nuclear weapons may not be cheap, but neither are they mysterious. There are a number of countries of moderate wealth and abilities that have managed to build nuclear weapons, and there are probably going to be more.

In this strategy, the U.S. is quite secure because of its great power, nuclear deterrent, and its oceans. The main thing the restraint strategy is aimed at accomplishing is preserving the American power position, which is the ultimate source of U.S. security. The U.S. should maintain the capability to

engage in balance of power politics in the key regions of the world if it must, but should also ensure that regional states look after their own parts of the world, and their own interests. Supporters of restraint continue to be interested in ensuring the division of the industrial power of Eurasia, but think that the United States does not have to continue doing as much as it currently does in order to achieve its goals. Finally, reducing the threat of international terrorism is important, and especially that of Al Qaida.

Supporters of the restraint option also seek to reduce four costs they identify with the current strategy. First, avoiding overstretch in the form of the dilution of U.S. power, including military power through excessive use and economic power through excessive borrowing, weakening and straining relationships with allies and former adversaries, and a possibly eroding national will.

Second, the U.S. should stop being a magnet for balancing and targeting. Although the U.S. is very powerful, meaning that the amount of balancing that occurs is small, it nevertheless occurs. The U.S. also makes itself a target. If globalization is part of what causes terrorism and intense identity politics, then it is important to remove the United States from their narrative, thereby making the U.S. less the perceived instigator of the processes that lead to the destabilizing forces these countries face.

Third, there is a great deal of free riding by the Japanese, Europeans and others. This can be seen particularly in Germany and Italy, where defense budgets have plummeted since the end of the Cold War. There is another problem, which is reckless driving by those who take the United States for granted. The Taiwanese and Israelis have been guilty of this at different times, as is the Iraqi government today.

Fourth, American activism blows back into the United States. In order to motivate the American people to support becoming involved in an issue it is invariably necessary to overstate the problem, and the national security elite has become used to deceiving the American people in this way. Kosovo is one example of this. Further, the idea of being forever on guard has meant that the state has expanded its role in our lives, and has become more intrusive. Our heavily militarized foreign policy is helping to erode some of the liberties that we have in the United States, and I am not sure I want to see where the end point is.

In terms of recommendations, advocates of restraint argue that U.S. foreign policy should be more constraining and shaping in character, rather than active and administering. The U.S. should think more about offshore balancing and deterrence, rather than active intervention. It should have a

non-proliferation strategy, but the real question is how to make a decision between waging preventive war or living with a new nuclear power. Most advocates of restraint believe that deterrence and containment are the right solutions. It is striking that there are no politicians willing to simply state that it is better if Iran does not develop nuclear weapons, but that it does so it goes into the U.S. nuclear target set, and will suffer retaliation if it uses its nuclear weapons. Instead, the U.S. continues to argue that preventive war is on the table, when I do not think preventive war should be on the table. If the U.S. wages preventive war against Iran then there will undoubtedly be significant costs, and these costs are hardly discussed.

The U.S. should be discouraging balancing against it, meaning that it should not be causing small and medium-sized states to fear that they will be attacked by the U.S. militarily. Inhibiting free-riding and reckless driving implies empowering others, and endowing them with responsibilities. The U.S. should, for example, disengage from the military command structure in the North Atlantic Treaty Organization (NATO). If the Europeans want to keep it they are of course welcome to, but that is their decision. NATO should revert to being a political rather than a military alliance. This should not be done overnight, but rather over an extended period of time, perhaps eight years because this represents two presidential terms, and gives others time to adapt. I also think that the U.S. has made it too easy for the Israelis to have a reckless defense and foreign policy, although I am certainly a supporter of Israel. Over time, therefore, the United States should reduce its subsidization of the Israeli defense effort to zero. This does not mean that the U.S. should not sell Israel weapons, but the U.S. currently makes it too easy for Israel not to have a serious debate about how to manage the problem of the West Bank and the Gaza Strip.

In terms of identity politics, we have spent the last ten to fifteen years attempting to discover how better to accomplish peacekeeping, counterinsurgency and so on, but have only succeeded in codifying best practices. This means we have worked out how not to shoot ourselves in the foot. This is good, but we have not figured out a cookbook for success, which is very different. This is why the U.S. still has forces in Kosovo and Bosnia, and will also mean that U.S. forces will stay in Iraq indefinitely, given there is no theory of how to turn the politics of the country back to the Iraqis while achieving the goals the U.S. has set out for itself.

I do believe that the United States should be involved in humanitarian operations, mainly as a way of convincing others of our benign intentions. The things that have worked well have been natural disaster relief, which improved the image of the United States in both Indonesia and Pakistan, for example. When these operations are turned into military operations, on the

other hand, U.S. leaders have to oversell the operations to the American people by exaggerating the problem, and the U.S. also ends up waging war. This has been less successful. Where the U.S. does participate in humanitarian military actions, it should do so only as part of a large coalition of international actors.

Finally, the military component of restraint proposes that the U.S. should be spending significantly less than it currently does on defense. We could accomplish what we need to with 2 ½ percent of GDP spent on defense. The key missions for the U.S. are maintaining command of the air, sea and space. We could therefore spend far less on ground forces. The U.S. should have an offshore military posture. In the Global Posture Review it was concluded that the U.S. military should have many facilities available to use, but the U.S. presence in each of these facilities should be lean. My view is that the U.S. should go further than this, but conceptually this is the direction I advocate. Also, if U.S. forces are to be located abroad, they should always be in bases shared with the local military.

I divide the world between the commons, which the U.S. controls, and the contested zones, which are the places where infantry is the weapon of choice. My preference is that the U.S. should stay out of the contested zones, and should only carry out operations in these zones as part of a larger group of nations. This is the opposite to what occurred in Afghanistan, for example, when our NATO allies invoked article five of the treaty and volunteered to participate, an offer that the U.S. rejected.

The war on terror should be waged in a low-key way. Al-Qaida is largely a problem of intelligence, and of defense. Special operations are the tool that should be used for going on offense. Finally, on weapons of mass destruction, we should use deterrence. In response to the argument that the U.S. may not learn who attacked, if an attack is carried out by a non-state actor, I argue that although we may not know, we do not have to telegraph this fact. The most important task for U.S. intelligence today should be finding return addresses, and signaling this fact. This is preferable to waging preventive war.

In closing, today in the United States I think we have a debate with a limited number of positions. There are two or three versions of a hegemonic strategy, with some important differences between them, and a rather different strategy, which is restraint. Given the consensus we have on the current strategy, which I believe has been serving us ill, it is important to create a pole of opposition, thereby ensuring that we have an ongoing challenge to today's strategy, which I believe has a deeply naive view of what military force is capable of achieving.

## *Questions and Answers*

Professor Posen's speech generated an energetic debate about the merits of the restraint argument and its implications for Northeast Asia.

In response to a question about whether the U.S. has overstretched in East Asia, Professor Posen argued that while this has not occurred, this is because of U.S. overstretch in the Middle East. The rhetoric of the early Bush Administration regarding China and North Korea prior to 9/11 suggests that absent that event there would have been greater U.S. intervention in Asia. Professor Posen added this is driven by the fact that the United States has too much power. At the end of the Cold War it sat astride the world with enormous power projection capabilities, and when a new project emerged from the international environment the question became: "What is to prevent the United States taking up the new project?"

The answer to this question, Professor Posen argued, with the Soviet Union gone, is that the only thing exerting discipline on the United States is American domestic politics. Further, given that most people are unconcerned about foreign policy, decision-makers must oversell threats if they want to act. This overselling either takes the form of the "domino theory" – that is, that dominos are going to fall - or that it project is going to be easy. These are the two stories that Americans have been told again and again since the Cold War ended, and although the U.S. has not take up every opportunity it has been offered, it certainly taken up many.

On the effects of the restraint strategy on stability in East Asia, Professor Posen argued it is not clear what the United States' concern is. North Korea is a dying state with no capability of attacking South Korea. Further, South Korea is an enormously wealthy and enormously potent military power. Although North Korea has a small number of nuclear weapons, they can do little with them; nuclear weapons for the entire duration of the Cold War were only good for deterring attacks. The argument that North Korea will feel secure with nuclear weapons and therefore be prepared to wage conventional war also has no merit, because their conventional military power is not dominant.

On Japan, one participated asked how the U.S. under a restraint strategy would ensure that the Japanese do not strike a balance in the region that is greater than the U.S. views as being in its interest. Professor Posen responded by arguing that the international system has a way of socializing

countries. In Asia there are many countries that are going to be watching Japan, and will signal if it oversteps the bounds. He noted that the question suggested doubt about whether Japan is incapable of learning, which he does not believe is the case. Further, in the Pacific War Japan had a small but powerful military elite that was impervious to learning, but this is not the Japan that of today.

On Taiwan, Professor Posen noted that the U.S. commitment has a nuclear deterrent commitment that involves almost no security interest of the United States. Although it is argued that the U.S. has not explicitly extended this commitment, it has engaged to defend Taiwan against an attack by China, which is a nuclear armed state, and this represents an extended deterrence commitment.

There was also debate about the characterization of domestic debate in the United States, with one commentator arguing that there is unlikely to be a duplication of the strategy of the Bush Administration regarding intervention, especially in a Democratic Administration.

Professor Posen responded that the policy statements and advisors to each campaign demonstrate there is a consensus among Democrat and the Republican foreign policy elites that the United States is only safe when it is out in the world exerting guidance. He also noted that the history of the Clinton Administration shows that the international aims of the Democratic Party tend to expand. Further, Professor Posen argued that the main story in the Democratic Party is not Senator Obama's view, but rather that Iraq was managed badly, and that if nation-building had been done differently it would have worked.

A final set of questions asked what a supporter of the restraint option would say to a soldier being deployed to Iraq, and also how he responds to the unwillingness of the Japan to send forces to Afghanistan because it is judged to be too dangerous.

On the first question, Professor Posen noted that soldiers should understand that they are part of a long-standing institution that the U.S. needs to defend itself when the country is at risk, but this institution cannot be inoculate against the decisions that politicians sometimes make. There is a project in Iraq, and the commanders and the institution are trying to implement a strategy to the best of their ability, which is an honorable job. He concluded that he respects and honors this service, even though he opposes the war and believes it should be brought to an end now.

On the second question, he noted that the unwillingness of allies to participate in military action tells us any number of important things. One is that they may not agree with the theory of the U.S. that led it to war. A second is that they may not be very good allies, and if they are not participating in this situation, which is comparatively easy, it raises the also question of whether they are going to be there when things are hard.

## *II Session One – Establishing the Baseline*

The first session was used to describe the changes in the international environment in East Asia against which the regional powers - United States, Japan, and other governments - are responding. These can be categorized into changes in balance of material power in the region, driven by the rise of China and India, and increasing regional economic interdependence. Importantly, the conventional wisdom about each of these phenomena elides significant details likely to influence how the established powers respond.

On China's rise, it is a truism that the pace of its growth is one of the most remarkable events in economic history, reaching sustained rates over the last twenty-five years of 9.8 percent per year. Nevertheless, while China is growing in absolute terms relative to Japan, the evidence suggests its economy will not necessarily intersect with that of the United States, when calculated in current U.S. dollars rather than purchasing power parity terms. China is certainly rising against Japan, and pulling away from India, but it is not closing on the United States in the way that popular rhetoric commonly assumes.

Diplomatically, the most significant recent change has been China's embrace of multilateralism. In the mid-1990s China was wary of participation in multilateral institutions, but it has embraced them over the last decade, with ASEAN+3 a useful signpost of China's increasing willingness to engage with the region on a multilateral basis. Further, China moved to create a number of these institutions outside East Asia, demonstrating its interests beyond its periphery. In terms of the diplomatic power China gains over other states through this change, however, while it has conferred the ability to frustrate the aims of others, it has not conferred significant power to positively shape the regional environment.

Perhaps the most vexing component of the rising China thesis is the growth in defense expenditures. China has had double digit growth in spending since the early 1990s, although there is controversy over the precise amount. China declared \$48 billion in 2000, for example, but the U.S. Department of Defense

has estimated spending as high as \$128 billion. In terms of capabilities, China has acquired nuclear powered attack submarines as well as Sovremenny-class destroyers with Sunburn anti-ship cruise missiles. These acquisitions represent a dramatic shift in China's maritime capabilities, and may suggest blue-water aspirations.

Nevertheless, China's growth in maritime capabilities does face challenges. First, its navy need not venture far from its shores to encounter the navies of other states, in particular Japan and the United States. Second, although defense expenditures are growing fast, concerns about China's increased spending on maritime capabilities must be balanced against other spending priorities, such as enhancing internal security within China, improving defensive capabilities against external threats, and preparing for a contingency across the Taiwan Strait.

China's rise has garnered the most regional interest, however, India is also clearly broadening its engagement in East Asia across the economic, security and regional institutional spheres. Economically, India's trade with East Asia reached \$100 billion in value in 2007, and is expanding particularly rapidly with China and ASEAN.

Japanese companies also play an important role in the increase in ASEAN-India trade, and see significant economic opportunities in India. In order to facilitate this, Japanese ODA to India has increased. In fact, almost one-third of Japanese ODA currently flows to India, and next fiscal year Japanese ODA to India will be greater than \$2 billion. Through this Japan has undertaken a number of flagship projects, including the Delhi-Mumbai freight corridor, with the aim of increasing bilateral trade and investment.

India is also engaging in the East Asian regional architecture, following the Rao government's 1994 announcement of India's "Look East" policy. India became a dialogue partner with ASEAN in 1995, the first India-ASEAN summit was conducted in 2002, and in 2005 India became a full summit partner. India is also conducting free trade agreement (FTA) negotiations with ASEAN, Korea and Japan, which are scheduled to conclude by the end of 2008, and has engaged China in discussions of a regional trade organization.

In the security realm there has also been a shift in India's security perceptions to the East as the danger of total war with Pakistan has fallen. Indian concerns about China's rise in East Asia grow, and India's interests have also expanded to include problems of maritime safety and energy security. India currently has the ninth largest defense budget in the world at \$22.4 billion, and the third largest in Asia after Japan and China. Further,

India's defense budget grew at 11.6% in 2007, and it is modernizing its forces through the purchase of 126 multi-purpose aircraft in a deal worth \$10 billion. Lockheed has also offered India the F-18, and has been active in missile technologies. Finally, India is introducing an aircraft carrier purchased from Russia, and has started developing submarine technologies.

In the maritime environment, India has conducted frequent joint naval exercises with countries in the region, including fourteen times with Singapore, ten times with Indonesia, and five times with Thailand. Japan and India also conducted joint naval exercises twice last year: once in the Sea of Japan, and once in the Bay of Bengal as part of a multilateral joint naval exercise including the United States, Japan, India and Singapore. India also conducted its first ever joint naval exercises with China in December 2007.

This growth in the Indian profile in the defense sector is mirrored by the interest of regional powers in partnering with India, including Japan. Conference participants disagreed, however, about where the impetus for these initiatives lie. One line of argument holds that the engagement of India by the United States and Japan is clearly designed to contain China. An alternative view is that there is an intrinsic reason for Japan to deepen relations with India: Japanese business want to pursue opportunities in India. Further, India's trade with China is also expanding rapidly, signaling the potential emergence of big regional Asian markets that connect China, India and South East Asia. This is a phenomenon not irreducible to a classical balance of power approach. Finally, it is unlikely that India would use Japan as a military balancer against China. India's traditional balancer is Russia, so it is more likely it would look to Russia, or perhaps the United States, if it chose to pursue such a strategy.

Another participant noted that a third view is also possible: that while Japan's relationship with India can be characterized as an attempt to contain China, it is not only driven by this. Rather, engagement can also be understood as an attempt to explore areas of mutual interest between the two countries. In particular, while India is unlikely to ally with any one state, incorporating it into regional endeavors such as protecting the Sea Lines of Communication (SLOCs) serves to establish rules about regional peace and security. This framework, once established, can then be opened to China in order to see if they are willing to work with Japan and India.

Changes in South Korea are also likely to play an important role in the regional environment. South Korea remains a shrimp amongst whales, however it is prouder and more self-confident than it ever has been, and is also undergoing a review of its regional relations with China and the United States.

On China, South Korea does not see itself as a peer, unlike Japan. In fact, South Korea is increasingly dependent on China economically; China is South Korea's largest trade partner, with twenty percent of total trade, and is also its largest investment partner. Growing Chinese economic, and military, power has not led South Korea to "lean towards" the side of its giant neighbor, however, despite a brief period of China fever. Recent polls show, for example, that some fifty percent of the population see China as South Korea's biggest military threat over the next ten years. South Koreans also fear that China may assert sovereignty over some part of Korea as their territory, and are concerned about China's influence in North Korea.

A reassessment of relations with the United States is also occurring, however no concrete vision for the US-Korean alliance has emerged, and there has been no equivalent of the 1996 U.S.-Japan joint statement. There is a consensus, however, that alliance remains important to South Korea both as reassurance and a hedge, and newly elected South Korean President Lee Myung-bak is clear in his desire to strengthen the U.S.-South Korea alliance as the centerpiece of South Korean foreign policy.

On North Korea, the implications of opening up for the North Korean leadership and military will be severe, and any such process is likely to be extended over a long period of time. The question of how this problem develops is an open but it will undoubtedly have enormous consequences, and there is little contingency planning going on. In particular, one participant noted North Korea has a nuclear weapon they are unlikely relinquish without regime change. This poses a problem for the U.S.-Japan alliance, because it makes Japan worried whether the U.S. extended deterrent is really viable, given the North Korea nuclear capability.

The final component of the changing regional environment is the economic changes in East Asia, and particularly the recent spate of free trade agreements (FTA). In contrast to the conventional wisdom, however, the increasing number of FTAs in East Asia tends not to promote regionalism, as they are negotiated between countries that are often distant from one another. Further, the trade shares of the FTAs are small in scope, and voluntarism commonly displaces legalism in their articles. Indeed, in Japan's case sectors have been excluded from the dispute-resolution mechanisms established within the FTAs.

Despite the more geographically wide-ranging, and functionally constrained, characteristics of East Asian FTAs, there is nevertheless evidence of Sino-Japanese competition over their signing, most notably with ASEAN. This has made ASEAN the focal point for regional integration, conferring it with

political weight in excess of its economic significance. It has also frustrated the business lobby in Japan, which hopes to pursue an FTA with China. China is also likely to be more successful in exporting its model for FTAs, as it tends to offer more narrow agreements with less formal dispute-resolution mechanisms, in contrast with Japan, which typically makes modest concessions while demanding multiple WTO commitments.

Participants in the conference added a number of elements to the regional dynamics sketched above. One noted that Russia and Iran should be included in the analysis of India's rise, as well as how Japan and the United States are likely calibrate their responses to India's interactions with these countries. A second noted that the U.S. is likely to be distracted from East Asia for many years, given that senior policymakers and military officers are focused on the Middle East.

### *III Session Two – Changes in U.S. National Interests*

In the second session participants moved to debate how U.S. national interests are changing, and how this is likely to affect the East Asian region. In particular, they engaged in a wide-ranging debate over the question of whether the military posture of the United States matches its interests, and whether it should reconsider its alliances and military deployments in East Asia and elsewhere.

According to this argument of restraint, the U.S. is currently secure, prosperous, and free: its GDP dwarfs that of other countries, its military is vastly more powerful than that of other states, and strategic depth remains important in geopolitics, meaning that the firepower a country is able to bring to bear on another drops off exponentially with distance from its shores or bases. Given these facts, a compelling reason is required to turn the security concerns of others into those of the United States, and while this existed during the Cold War, today it does not.

In addition, according to the restraint argument there are costs to maintaining the current U.S. posture. First, it raises unnecessary defense spending, which involves inevitable trade-offs with alternative public policy goals. Second, an excessively active and forward defense posture raises the risk of unnecessary wars. Third, the current strategy may make enemies were the U.S. need not have them. In East Asia, for example, there are systemic reasons why relations with China may become difficult over the next two decades, however current U.S. policy may be increasing the likelihood of this occurring.

For Japan, a strategy of restraint would mean a phased end to the alliance, although Japan would certainly continue to be given access to the U.S. arms market, and be able to purchase the most capable U.S. weapons systems. If Japan desired nuclear weapons then the U.S. would also not stand in its way. Given that global politics are highly uncertain in the next two decades, according to the restraint argument it is not prudent for the U.S. to have a commitment to fight a war anywhere the industrialized world.

Opposition to the restraint argument focused on problems with its underlying logic, and its estimate of the costs of implementing the strategy. Participants noted, for example that it is not clear why a self-help system would necessarily lead to more stability in East Asia, and not, instead, to greater hedging, balance of power politics, and fear and anxiety. Further, it was argued that it is unlikely the U.S. could preserve its superior military position in the Western Pacific without forward bases, given fifteen to seventeen percent annual increases in the Chinese defense budget.

The costs of moving to a multipolar balance of power structure in East Asia would also be likely to provoke security dilemmas, according to some participants in the conference, and would require strong U.S. leadership over the period of withdrawal, undermining the original intention. Further, it was argued that the risks of war may be overstated in the restraint option, and implementing such a decision is likely to be costly given that it would undermine trust in the United States among regional allies, and would be irreversible.

A final commenter noted that although the U.S. should not be under any illusions that it is liked, it is nevertheless needed in East Asia. The U.S. is the only country capable of resolving many issues, and that is why the world, including Japan, needs ongoing U.S. engagement.

One point of agreement between participants was that the strategy of restraint is unlikely to be implemented in the short-term, regardless of who becomes the next U.S. president. Scenarios mentioned as possibly leading to a change in this reality were catastrophic U.S. failure in Iraq, a protracted conflict in Iraq that makes U.S. alliances wither in East Asia as they have done in Europe, or if the U.S. fights a conflict in East Asia which leads to unmet expectations on both sides of the alliance. Other scenarios proposed by participants that might be sufficient to change the status-quo to some other configuration were a military conquest of Taiwan, or further nuclear proliferation leading to a unified Korean peninsula with nuclear weapons, Japan with nuclear weapons, as well as possibly Taiwan.

If the restraint option is unlikely to be implemented then what other possible regional configurations are there? Two possibilities discussed were the formation of a regional security community, and the emergence of a hard multilateral balancing alliance.

It was argued that both are also unlikely outcomes, however. In terms of the emergence of a security community, although APEC and the six-party talks have track-records, there remains no shared security vision in either organization. Further, there is no shared view on the common borders that would be part of the security community, with Taiwan representing a significant problem in this regard, nor is there a shared view on the illegitimacy of violence as a tool of statecraft. Finally, it is unlikely that an attack on one state in the region is likely to be seen as an attack on all.

Hard multilateral balancing is also unlikely to occur. The emergence of such a regional dynamic is likely to be precipitated by China's rise, however there is no shared understanding of security threat, even among U.S. allies. This is partly because of differences in geography. In the Cold War differences in geography in Asia put states under different levels of threat vis-à-vis the Soviet Union, and the same remains true today. This stands in contrast to Cold War Europe, when a West German defeat would have greatly worsened the security situation for the rest of Western Europe.

Given this, bilateralism remains the most likely outcome, although placing high demands on the United States because it is unable to share the burden in the same way as under other regional configurations. Nevertheless, the existing hub-and-spoke system has benefits, in that it avoids changes that would be overly provocative, and relies on the preexisting organizational structure.

How do economic changes affect the likelihood of any of these outcomes occurring? First, if U.S. were to pull out of Asia militarily, it would not be for economic reasons. The U.S. currently spends about 4.5% of its GDP on defense, which is about half the amount during the Cold War and is a burden that the United States can manage. Second, economic interdependence between Japan and the United States is of a different character to that of some decades ago, and has changed in ways that mitigate against U.S. withdrawal. Today Japan and the U.S. are linked by production interdependence, where the breakup of the production chain by multinational corporations means that both countries depend on one another as production partners. This production interdependence is hard to break, and fosters stronger ties between the two countries.

#### *IV Section III – Changes in Japanese National Interests*

In the third session participants examined changes in Japan's national interests. It was noted that Japan has responded to the rise of China by hedging. It has engaged China economically, but has also kept its alliance with the United States strong by doing enough to ensure that the United States sees the alliance as valuable. Nevertheless there is a greater sense of vulnerability in Japan regarding China's rise, as well as a feeling that the U.S. commitment to balance against China might waver. These concerns are driven by a variety of different causes, ranging from the six-party talks, Senator Clinton's Foreign Affairs article, the U.S.-China strategic dialogue, U.S. distractions in the Middle East, confusion about the new U.S. nuclear policy, and concerns about U.S. shifting its military focus to counterinsurgency.

The important question is how the intensity and cost of this strategy is likely to change. For Japan to effectively hedge, one participant argued, it can not continue to keep up the pace it currently maintains in hosting bases, engaging in missile defense, increasing its presence as an international player, increasing aid in Africa & Asia. Rather, it has to specialize its role in order to maximize the national interest.

Domestic politics are also affecting Japan's approach to regional changes. Japan appears to be in transition to a consensus between center-left versus center-right stability. It now has a real two-party system, and the Democratic Party of Japan has a depth of good quality politicians. Given this, foreign policy will increasingly be a part of Japanese domestic politics, as is evident in the rise and fall of "values" in Japanese diplomacy. In the mid-1990s, Japan's Ministry of Foreign Affairs attempted to develop a longer-range diplomatic vision by creating the Foreign Policy Bureau internally, and the idea of "values" diplomacy was created within this bureau under the former Vice Minister of Foreign Affairs Yachi Shotaro. This was supported and pushed by former Prime Minister Abe Shinzo and former Foreign Minister Aso Taro.

One participant noted that "values" diplomacy also played a useful role vis-à-vis China, allowing Japan to emphasize that its history does not end in 1945. It also made a distinction between values and interests, giving Japan a way to prioritize its foreign policy. For example, Japan shares values and interests with the United States, while although Japan shares many interests with China, it does not share values.

Regardless, since the end of 2006 the idea of using "values" in Japanese foreign policy appears dead, to be replaced by a more interests-based

diplomacy. Another way of formulating this change is that we have seen a shift from revisionism to mainstream liberal internationalism. In other words, Prime Minister Abe, and Foreign Minister Aso, attempted to revise the Yoshida Doctrine by adding a new pillar – encapsulated by the term “arc of freedom and democracy” in addition to the three pillars of the U.S.-Japan alliance, international cooperation, and an emphasis on neighboring states, but Prime Minister Fukuda Yasuo and Foreign Minister Komura Masahiko have revised this strategy towards a more traditional policy stance.

Recent changes in Japanese foreign policy can also be summarized according to prime ministerial approaches to the U.S.-Japan alliance and Asia. Using this metric, Prime Minister Koizumi aimed to strengthen the alliance, and neglect Asia. This was predicated on Mr. Koizumi’s assessment that China represents a weak military threat to Japan, and was meddling in Japanese domestic affairs, leading him to harden his position the more China complained.

Prime Minister Abe, on the other hand, wanted to strengthen the US-Japan alliance and explore Asia, partly because he saw the China threat more seriously than Mr. Koizumi, and therefore sought to resolve the Yasukuni Shrine issue. Mr. Abe also wanted to revise both Japan’s legal constraints on international military action, and the history that was established by the Tokyo Military Tribunal. This revision of history was also supported by realists in Japan, who do not agree with the criticism of Japan in the 1930s. Rather, they judge this period as a matter of hard politics. This led to a marriage between them and idealist supporters of the quadrilateral forum within the Ministry of Foreign Affairs.

Prime Minister Fukuda is interested in maintaining the alliance, and exploring and strengthening Asia. He is a pragmatist, and assumes that as long as Japan does the normal things it can “hold” the U.S. in place while exploring relations with East Asia.

Finally, some participants argued that the influence of domestic politics is so significant that it is inappropriate to use the phrase “grand strategy” in referring to Japanese foreign policy. Rather, Japan is made up of lobbyists, interests groups and other domestic actors, and the old elite driven policy setting model is gone. Japan is more or less a normal nation, and leaders now matter more than ever.

## *V Summarizing Changes in East Asia*

The final session summarized how changes in the United States, Japan, and in the East Asian strategic environment, are combining to shape regional relations. The session began with a cautionary note sounded about drawing conclusions, given that ten to twenty years ago participants would have been talking about a very different set of issues in addition to the rise of China, including the Aum Shinrikyo and the legitimacy of international organizations. India, also, would have been largely absent from discussion.

Still, one component that may not have changed is underlying interests in the United States and Japan. The international environment in East Asia has been very favorable to Japan, in particular, and it is therefore in Japan's fundamental interest to preserve this arrangement. The problem is that the regional environment is changing, leading some to argue that Japan must do more in order to preserve the status-quo. Further, regional change is not limited to the rise of China, but is also found in the ongoing rise of the U.S., and the stagnation of Japan. Japan clearly needs to adapt, but in doing so it must also engage with the U.S. on what the two countries' interests are.

Changes are also occurring in a more short-term sense. In Washington D.C. there is concern about the alliance given new political leadership in both Japan and the United States. In the United States it is possible that the new administration will focus on China to the detriment of the US-Japan alliance. In Japan, on the other hand, the split parliament threatens Japanese participation in the anti-terror agenda of the U.S.

How might regional responses to these changes best be coordinated between Japan and the United States? One participant suggested that a presidential visit to Japan in 2010, when Japan hosts APEC and it is the 50<sup>th</sup> anniversary of Japan-U.S. security treaty, would be a useful focal point. Japan will also finalize its mid-year defense plan in 2009, and it is the year of the next lower house election. It was discussed that the rise of China should be among priority issues for discussion and U.S. and Japan need more long-term and in-depth analysis that could be translated into specific sets of policies. Another issue raised was North Korea, and in particular how to prepare for North Korea's possible collapse. In such a scenario it is important that there be coordination with the U.S., but also with South Korea, and China, about what the division of labor should be between these countries.

The conference closed with the comment that on the U.S. side, the discussion has focused on moderate Republican to hawkish Democrat viewpoints, but these views do not include the full range of ideas amongst U.S. foreign policy elites. There is also a view, for example, which says "I, the Vice President,

know what China's goals are – to eject the U.S. from the region and neutralize U.S. power. China has already done this in South Korea successfully, and the sooner we confront China the better.” Some have been explicit that the goal is not to avoid conflict with China, but to raise the possibility of political conflict in order to force China to reveal its true intentions, and also to force Japan to make a choice. From this perspective, Japanese planners should understand that if Japan wants to maintain strategic independence it needs to build up its political and military capabilities. Without doing so it may face the choice of dumping its alliance with the United States at a dangerous time, or being dragged into a situation it does not want.

*Participants*

**Thomas Berger** is an Associate Professor in the Department of International Relations at Boston University.

**Stephen G. Brooks** is an Associate Professor of Government at Dartmouth College.

**Peter Ennis** is Contributing Editor for *The Oriental Economist Report (TOE)*.

**M. Taylor Fravel** is Assistant Professor of Political Science and member of the Security Studies Program at MIT.

**Hajime Hayashi**, currently Fellow of the Weatherhead Center for International Affairs, Harvard University, served as executive assistant to Prime Minister Shinzo Abe at the Cabinet Secretariat (2006-2007).

**Dr. Yuichi Hosoya** is Associate Professor of International Politics at Keio University, Tokyo.

**Llewelyn Hughes** is a doctoral candidate in the Department of Political Science at MIT, specializing in comparative political economy and international relations.

**Mr. Masafumi Ishii** is currently Minister, Head of the Political Section at the Embassy of Japan in the USA.

**Derek J. Mitchell** is senior fellow and director for Asia in the CSIS International Security Program (ISP).

**Susan J. Pharr** is Edwin O. Reischauer Professor of Japanese Politics, Director of [Reischauer Institute of Japanese Studies](#) and the [Program on U.S.-Japan Relations](#) at Harvard University.

**Daryl G. Press** is an associate professor in the government department at Dartmouth College.

**Richard J. Samuels** is Ford International Professor of Political Science and Director of the Center for International Studies at MIT.

**James L. Schoff** is the Associate Director of Asia-Pacific Studies at the Institute for Foreign Policy Analysis and a lecturer in international relations at Boston University.

**Sheila A. Smith** is senior fellow for Japan studies at the Council on Foreign Relations.

**Mireya Solis** is Assistant Professor at the School of International Service of American University.

**Yoichi Suzuki** is the Consul General of Japan in Boston.

**Michael D. Swaine** is a senior associate in the Carnegie Endowment for International Peace's China Program.

**Akihiko Tanaka** is Professor of International Politics at the Interfaculty Initiative in Information Studies and at the Institute of Oriental Culture, the University of Tokyo.

**Professor Takemi Keizo** was a two-term member of the Japanese House of Councilors and served as Senior Vice Minister of Health, Labor, and Welfare.

**Christopher P. Twomey** is Assistant Professor of National Security Affairs at the Naval Postgraduate School.

**Mr. Takio Yamada** is Political Minister at the Embassy of Japan in New Delhi.