

Cato Handbook *for Policymakers*

8TH EDITION



CATO
INSTITUTE

73. East Asian Security

Policymakers should

- recognize that America's allies in East Asia are not doing enough to provide for their own defense;
- encourage allies and partners to do more for their own defense by gradually drawing down America's military presence;
- support efforts by allies and partners to enhance their military capabilities;
- sell military equipment to friends and allies, especially those that emphasize low-cost, asymmetric responses to Chinese capabilities; and
- endorse increased security cooperation among East Asian countries without U.S. involvement (e.g., bilateral and multi-lateral cooperation with India and Japan).

The network of U.S. alliances in East Asia that has undergirded American military dominance in the region since the end of World War II faces serious strain. China and North Korea present the two most serious challenges to East Asian security, the former because of its growing economic and military power and the latter because of its nuclear weapons program and unpredictable truculence. Growing threats in East Asia and increasing global demands on the U.S. military, combined with rising financial demands at home, make it increasingly difficult to sustain credible security commitments to America's East Asian allies. Adding to the difficulty is the asymmetric relationship between the United States and many of our East Asian allies who get a cheap ride because of U.S. commitments, whereby the United States shoulders a large portion of their defense burden. This is not to suggest that American alliances in East Asia have

no value, but U.S. policymakers should update Washington’s security ties to keep pace with a changing international environment.

Countries such as Japan, South Korea, and Taiwan with large, modern economies should be doing more to address the security challenges posed by China and North Korea. Although America’s allies and partners may never be able to match the size of China’s military, they are able to field high-quality forces capable of defending their interests. Such a shift among East Asian states would move the United States away from its current position of primacy to one of balancer-of-last-resort.

To their credit, U.S. allies have already started moving in the right direction as a result of aggressive Chinese and North Korean behavior in recent years. However, those same aggressive moves have also put pressure on Washington to send more military support to East Asia. Instead of deploying additional military forces and offering further reassurances or commitments, the United States should encourage friendly states to do even more for their own defense. In the short term, that means capping the number of U.S. military personnel and amount of equipment deployed in the region. In the long term, Washington should slowly but consistently reduce U.S. guarantees and deployments, which would give allies time to improve their defenses and shoulder more of the burden. Abruptly abrogating treaty commitments would be a mistake.

Japan

Japan is simultaneously the biggest beneficiary of U.S. security commitments and the most capable of defending itself without them. To start, although Japan’s economy has struggled to grow since 1990, it remains one of the world’s top economies. In addition, the Japan Self-Defense Forces (JSDF) employ some of America’s best weapons, and Japan’s defense industry is capable of producing high-quality military equipment as well. Despite this latent national power, however, Japan largely depends on the United States for its security. According to the Defense Manpower Data Center, in September 2015, more than 52,000 American military personnel were stationed in Japan, the largest contingent of U.S. troops in any country outside the United States. One barrier to larger Japanese investment in self-defense is opposition among the Japanese people to a larger or more aggressively oriented military. For example, in 2015, large demonstrations took place in opposition to reforms that enable the JSDF to come to the aid of friendly countries if the latter are attacked first (the reforms were approved). Turning Japan into a more equal defense partner

with the United States will be a long, difficult process, despite Japan's great potential.

The behavior of other states in Japan's neighborhood has created a pressing need for a stronger JSDF. China has increased its naval, coast guard, and air force activity in the vicinity of the Senkaku/Diaoyu islands in the East China Sea, prompting the JSDF to scramble military aircraft 571 times in 2015. Aggressive Chinese behavior in the South China Sea has understandably raised alarm in Tokyo as well. Beijing's actions have prompted concern in Tokyo about the reliability of the U.S. defense commitment. As one Japanese official noted, "Unless Japan shows that it is prepared to fight together with the United States when the time comes, the United States will say to Japan . . . 'OK, sayonara.'"

There have been some positive developments, such as the legislation permitting the JSDF to come to the aid of allies under attack, slow but steady increases in defense spending, and expanding cooperation with other Asian states. And in 2016, elections for the upper house of the Diet, Japan's legislature, resulted in a big win for Prime Minister Shinzo Abe's Liberal Democratic Party, which may advance the government's proposed defense reforms.

U.S. policymakers should encourage Japan to continue transforming its defense posture. Recent reforms have come in response to threats from China and reflect the past pattern of U.S.-Japan relations. As Dartmouth's Jennifer Lind notes, "Japan does less when it can; more when it must." The best way to encourage meaningful reforms and burden sharing is to slowly reduce the U.S. military presence in Japan. U.S. ground forces should be phased out first, as they are poorly suited for responding to the naval and air threats posed by China. The priority of the remaining U.S. military assets should be the defense of Japan's home territory, not the uninhabited Senkaku/Diaoyu islands. Finally, U.S. policymakers should encourage security cooperation between Japan and other states in East Asia, especially South Korea, and Asian states further afield, such as India. Greater focus on multilateral efforts could make up for a decreased American role in the alliance and should be a priority for Tokyo, given past fears rooted in World War II.

South Korea

Approximately 25,000 U.S. troops are stationed in South Korea (ROK), largely to deter an attack by North Korea (DPRK), but these troops are not necessary. On most measures of power, including military, the ROK

is much stronger than the DPRK. With a 2-to-1 population advantage, a 40-to-1 edge in gross domestic product, a strong indigenous defense industry, and much broader international support, the ROK is capable of deterring a conventional attack by the DPRK without U.S. assistance. Washington should not dictate any particular defense outcome for South Korea. The United States should simply turn military responsibilities over to Seoul, to be handled as the latter sees fit. Of course, American officials should seek to make the transition as smooth as possible.

Although the ROK is capable of mounting an effective conventional defense of its territory, it is not as well equipped to counter the serious threat posed by the DPRK's nuclear arsenal. Presently, the United States' nuclear umbrella over South Korea is meant to deter Pyongyang from using nuclear weapons first. Missile defense could also help protect the South from nuclear attack.

The most straightforward nuclear deterrent would be for Seoul to develop nuclear weapons of its own. Indeed, even the threat that the ROK would be allowed to develop its own nuclear weapons could encourage Beijing to act more decisively to dismantle the North's nuclear arsenal. However, the negative consequences of ROK nuclearization could be serious. ROK acquisition of the bomb could encourage further nuclear proliferation in East Asia with unpredictable consequences.

Solving the various security problems posed by the DPRK likely will require help from China, which continues to prop up Kim Jong-un's regime. Beijing's main concern has been the impact of a North Korean collapse and a reunified Korea allied with the United States. And some in Beijing believe that the true long-term goal of the U.S.-ROK alliance is the containment of China. However, China has been increasingly willing to criticize the DPRK's provocative actions, such as the latter's 2016 nuclear and missile tests, and to support tougher multilateral sanctions. Addressing Chinese concerns over the prospect of a North Korean implosion and U.S. relations with the ROK could encourage China to further reduce its support for the DPRK. Washington must convince Beijing that acting against Pyongyang serves its own interest as well as that of the United States.

Policymakers should make three changes to U.S. military deployments in and policies toward the Korean peninsula. First, all U.S. ground forces should be withdrawn in a gradual process that gives the ROK military time to exercise greater responsibility. Cuts in force structure would lower U.S. expenditures, while reductions in the American garrison would free

up ROK “host nation support” funds to increase South Korean military spending.

Second, policymakers should do more to engage the DPRK regime. Current U.S. policy based on denuclearization and diplomatic isolation has been a resounding failure. Washington should drop denuclearization as its primary goal in an effort to re-engage with the DPRK bilaterally. If the North genuinely fears military action by the United States, reducing America’s military presence in the ROK should help facilitate negotiations. Although expectations should be kept low, Pyongyang might agree to steps short of denuclearization, such as limits on future weapons development and reductions in its conventional forces. Even if talks failed, the attempt at engagement would address Chinese complaints that Washington has refused to address legitimate DPRK security concerns.

Finally, the United States and the ROK should encourage China to take a more active role in pressing North Korea to denuclearize. Those efforts should include discussing issues that might arise from the collapse of the existing DPRK regime as well as providing credible guarantees that America’s military presence on the Korean peninsula would end in the event of reunification.

Taiwan

The U.S.-Taiwan relationship is not a formal alliance; rather, the United States has an implicit commitment to defend Taiwan based in the Taiwan Relations Act of 1979. That vague commitment was once enough to deter Chinese aggression and restrain Taiwanese politicians, but China’s growing military power is weakening Washington’s credibility. Armed conflict over Taiwan is unlikely in the near future. Still, China’s growing military power will make it more costly for the United States to fulfill its commitment over time.

Policymakers in Taipei recognize the dangerous position they are in and have taken some positive steps to provide for their own defense. One of President Tsai Ing-wen’s campaign pledges was to improve Taiwan’s defense industry so it could provide more indigenously produced defense equipment. Taiwan’s navy recently announced a \$14.6 billion shipbuilding plan over the period 2017–2040. However, only 3 of the 12 proposed projects have been approved thus far, and some people in Taiwan are concerned that the country cannot afford the full plan. Policymakers in Washington should encourage this process, explaining that the likelihood of American military intervention diminishes as China’s military capabili-

ties increase. U.S. policymakers should continue to sell arms to Taiwan, but they should also encourage Taipei to emphasize less-expensive capabilities that can deny China a quick victory over Taiwan, such as mobile surface-to-air and anti-ship missile systems like the Tien Kung-III and Hsiung Feng-III, respectively.

Ultimately, the U.S. should end any commitment, implicit or otherwise, to use military force to aid Taiwan, though we should not step back from the commitment too quickly. The United States should work toward cross-strait peace and stability, but Taiwan can and must play a much greater role in deterring conflict. Taking some difficult steps now would push Taiwan toward a sustainable defense strategy that would be more reliable than depending on the United States.

U.S. Allies and Partners in the South China Sea

The territorial dispute in the South China Sea will require a great deal of attention in the near term. Chinese activities, particularly island-building, in the South China Sea have antagonized many Southeast Asian states, including the Philippines, a treaty ally, and Vietnam, a friendly American partner. Demonstrations of American interest and political will in the South China Sea—such as military exercises with the Philippines, the lifting of the arms embargo on Vietnam, and U.S. Navy patrols near Chinese-claimed islands—have not caused China to back down from its central claims or to cease its activities. In fact, Beijing has used American actions to justify increasing its military presence in the South China Sea.

The Philippines and Vietnam have reacted to China's behavior through a mix of “soft” and “hard” balancing. The most notable example of soft balancing was the legal case brought against China by the Philippines before an arbitration tribunal established at the Permanent Court of Arbitration in The Hague. In early July 2016, the tribunal issued its final ruling in the case, which was overwhelmingly in the Philippines' favor. The court declared that “China’s claims to sovereign and historic rights with respect to the maritime area encompassed by the ‘nine-dash line’” were unlawful and admonished China for its aggressive behavior in the South China Sea. Hopes that the ruling would serve as a legal basis for reducing tensions have yet to be realized. As of this writing, Beijing has not taken significant escalatory actions, such as declaring an air defense identification zone or withdrawing from the United Nations Convention on the Law of the Sea; but it has refused to accept the tribunal’s ruling and has taken other

actions that make de-escalation difficult, such as conducting patrols around disputed features with bomber aircraft.

Vietnam has leaned toward hard balancing and responded to Chinese aggression by increasing its military power and drawing closer to the United States. In a notable addition to its arsenal, Hanoi purchased six Kilo-class diesel-electric submarines from Russia—the fifth was delivered in February 2016. In early June 2016, Indian Prime Minister Narendra Modi's government reportedly ordered BrahMos Aerospace, an India-Russia joint venture, to accelerate efforts to sell anti-ship cruise missiles to Vietnam. The previous month, President Barack Obama announced that the United States would lift an American arms embargo on Vietnam. Access to American military technology will help Hanoi's balancing effort, but the United States should be wary about offering more formal commitments, such as security guarantees, to Vietnam.

Policymakers should tread carefully in matters relating to the South China Sea. Washington should avoid a military confrontation with China over contested territory. The United States should indicate that it takes no position on particular claims but emphasize the importance of creative and peaceful resolution of disputes. Policymakers should provide financial or material assistance to states like Vietnam and the Philippines to improve their self-defense capabilities.

Conclusion

The days of allies in East Asia relying on U.S. commitments for their defense must end. Friendly states face serious security challenges, but they also have the capacity to defend themselves. Current alliance policies are not sustainable; U.S. commitments cannot keep pace with developing threats. Instead, allies must develop their own diplomatic, economic, and military capabilities. To encourage friendly nations to do more, Washington should gradually reduce current support levels. Shifting defense responsibilities to where they belong, on prosperous allied states, is neither abandonment nor isolationism. Rather, it is good security policy. Policymakers should undertake an orderly retrenchment to improve America's long-term position in East Asia.

Suggested Readings

Bandow, Doug. “Will China Solve the North Korea Problem?” Cato Institute Policy Analysis no. 86, December 6, 2016.

Carpenter, Ted Galen. “Persistent Suitor: Washington Wants India as an Ally to Contain China.” *China-U.S. Focus*, April 29, 2016.

- Glaser, Charles L. “A U.S.-China Grand Bargain? The Hard Choice between Military Competition and Accommodation.” *International Security* 39, no. 4 (Spring 2015): 49–90.
- Gomez, Eric. “A Costly Commitment: Options for the Future of the U.S.-Taiwan Defense Relationship.” Cato Institute Policy Analysis no. 800, September 28, 2016.
- Kydd, Andrew. “Pulling the Plug: Can There Be a Deal with China over Korean Unification?” *Washington Quarterly* 38, no. 2 (Summer 2015): 63–77.
- Lind, Jennifer. “Japan’s Security Evolution.” Cato Institute Policy Analysis no. 788, February 25, 2016.
- Lostumbo, Michael J., David R. Frelinger, James Williams, and Barry Wilson. *Air Defense Options for Taiwan: An Assessment of Relative Costs and Operational Benefits*. Santa Monica, CA: RAND Corporation, 2016.

—Prepared by Doug Bandow and Eric Gomez