COOPERATIVE CAPACITY: US FOREIGN POLICY AND BUILDING STABILITY IN NORTHEAST ASIA

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ABSTRACT

In the post-World War II era, the US has helped shape much of the structure of international relations. As one of the centers of global power the US is concerned about, Northeast Asia has a variety of challenges that include a potentially threatening China, a “rogue” regime in North Korea, and deep historical animosities. Despite these destabilizing factors, the region has not experienced a serious breakdown of order. The stability of the region, measured by a tendency to move toward equilibrium when experiencing significant system change, is a major goal of US foreign policy. This paper will ask two primary questions related to this regional system dynamic. First, what impact has American foreign policy had in shaping the region’s ability to move towards equilibrium, and what are its foundations? Second, given how the system adjusts, what are the implications of some of the major strategic choices the US may face? The hypothesis of this paper is that under the umbrella of US security guarantees, Asian states have developed, or are developing, complementary economic and political strategies, building stability in the regional system. This interdependence is emerging as a result of states adopting policies in which they forgo “normal” state capabilities, such as defense, in order to maximize the return on the investment of their resources. The Waltzian penalties on such strategies predicted by neo-realism are not occurring because the US is providing key cooperative capabilities in five areas: providing a high concentration of
power to overcome collective action problems, preventing concern over relative gains, preventing heavy discounting of the value of future returns, providing an epistemic community to assist in policy adjustments, and providing a credible regime-building capability. While the US commitment to Northeast Asia continues to be an important aspect of regional stability, this paper suggests a deliberate effort by the US can assist the region in developing internally-generated stability, provided a balance can be struck between competing priorities in short-term management and long-term development.
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Introduction

American foreign policy since World War II has provided much of the organizational structure to the international system that has endured into the post-Cold War era. International institutions, security guarantees, financial assistance, and humanitarian operations are all tools that have assisted the US in shaping the interactions of states. The most recent National Security Strategy emphasizes the importance of institutions and cooperation to establish regional security in centers of global power. Northeast Asia is one of the main centers specifically mentioned. With a rapidly modernizing China, technologically advanced economies, and expanding regional trade, the area is a major focus of American diplomatic, military, and economic attention.

The area is also rife with potential trouble spots that have the potential to break the region’s relative stability. Historical animosities, the “rogue regime” of North Korea, and a China that is rapidly growing in military capability as well as energy requirements are all factors that directly influence the major regional powers. Further to the south, a series of smaller powers with weaker governmental capacity face the potential of internal conflict. Despite these destabilizing factors, the region has not experienced a serious breakdown of order. The hub-and-spoke system, where the US has pursued a series of unilateral arrangements with Asian states in lieu of regional multilateral arrangements, has functioned, in part, because of the large power disparity between the US and its partners. A variety of factors, mentioned above, are combining to change the dynamics that the system was initially based on. While not indicating a general breakdown of the
arrangements the US has made in the region, it does indicate a new set of strategic choices for the US to face, with accompanying potential challenges.

If regional stability is a major goal of American foreign policy in Asia, examining the foundations of that stability from a theoretical perspective will help to illuminate the implications of future policy choices. This paper asserts that cooperation is a necessary ingredient of regional stability. Cooperation has been examined in a variety of works, and it takes on a unique character in Northeast Asia. In a recent article in Asian Security, Robert Ayson begins to examine a conceptual framework for understanding stability in the Asia-Pacific region. In his approach, he advocates a definition that asserts a system is stable when it is able to tend toward an equilibrium (observing rules of the game) and locates a new equilibrium when the conditions of the system (political or economic) change significantly. As a dominant factor in the calculations of the actors in the region, American power’s role in establishing and maintaining this equilibrium is an essential consideration in how it will operate. This paper will ask two primary questions related to this regional system dynamic. First, what impact has American foreign policy had in shaping the region’s ability to move towards equilibrium, and what are its foundations? Second, given how the system adjusts, what are the implications of some of the major strategic choices the US may face in the coming decade?

The hypothesis of this paper is that under the umbrella of US security guarantees, Asian states have developed, or are developing, complementary economic and political strategies, building stability in the regional system. In the absence of credible commitment by the US, the efforts by the region’s states to become “normal,” acquiring a range of security capabilities, would have led to a series of security dilemmas that would
have prevented the emergence of conditions that facilitate stability. These conditions include a measure of functional differentiation in economic and security terms, generated by free-riding on US security guarantees and policy accommodation. Going forward, regardless of the level of security assurance given to states in the region, the key to stability for American foreign policy will be ensuring the interdependent relationships continue.

This paper will differ from Ayson’s handling of stability in two major respects. First, the scope of this paper will only deal with security considerations of major powers in Northeast Asia, whereas Ayson’s article dealt with the greater Asia area. This is because of the likely locations for major-power conflict and the concentrated attention by the US. Second, Ayson asserts there are five distinct types of stability in Asia: the low likelihood of major war, the distribution of power, the stability of the Asia-Pacific norms and institutions, political stability within countries, and economic stability. This paper contends these types are co-determined for the system, both according to major theories and their practical handling in policy. In international relations theory, several variants of realism deal with connection between the distribution of power and the likelihood of major war, while liberalism connects the success of institutions with the lower likelihood of conflict. Political economic approaches also emphasize the connections between economic stability and the other types of stability Ayson discussed (both internal and external). From a policy standpoint, a major breakdown in one of these areas will create breakdowns in others. The purpose of this paper is to explore the enabling conditions of these types of stability that can be observed in the regional system, which are co-determined by the success of these enabling conditions.
This paper will proceed in three parts. First, a theoretical explanation for the observed stability and cooperation in Northeast Asia will be proposed, building on major international relations theories and approaches. Second, major security policies pursued by the US in the region will be evaluated in terms of their impact on the states’ behavior, and compare it to the theorized explanation for stability. This paper will limit its consideration to South Korea, Japan, and Taiwan because of the close ties the US has had with them in terms of security arrangements, and their centrality in a potential challenge from China. Third, the policy implications of historical trends and current conditions will be explored in terms of their impact on conditions required for regional stability.
Chapter 1: Theory

This theoretical analysis starts with the assertion that an essential factor for stability in a regional system is cooperation, at least in a broad sense. Formal international agreements are not necessary, but policy accommodation, in which allowances are made either explicitly or implicitly, is necessary. This process of policy accommodation will embody the “equilibrium-seeking” mechanism that Ayson proposed. In this sense, the main “agreement” we are concerned with is on the acceptability of the rules of the system to the players. If there is a fundamental dissatisfaction (i.e., conditions prevent a given state from achieving an acceptable level of security, prosperity, or influence), we can expect defection from the de-facto agreement from a state when it perceives conditions favorable to do so.

The “pure” international relations approaches, explored below, all contain explanations for cooperation in world politics, with multiple starting points and distinct assumptions about environmental conditions. The threat of potential conflict, the presence of a powerful actor, effective international organizations, and shared values are only a few of the potential factors encouraging agreements. Those encouraging defection are equally numerous.

Peter Katzenstein and Nobuo Okawara suggested that analytical eclecticism to evaluate specific problems may provide more insight than attempting to articulate nuanced paradigms to explain variance in behavior. Rather than attempting to fit an empirical problem into one of several frameworks based on the preferences of the author, more insight might be gained by borrowing from each framework to explore aspects of
the empirical problem. This has advantages in a potentially greater degree of explanatory power, and avoiding contradictions in a given framework because of the specifics of the case; there is no attempt to fit a “square peg in a round hole.” Applying this argument to Japanese security policy, they demonstrate that “Asia-Pacific security policies are not shaped solely by power, interest, or identity but by their combination.” While eclecticism in this case has its advantages in explaining observed aspects of issues and decisions, it is challenged to explain what approaches will be most relevant in future issues. Changing conditions of the system may cause actors to weigh some concerns (power, interest, norms) differently than they do presently. The problem, therefore, is to identify aspects of the factors from each major paradigm that are most likely to continue to favor equilibrium-seeking, and pursue the continuation of those factors through policy. This requires evaluating, from each major paradigm, both the incentives to continue to cooperate and the incentives to defect, which may potentially lead to war. A review of the major approaches’ strengths and weaknesses in handling cooperation will provide a starting point for the analytic eclecticism required to identify a policy-relevant conceptual approach to pursue stability.

**Structural Realism.** As the dominant paradigm in international relations, neo-realism states the international system is defined by the distribution of capabilities among its units. It emphasizes the ordering principle of the system, anarchy, which compels states to act in all cases with an eye toward their survival. Unable to rely on the order imposed by a world-governing body (that has the ability to enforce decisions and rules) and unsure about neighbors’ intentions, states must rely on self-help in an anarchic system to ensure
their own preservation, or fail to prosper. Logically, a state engaging in self-help concerns itself with maximizing its capability to ensure its security, while assessing the relative capabilities of other states. Cooperation under various neo-realist approaches can occur because of alliance-seeking to balance against a potential rival, to avoid the wrath of a hegemon that supplies the enforcement mechanism to a system, or because of a repeated prisoner’s dilemma game, in which current behavior is modified because of its implications for future agreements. A key consideration for states under this approach is the presence of a credible threat.

The forces favoring defection from agreements can be categorized as either threat-based, or opportunity-based. Both are related to the changing distributions of power among the units in the system. Threat-based reasons for defection are encapsulated in defensive realist approach. As states accumulate power that others believe will lead them to expansive policies, states will form alliances and attempt to balance against the threat and discourage it from expansion. In contrast, opportunity-based approaches are encapsulated by offensive realism, which sees states as naturally expansionist. If a state sees the opportunity to dominate its neighbors and redistribute the benefits of the system in its favor, it will do so.

Realism’s advantages lie in its explanation of forces influencing behavior in the absence of institutions. The logic captured by the actions to ensure survival is parsimonious: it explains a great deal of variance with few independent variables. Prior to US involvement in security concerns in East Asia, realist concerns drove much of the behavior of the system.
However, the logical link between anarchy and cooperation is not strong enough to explain the outcome of cooperation in particular circumstances. Furthermore, it cannot predict the strategic alignments against potential threats since the threats are perceived through the states’ particular circumstances. Explanations of cooperation under this perspective are further complicated by the varying predictions of balance of power versus balance of threat, and balancing versus band-wagoning.

Although appealing in its appearance of applicability to the region, much of the behavior expected by realists has not developed even with the escalating belligerence of North Korea and China’s improvements in military capability. Given these circumstances, Japan would be expected to place a great deal of emphasis on developing military capabilities of its own, potentially nuclear, to balance against these threats. However, although Japan has made adjustments to its policy because of its factors, its reaction has not been nearly as drastic as what would be driven by realist logic. While programs have been adjusted and capabilities added, the historic level of defense spending of 1% of GDP has remained in effect for Japan.

*Liberal-Institutionalism.* As the major competing theory to structural realism, liberal-institutionalism has an advantage in explaining the durability of cooperative institutions, provided they derive their power from powerful states with an interest in their success. Cooperation is most often associated with liberal-institutionalist approaches, which emphasize the ability of an institution to provide a state with a useful capability they would not be able to provide themselves in its absence. As the stability of the international system persisted in the post-Cold War era, Ikenberry posited in *After*
Victory that a hegemon’s (the most powerful state in the system that has assumed a leadership role) ability to maintain system order was dependent on the actions it took immediately after a major war. By establishing a “constitutional order” through institutions and voluntary restraint, he asserted a leading state could prolong its position. In a similar vein, Keohane argued (prior to the end of the Cold War) that “functional regimes” became valuable in themselves as mechanisms to lower costs to member states even in the absence of a hegemonic power to enforce rules. Institutions are valued in their ability to facilitate communication among members, and limit the destabilizing potential of security dilemmas.

Similar to realism, predictions of the breakdown of cooperation in these approaches are most often associated with a major conflict. A state that emerges from such a war would attempt to reorder the institutions to favor its continued dominance when its power begins to decline. Absent a hegemonic war, the institution’s breakdown can be explained by the costs required to maintain it outweighing the benefits accrued by its members, or a loss of legitimacy.

Liberal institutionalism’s advantage lies in its ability to explain why states enter into institutions, and why they value them. Credible commitments to the institutions can alleviate the security dilemma concerns among its members. This approach likely has an advantage in explaining any cooperation over traditional liberalism in the case explored here. It is unlikely, given the historical animosities in Northeast Asia, that cooperation strictly based on shared values and perspectives will emerge. In addition, the pace of change in the region will likely impact the identities of the states and their preferences in
methods to achieve goals. Traditional liberalism is hindered by its assumptions of unchanging identities.\textsuperscript{14}

However, liberal-institutionalist approaches are an insufficient basis to ensure continued cooperation of major powers in Asia, due to the relative weakness of multilateral institutions when compared to their European counterparts. The differences in historical perspectives prevent a major security institution from evolving,\textsuperscript{15} and organizations such as ASEAN are successful only within restricted measures.\textsuperscript{16}

\textit{Constructivism.} Constructivism offers yet another suggestion: a consensus on the norms of behavior for members of the system will lessen the likelihood of conflict. This approach offers an understanding of the democratic peace theory, which asserts developed democracies do not go to war with one another, due to a high congruence of norms and values among democracies. It suggests that institutions and interactions also have the potential to modify norms of behavior; the actors and system are co-constituted. Evolving cooperation under this perspective requires the opportunity for favorable interactions that ultimately modify behavior. The opportunities to cooperate under this approach are based on a shared set of values that lead to similar sets of conclusions on security issues.\textsuperscript{17} Similarly, incentives to defect arise when conditions impose a divergence in these values and norms of behavior.

Constructivism provides an advantage in explaining the interaction between institutions that are evolving and their member states. The distribution of power has not radically changed over the last few decades, and there is more institutional experimentation in that timeframe than after the last major war. Katzenstein and Nobuo
point out that ASEAN has had some success in modifying government policies. However, the slow process of changing norms and identities is unlikely to keep up with the dynamic interactions of Northeast Asia. Furthermore, there is still a significant bridge to cross among the major powers in terms of developing a shared identity.

Cooperation Theories. Much of the literature has focused at the international system level, examining the incentives to cooperate and the forces that threaten to lead to its breakdown. The approaches all borrow from the three main schools of international relations thought, so to a certain extent already embrace an eclectic approach at some level. There are five key debates that have animated discussion about cooperation in various approaches. A sixth one, the impact of the number of actors participating in negotiations and its influence on likelihood of cooperation, is not considered here. This is because this paper’s focus on a regional system will limit the number of actors to a certain extent, though it may expand as more attention is given to the region’s periphery in security negotiations.

First is the degree to which the concern over relative or absolute gains influences the prospects for cooperation. Many game-theoretic approaches suggest that entering into any agreement that results in an increase in utility for an actor will provide a strong incentive to cooperate. A significant portion of the cooperation literature also emphasizes the central role of absolute gains. However, states are also concerned about the gains other players will make, since that may leave them at a disadvantage in the future. Grieco suggests that states are therefore more likely to be concerned over relative gains. This leaves the prospects for cooperation in the difficult position of depending on
maximizing absolute gains while minimizing relative differences. Since states may all have differing utility functions based on domestic considerations and power distribution, it is difficult to explain cooperation under these circumstances.

Second are the expectations about the future that the players hold. If states are able to believe the conditions under which they make an agreement are likely to hold for the duration of the time horizon of their concern, cooperation is more likely to occur. However, the more heavily a state discounts the value of future conditions (implying they are more concerned with events in a shorter time horizon, regardless of future payments from the agreement), the more they have an incentive to cheat on an agreement or fail to attempt an agreement in the first place. Because of the subjective nature of this consideration, it is difficult to account for long-duration cooperation since changes in the domestic or international environments have the potential to change the value players place on future payments.

Third is the effectiveness of regimes in facilitating agreements. As suggested in the discussion on liberal-institutionalism, regimes are able to help cooperation because they serve some function in the process, such as distributing information, providing functions that states would otherwise have to invest resources in developing themselves, or making side-payments to even out the distribution of goods from cooperation. However, cooperation through regimes is difficult to explain when the underlying power distribution that made the regimes possible in the first place changes significantly. Why would a rising power continue to abide by rules laid out by regimes, if it has the resources to develop the functions of the regime for itself, and see a potential to tip the balance of payments from agreements in its favor?
Fourth is the role of “epistemic communities,” or a network of subject-matter experts that are able to focus negotiators and politicians on important aspects of agreements. These communities typically have a shared set of normative and causal beliefs, shared approaches to evaluating the validity of specific claims or information, and a common set of practices in regards to their field. They function by being able to provide interpretation and insight into the processes related to gathered information in an environment of uncertainty. Their value is not in gathering information, but rather in being able to interpret it in a manner similar to the state’s opponent, or potential partner. An epistemic community may facilitate agreements by: describing complex cause and effect relationships to policymakers, describing the impact of a policy on outcomes, helping define a state’s interest in regards to an issue, and in giving specific policy advice. In this mechanism, however, the occurrence of cooperation itself is not explained, though additional insight on the role of reciprocal adjustments is provided. Therefore, this hypothesis is still weak in its ability to account for the initial motivations to begin cooperation.

A fifth debate centers on the role of the distribution of power in decision-making. Hegemonic stability theory, which states a single dominant state is required to impose order on a system, is the strong version of this approach. In general, a high concentration of power may better enable cooperation because of fewer complications in policy adjustments, and also the ability of powerful actors to compel compliance with agreements. This may be because of the willingness of powerful actors to assume the costs in providing the agreement because of the benefits they accrue. However, similar to
the problems with regimes, changes in the distribution of power would imply major revisions to the existing agreements.

Regardless of the degree to which each of these debates influence a particular case, it is likely that favorable conditions for cooperation in each of these aspects will favor a greater degree of cooperation across issues. For a region with powerful actors driving cooperation, utilizing regimes and epistemic communities to build institutionalized agreement structures, providing a reasonable expectation that environmental conditions are relatively stable, we can expect a higher degree of cooperation. We can also assume that this will help create a “stable” region, based on reasonable expectations. However, cooperation on various issues does not in and of itself provide a logical link directly to stability in general. Favorable conditions for cooperation across a range of issues must be linked to a general tendency towards reciprocating policy adjustment for a region.

Many approaches to cooperation treat the domain of an issue as having a separate strategic structure that will influence the decision-making process of the actors in a particular manner.27 This would be consistent with the treatment of stability in terms of the five distinct areas, as discussed above. However, James Fearon points out that it is more useful to evaluate decisions in terms of a common strategic setting.28 This is due to the multiple games played by each individual player, who is unlikely to view one forum as isolated from the others. Deciding which agreement to make is influenced through bargaining over different priorities, which must necessarily be considered as having the same strategic setting, at least from a system perspective. This is not captured by a
repeated prisoner’s dilemma, which is concerned with only two options in a single game or agreement: cooperate or defect.

Therefore, factors that drive policymakers to view potential agreements as impacting a common strategic setting must be examined. If there was no mechanism to drive policymakers to do so, massive efforts to isolate decision areas and de-link issues would be expected to keep the option open to revise agreements at a later date. It would be difficult to make the case that this dynamic would be present in a “stable” region. The eclectic approach discussed earlier must focus on explaining the impact at the unit level of continued and expanding cooperation on various issues. Identification of this dynamic would potentially focus beneficial policies in guiding a region toward stability.

Synthesis. International political economy provides a starting point for building an eclectic approach to examine the impact of US foreign policy on stability in Northeast Asia. In addition to providing a rationale for state interactions outside of strict security concerns, some works also provide linkages between the influence of international trade on the tendency of states to go to war.\textsuperscript{29} Trade results in benefits accruing to participants, and the conditions under which those benefits are distributed influence the state’s likelihood to continue the relationships, or risk conflict. Prospect theory suggests that a state receiving benefits outweighing the costs of participation would be unwilling to risk its loss through attempting to seize a greater share of the rewards.

Modern international political economy began with examining the collective action problem, and the provision of public goods.\textsuperscript{30} When a good is provided publicly, indicating it is both non-excludable and non-rival (its consumption by one does not
impair others from consuming it), the immediate concern is who will bear the costs of providing it. Since the costs are immediate and the benefits are diffuse, actors have a strong incentive to free-ride. For international political economy scholars, this public good was free trade, since all states have strong incentives to cheat (to collect taxes on imports and protect domestic industries). In hegemonic stability theory, cooperation in the international system could only be explained by the hegemon assuming the entire cost of providing a public good. Absent this provision, cooperation would be undermined by strong incentives to cheat and attempts to extract returns from the system without bearing the costs. The resulting hegemonic stability theory that emerged, in its strong form, indicated that cooperation and stability in the international system would not occur absent a hegemon.\(^{31}\)

Michael Mandelbaum suggests that the US does provide important publicly-consumed goods in the international system such as reassurance in security arrangements, enforcement in economic transactions, and embodies important consensus-building ideals for modernizing countries.\(^{32}\) Without these roles, states would face a general breakdown of the established order, and be forced to generate these public goods for themselves at significant costs.\(^{33}\) Providing security of the global commons, consensus building in economic and diplomatic arenas, and deterrence to would-be aggressors, are all roles filled by the US. The US is active in providing aid to weakening states (through a variety of aid-based organizations) and denying the use of various instruments (non-proliferation of WMD, and enforcing arms embargos). If the US provides these publicly-consumed goods, preventing the requirement of investment in these capabilities for other states, what is the impact on the units in the system?
Waltz holds that states that specialize in any given role do so at the cost of other important functions they requires to ensure their security. The structure of the international system, characterized by anarchy, penalizes a state that does not respond to its requirements, which demand it retains a variety of capabilities to compete with other states. Deciding to specialize creates dependency, which entails risk because of the lack of an enforcement mechanism to ensure compliance with agreements. This ordering effect of anarchy enables structural realism to treat states as non-differentiated units. Two assumptions about this line of reasoning are questionable in their application to the Northeast-Asian regional system and the US’s ability to influence outcomes. First, Waltz holds that “no superior agent [will] come to the aid of states that may be weakening or to deny them the use of whatever instruments they think will serve their purposes.” Second, Waltz assumes that the decision to specialize in one area requires sacrifices in other areas. These sacrifices would be so great as to endanger the state’s ability to provide for its own protection. Therefore, states do not risk going without those capabilities, and bear the costs of developing them. If this condition is inoperative, or if a superior agent were to act on behalf of others in the system, specialization for inferior states would therefore become possible. It may even become desirable, so that states may be able to maximize gains from their investments while enjoying the publicly provided goods by the superior agent. Keohane and Nye explored this in Power and Interdependence, but asserted military force was irrelevant, and the interdependence that emerged would be beyond the control of governments as multiple ties emerged between societies, driven to a large degree by economic concerns. Furthermore, little was said about an individual decision to enter into an agreement or arrangement that led to
interdependence, sidestepping the difficult task of identifying why cooperation occurred in the first place.

The provision of a public good challenges the foundation of Waltz’s logic on the outcome of non-differentiated states if we expand the concept of a public good beyond restricting it to free trade. When considering the stability mechanisms and assurance the US provides as Mandelbaum suggests, states that utilize those public goods forgo developing the capability to provide it for themselves. Instead, those states have the ability to decide to use those resources in other areas to maximize return from the international and/or its political system. Once a state finds a way to maximize its returns from participation, it becomes less likely the state will jeopardize its position (or domestic power base) by investing the heavy expenditures required to diversify to a “normal” state in a Waltzian sense. If these states are efficiently utilizing resources to maximize returns, they will likely attempt to adjust to changing conditions as a first response to maintain position, before needing to diversify their capabilities.

At this point, we have two dimensions of a stable system that potentially explain some variance. First is the cooperative dynamic, with five hypotheses from the literature that likely all play a role in explaining the probability of cooperative behavior. Second is a potential differentiation of system units taking advantage of publicly provided goods, which enable them to invest resources in other capabilities. The differentiation of units clearly requires a power dimension to explain this outcome through the provision of public goods (since they come with a high cost, which few can bear). Many of the hypotheses of the cooperation literature can operate more efficiently with a concentration
of power, even though that was one of the hypotheses itself. The power dimension requires some additional exploration, since it relates to a stable system at some level.

Mansfield hypothesized in *Power, Trade, and War* that the concentration of power in a system accounts for the likelihood of war, though the mechanism of market power. When power capabilities are distributed relatively uniformly among states, each potential aggressor faces the prospect of a number of possible coalitions of powers forming to thwart it, which raises the expected costs of launching a war and deters states from doing so. This is similar to a balance of power analysis, in which there are multiple options for a given state to form alliances and ensure no one state seeks to expand its control. On the other hand, when the system is highly concentrated, the incentive for smaller states to initiate a war is low because the costs of doing so are substantial, while for large states there is an incentive to manage relationships for the sake of stability, and avoiding wars with other powerful players. Thus with a concentrated power situation in a system, the likelihood of war is also low. With an intermediate concentration of power, however, things are more unstable. Larger powers will be tempted to try to improve their position in the international hierarchy by initiating wars against smaller powers. While the number of blocking coalitions is reduced, the incentive to form alliances among smaller states to launch a war to improve their position or prevent it deteriorating is increased.

Mansfield’s treatment of the power concentration variable suggests that a regional system undergoing transitions in the distribution of power among its members is generally unstable. His power concentration variable is also aggregated from military, economic, and population factors, so there is a wide concept of capabilities represented.
in the variable. Mansfield points out this imbalance does not cause war directly, but the emergence of moderate power imbalances provides a context for the common strategic situation for the states, in which they must determine their best course of action. Smaller states will see emerging threats, while larger states see emerging opportunities. Gilpin explores the law of uneven development in War and Change, which suggests states will always be developing capabilities and advancing at different rates. If this is a system constant, a stable system over any period of time will require more than a favorable distribution of power.

If a favorable power distribution is stable for long enough, it suggests that states will explore opportunities to specialize, taking advantage of public goods and seeking efficient uses of resources. Additionally, the system will begin to develop the ability to provide its own cooperative dynamics, along the lines of the five hypotheses described above (four, excluding the concentration of power itself). The following 2x2 matrix suggests a relationship between state specialization and the cooperative dynamics within a given system.

![Figure 1](image)

In the lower left quadrant, undifferentiated units in a system that lacks a cooperative capability suggest proper analysis of the system dynamics is best captured by
structural realism. While the system may have the ability to adjust in terms of establishing a balance of power, various critiques of structural realism point out the difficulties in reliable operation of this mechanism throughout history. Miscalculation, asymmetric perceptions of threat, and domestic constraints may all hinder this.

If a system is able to develop a strong cooperative dynamic, but states remain undifferentiated in terms of types of capabilities, agreements within issue areas are likely to depend on behavior expectations. The repeated prisoner’s dilemma best captures this dynamic. As pointed out earlier, defection on a single agreement may radically change perceptions of future behavior and degrade prospects for future cooperation. There is no interdependent relationship in operation to moderate this dynamic, since all states in the system have all requisite capabilities independently. The nature of the prisoner’s dilemma has not provided the states with a reliable expectation of future conditions that would cause them to rely on outside provision of public goods.

If states have made the decision to specialize in terms of capabilities and have developed an interdependent relationship, this paper suggested earlier it was due to the provision of public goods by a reliable powerful state. Over the time horizon of their future concerns, states have calculated they can depend on their continued availability. In order to make these policy adjustments that would lead to interdependent relationships, the leading state must also be providing the cooperative dynamic. Therefore, the system can be viewed as being conditionally stable: it relies on the powerful actor to facilitate cooperation. In the absence of that assistance, states will see their continued interdependent relationship as risky, since they will not be able to ensure its operation.
In the upper left quadrant, this model suggests differentiated units in a system with a strong internal cooperative capability is the most stable situation: it observes Ayson’s rules of the game, and is capable of making mutual policy adjustments to find a new equilibrium when conditions change. The problems over future expectations are moderated by the units’ awareness of the dependent relationships, and all states have strong incentives to seek an equilibrium when required.

Movement between the quadrants towards a stable system follows a logically predictable pathway. If the system is able to develop the capacity internally, cooperation will precede differentiation. Both will be dependent on a power concentration within the system, but subordinate states must have time to begin to view the leading state as non-threatening to ensure they can rely on the provision of public goods. If order is imposed from outside the immediate regional system, differentiation will occur under similar conditions: the states in the system can rely on continued provision. If the system develops its own capability to provide the requisite cooperative dynamic, it can become independently stable if the supplied cooperative conditions are removed by the outside provider. If the outside provider becomes unreliable, or it reduces its attention to managing the cooperation, states will be required to diversify its capabilities to protect itself from a Waltzian penalty.

This paper contends that Northeast Asia currently resides in the upper right quadrant of the model, relying on the US to provide conditions for cooperation. The states have prioritized resource investment based on the reliable provision of security and economic and political ordering from the outside. The power concentrations within the system are offset by the US, which is preventing the emergence of a competitor for the
leading role. The attention the US provides the region supplies the cooperative capabilities discussed earlier, enabled by that power concentration. First, the US prevents overwhelming concern over relative gains in the region. Although there is concern over China’s rise, there has been no massive effort to balance against it within the system. Second, the US prevents heavy discounting of the future. Immediate gains are not the focus, since continued US presence ensures a measure of stability; negotiating for returns in the future is more reliable. Third, the US provides an epistemic community to all partners in the region through its country teams, diplomats, military commanders, and other political contacts. These experts are able to help facilitate agreements and adjustments to system pressures and shocks. Finally, the US provides the only credible regime-building capability in the region, given the historical problems. Although significant progress has not been made in this particular area, it remains a requirement to institutionalize mutual policy adjustments which leads to a stable region.
Chapter 2: Shaping the System

America’s role in shaping interstate relations in Asia has been deep, and transformative. Although scholars can debate the resulting stability of the region independent of the US’s influence, the lasting impact of US policies on security, economic, and political arrangements is evident. US stability has enabled South Korea, Taiwan, and Japan to increasingly focus on economic pursuits, while domestic politics has discouraged the diversion of scarce resources to foreign policy pursuits. Thomas Berger tries to discount the realist elements in making this observation due to the shift toward multipolarity and occasional wavering of US commitment. A simple counter-factual question exposes serious weakness in this line of reasoning: what would East Asian relations look like had the US not maintained the same level of commitment to the region in the 1970s? Is it likely that any significant degree of cooperation would have emerged, or that states would be confident enough to undergo the sometimes tumultuous transition to democratic government? It is unlikely the democratization of South Korea and Taiwan would have progressed as far as it has. Several crises in the region would likely have resulted in China reaping benefits from threatening policies. Finally, the resulting concern over power balances would have prevented the economic and technological progress that has been observed there.

Yet the quantity and type of attention has changed significantly over time. If independent stability of the region is an ultimate goal of US policy, in addition to maintaining favorable access to markets and political institutions, the elements of policy that are achieving success must be understood. Building on the model described above,
this section will evaluate the impact of those elements on the cooperation and
differentiation observed in the region.

Unit Differentiation. Directly measuring the degree to which states differ from one
another in terms of capabilities is a complicated task: a variety of domestic factors can be
considered. For example, military capabilities may be significantly different, but can be
driven by terrain and threat-based strategic considerations. Similarly, economic decisions
can be driven by domestic interest groups and the relative distribution of labor and capital
across states, as posited by various international political economy approaches.
Therefore, rather than measure this differentiation directly, evidence of it can be looked
for in terms of adjustments made on assumptions of continued availability of goods from
outside sources. If a state takes efforts to maintain a domestic capability of providing that
good (whether it is elements of security, natural resources, or economic sectors) in a
relatively short timeframe (relative to how quickly a threat to that good can develop),
then we can state there is a lower degree of unit differentiation. Conversely, decisions to
rely on outside provision for a relevant timeframe indicate a higher degree.

The sources of the decisions to differentiate under this approach are not as
relevant as the observed outcome. By allowing for capability differentiation among
states, we simultaneously allow for differing decision-making processes that are unlikely
to reduce to a single mechanism. The decisions may take place in economic, military,
and/or political dimensions and be influenced by both domestic potential (such as
comparative advantage decisions) and restrictive (such as Japan’s constitutional
considerations) elements. The common concern, however, will be the ability to rely on continued access to the given good.

In the security dimension, there is general widespread agreement in Asia that the US plays an important role as a security guarantor.\textsuperscript{42} As a result, there is a general lack of self-reliance in terms of defense capabilities, and the states are even reluctant to discuss security arrangements from a regional perspective without participation from the US, Canada, and Australia.\textsuperscript{43} Based on interviews with 175 Asia-Pacific affairs experts in Asia between 2004-2007, Robert Sutter identified several themes in regards to the role of US power.\textsuperscript{44} First, the US continues to take on major costs, commitments, and risks essential to Asian stability, which China is unable and unwilling to provide. Second, Asian governments do not generally trust each other. Third, the US also plays an essential role in the development priorities in Asia, where governments are often focused on export-led growth.\textsuperscript{45} Leaving aside the economic dimensions for now, the role of the US in providing security and assurance to the region has played an important role in shaping defense policies, while encouraging a functional integration with US military forces. In the absence of the functions that the US provides, Asian governments would have to invest heavily in the development of additional capabilities.

For Taiwan, realist approaches suggest that the improvements in the Chinese People Liberation’s Army (PLA) between the 1990s and now should have provoked an increased effort to provide for its defense. Instead, Taiwanese leaders allowed its military capabilities to degrade until it expanded defense spending in 2007.\textsuperscript{46} Although many policymakers attribute this to a deliberate decision to free-ride, Michael Chase points out this is insufficient to explain all of the dynamics involved, since US
commitment has changed significantly since the 1970s, including breaking formal governmental ties.\textsuperscript{47} The second half to this puzzle is explored in the following section. For now, the basis for Taiwan’s assumptions about the reliability of the US provision of security and its impact is the key.

A number of reasons account for Taiwan’s confidence in the US security assurance. A formal agreement reached in the Taiwan Relations Act of 1979 makes it clear that the US would consider a Chinese attack a cause for great concern. Although it does not obligate the US to intervene, failure on the part of the US to do so would undermine the credibility of its commitments to other allies, both inside and outside of the region. This dynamic is reinforced by the continued US commitment to support democratic movements in the world, and Taiwan’s political change in the 1980s was a significant development. To allow Taiwan to fall to a communist government would do incredible damage to the US image on this point.\textsuperscript{48} From Taiwan’s perspective, this reduces the credibility of any US threat to withdraw military support to compel any policy changes. Most recently, this has manifested itself in the slow purchase of hardware from the US in a 2001 arms deal, which US policymakers saw as essential in maintaining a cross-Strait military balance.\textsuperscript{49}

The strategic dimensions of a conflict in the Strait, combined with US commitments, have resulted in a distinct integration of capabilities. Taiwan’s emphasis has been on the defense of the island, while relying on the US to provide the advanced hardware and essential missile defense. Taiwan’s emphasis on defense has shifted from its army to its naval and air forces. Crossing a body of water in contact with enemy forces is the most difficult of circumstances for any military force, to include China.
Taiwan has expanded efforts to improve its air forces, and primarily has fourth-generation aircraft and is likely to request the next generation from the US in the near future. While these platforms provide anti-air capability, projects to enhance its naval forces provide Taiwan with surface warfare capabilities. Although vastly out-gunned by PLA forces on the surface, this still provides a substantial disruptive effect to a force attempting a crossing. While the Army has been reduced in size recently, it still has substantial armored vehicle numbers and act as the last line of defense. Taken together, this indicates Taiwan’s decision to implement a “deterrence by denial” strategy. The US military presence through Pacific Command provides essential anti-missile capabilities to the region, in addition to naval and air forces to reinforce Taiwanese defenses if required.

The US’s more direct role in the defense of South Korea results, obviously, from the Korean War. Rather than the distanced relationship the US shares with Taiwan, the military cooperation with South Korea extends to a combined forces command structure, with the US playing the major role in providing a deterrent to the North. The ROK expanded its defense spending in the 1980s in order to assume a larger role in providing for its own defense, but continued to focus on integrating its capabilities with the US, rather than assuming an independent posture. South Korea continues to rely on the US for important control of the seas and the provision of a nuclear deterrent, which is particularly important given the recent developments in North Korea. Typical realist approaches would again emphasize the imperative of the South developing its own independent capability under these circumstances.
Japan provides a third example of a power uniquely adjusting to the provision of security by the US to the region. Similar to Taiwan, Japan does not require the direct involvement of US forces on its mainland as an essential element of its security. The US’s relationship with Japan is strategic. Japan has focused on providing its own internal and near-shore military capability while the US provides strategic deterrence to potential rivals, while simultaneously reassuring others in the region about Japan’s potential remilitarization. Without the US’s participation in its security architecture, Japan would have to embark on a major effort to expand its military, since it has specifically limited its deployment capabilities. Because of historical animosities, rearment would likely lead to the emergence of security dilemmas in East Asia.

In the early 2000’s, Japan and the US embarked on an effort to more closely integrate its forces, to include intelligence, refueling, training, and missile defense. Although some of the planned efforts were met with mixed success, it still indicates a general close alignment of forces and shared vision of security priorities. Recently, Japan has made efforts to improve its close-proximity defense abilities, and even deploying a limited number of troops with the US to Iraq. In the potential outbreak of hostilities in Asia, Japan would act as an important base of operations for the US; Japan provides its own “shield” while the US provides the “sword.” This was driven in part by the Gulf War and the Korea crisis in the 90s, after which Japan made a greater effort to complement US power in Asia by providing expanded rear-area support, even though it would be unlikely to participate in combat directly.

The powers in Northeast Asia clearly display evidence of specialization in terms of the security dimension. Although not making deliberate decisions to modify their
capabilities in this dimension to integrate with other regional powers, they have at least demonstrated a relatively low concern for fluctuations in US focus. The credibility of US commitment continues to drive calculations on resource priorities for these states, which has complicated a strictly realist interpretation of the dynamics. For example, realism is weak in explaining the lack of a power struggle in Asia with the disintegration of the bipolar world after the Cold War.\textsuperscript{57} Furthermore, David Kang asserts balance of power considerations do not characterize Asian politics, and the security dilemma is not descriptive of the problems in the region.\textsuperscript{58} In his approach, he emphasizes the role of hierarchy in stabilizing the region, through a structure of a leading state with peripheral states following its lead. The structure is distinct from empire, because of low interference in domestic affairs by the leading state.\textsuperscript{59} He asserts that there is little evidence of the US acting to mitigate security dilemmas in building a case for the role of hierarchy. However, this paper asserts the US’s role is in \textit{preventing the emergence} of security dilemmas in the first place: states are specialized and dependent on the US security guarantees. The advantages in hierarchy in providing stability are through building path dependence, lowering transaction costs, providing a way to signal other actors, and providing a focal point for adjustments toward and equilibrium. Kang’s fundamental change to a typical realist approach is allowing that states are not equal when acting on the world stage because of this hierarchy.\textsuperscript{60} However, while states are inclined to allow the US to take the central role in security matters, they are less likely to do so with political and economic matters.

In the 1990s, free trade agreements (FTAs) were rapidly becoming a tool of choice in economic concerns for states. East Asia, however, largely avoided such
agreements. Spurred by the 1997 financial crisis, the region has placed a greater deal of emphasis on strengthening economic cooperation. The intensity of trade and foreign direct investment among the regional actors has increased, as well as governmental cooperation on economic matters. The interdependent relationships have raised concern for potential contagion and efforts to establish processes to coordinate responses may potentially lead to greater economic and political convergence. To many in Asia, the success of regional approaches to problems in the post-World War II era provides a viable model for addressing their own concerns. However, the emphasis until recently has been on export-led growth, and reliance upon North American and European markets. This dependence has made a significant shift to interdependence within the region, indicated by growing intra-regional concentration of trade flows.

Politically, convergence to a hierarchal arrangement appears further off, and may provide the most significant obstacle to arriving at an independently regional system. There are a wide range of regional organizations that address specific concerns, as well as at least twelve multilateral organizations that address economic and limited security concerns. There is a tendency to treat the Association of South East Asian Nations (ASEAN) as an indicator of institutional success in the literature, but that organization is based on participation rather than membership, and has a general policy of non-interference with participating states.

In terms of the observable conditions for supporting a claim of differentiation, this paper points to two significant aspects in economic and security dimensions, but no convincing mechanism to arrange strictly political interactions. Any disruption to the ties with the US in the security dimension, or with other regional actors in the economic
dimension, would cause a significant loss of capability to the concerned state. The powerful impact of economic and security considerations in all major approaches to international relations support the claim of a high degree of specialization. The second aspect to the argument on system stability is the availability of a strong internal cooperative dynamic.

*Internal Cooperative Dynamic.* Returning to the five hypotheses in the cooperation literature, it is evident that Northeast Asia is currently challenged to develop strong cooperative ties in the absence of the US. A concentration of power is an enabling condition present in many realist, institutionalist, and mixed-approach theories. Outside of China, no Northeast Asian state has the economic, military, and political concentration of power to provide an ordering element to international relations. Currently, China has not demonstrated the desire or capability to provide this, even if it has the potential. The US is in the unique position of being able to leverage those powers, without significantly threatening states in the region. There is no convincing logic for viewing the US as a threat, since even offensive realists base expansionist tendencies on the idea of needing to expand into adjacent areas to control a potential threat.67

Aside from leveraging its power concentration to influence events within Asia, the US employs four other important elements to encourage cooperation. First, the US prevents heavy discounting of the future by the major powers. As discussed before, Taiwan, Japan, and South Korea have made decisions that indicate a belief that the US will remain involved in the region, and will continue to act as a beneficial guarantor of
important public goods. This faith in the US presence acts to prevent prioritizing immediate benefits over longer-term benefits.

The US’s long term commitments to stability also prevent another destabilizing dynamic to cooperation: concerns over relative gains. With a less reliable provision of security, states will first heavily discount potential gains from agreements in the future, since they become less reliable because of increased risk. The priority on short-term gains will therefore result in a greater concern for who is benefiting more from a given agreement, and an important consideration in any cooperation will be minimizing the difference in relative gains. The complexity associated with this task, particularly with differing perspectives, will lower the potential success of a given agreement.

A third important resource the US provides to facilitate cooperation in Asia is the extensive epistemic community that assists in solving problems across a variety of issue areas. There is an extensive network of non-governmental connections in business, educational, and foundational roles. Although not directed by the government as a tool of policy, these connections do play an important role in providing different perspectives and assisting in integrating those states globally at the sub-governmental level. The US Pacific Command is a second important epistemic community that plays a direct role in mitigating security concerns and facilitating agreements, while coordinating responses to “hot spots” that may flare up and have the potential to lead to conflict. Politically, the US has increasingly shown support for regional organizations that may evolve into effective cooperation coordination mechanisms. Despite its relative weakness, interest in ASEAN for the region continues, due to the “habit of cooperation” benefit that may be gained.
This leads to the fourth element of cooperation facilitation, which is that the US provides the only credible mechanism to underwrite the development of institutions that may assist in policy coordination independently. This is due not only to the concentration of power, but also the general distrust among the Asian governments that would allow one to take the lead in institution formation. The US has primarily reached agreements through bilateral negotiations, rather than attempting a multilateral approach to develop regional institutions. The American approach may yield benefits in the long run from a constructivist standpoint, through influencing values and practices with each of the powers bilaterally, and encouraging convergence around US norms. There is also growing bilateral activity within the region, in addition to the multilateral organizations that are still weak, but growing, which can deepen ties to encourage a wider confidence in cooperative activities. Economic integration is in early stages and will likely lead to greater regional integration in general, depending upon the great power relationship development.\(^7^2\) It will likely shape the perceptions of appropriate methods to deal with regional conflict and political issues.\(^7^3\) This process is in early stages, and hasn’t had the decades Europe required to develop effective institutionalized approaches to regional issues.\(^7^4\)

US support of cooperative endeavors has been essential to enable the greater integration developing in economic and political dimensions. Outside provision of enabling factors was the only possible mechanism to allow states to make choices to differentiate in terms of security and economic capabilities. While the US may not be in the phase of devolving significant agreement-making to governments within Asia without participating, its bilateral relations are developing congruent norms in relation to the US,
fostering convergence with extensive economic, military, educational, and foundation connections. Early experiments with regional organizations may eventually provide a greater capacity to rely on internally-provided cooperative capabilities. Until then, Asia’s stability continues to be conditional on their provision by the US.

*Alternative Explanations.* If unit differentiation and cooperative capabilities do not account for the region’s stability, there should be indications that a different theoretical perspective has an advantage over this explanation. From the major paradigms, neo-realism and liberal-institutionalism have already been examined from a theoretical standpoint, but here they are evaluated in terms of the empirical evidence. Other alternative explanations include a complex interdependence argument in the absence of the cooperative elements described previously, and a general cooperation argument in the absence of unit differentiation. Since this paper’s contention is that each element is essential for the emergence of an equilibrium-seeking stability, it will evaluate the explanatory power of each in isolation.

A neo-realist explanation for stability in Northeast Asia would likely focus on one of two key approaches. First, a bipolar system may be emerging, in which the US is competing with China for influence in the region. Since there is a fairly well-developed consensus among neo-realists that bipolarity is more stable than multi-polarity, and may be the most stable system in general, this may account for the absence of any significant conflict in the recent decades. However, in order for this approach to be convincing, there would be closer alignments with the powerful states for the lesser powers. In addition, the dynamics of the region would reflect the competition for influence, with a
wider variety of formal security treaties to signal to the opposing side the strength of the alliance. Instead, states such as Japan, South Korea, and Taiwan demonstrate a greater degree of independence in policymaking and diplomacy.

Second, the US may actually be a hegemonic power in Asia, and is able to impose order because of its advantage in power. This implies the US is able to ensure compliance with major policy initiatives, preventing a large accumulation of governance costs that would undermine its position. The continued dominance would rely on the absence of a challenger to US influence. However, despite predictions of decline for the US since the 1970s, China has not challenged the US for the preeminent position in Asia. Even with the recent rapid expansion in capabilities for China in military and technological terms, it does not appear to be willing to take on the project of reordering the system. Furthermore, the US has not engaged in any coercive or threatening measures to compel broad compliance with its policy desires in the region in an attempt to control governance costs.

A liberal-institutionalist explanation for stability in Northeast Asia would likely argue for participation in major international institutions that favor growing trade and security arrangements. This implies the states in the region place a high value on the institutions themselves, and comply with rules and regulations for the sake of maintaining their membership and the operation of the institution itself. However, the degree of institutional development, as indicated previously, remains at relatively low levels. No institution can be viewed as powerful enough to shape policy outcomes in favor of stability. Additionally, from a hegemonic formulation of institutions in line with Ikenberry, the US has not expended a great deal of effort recently to create institutions
that would favor compliance with its policy desires. In general, the liberal-institutionalist and realist approaches are insufficient to account for the stability in Northeast Asia.

This paper asserts interdependence that generates unit specialization, and key cooperative capabilities are both required to arrive at the observed stability in Northeast Asia. If complex interdependence alone were sufficient to explain system stability, security concerns would vary inversely with the interdependence. However, despite more than a ten year gap between growing bilateral trade agreements (beginning in the mid-1990s) within the region and the present, the region’s reliance on the US for assuring security has not appreciably changed, as indicated by the surveys discussed earlier. Furthermore, it is not clear that given China’s power, it would be significantly dependent on the other states in the region to ensure its restraint. The cooperative elements that prevent relative gain concerns, prevent discounting of the future, and facilitate agreements through the participation of subject-matter experts are required to explain the willingness of all states in the region to work toward some equilibrium. Currently, the US’s role in providing a favorable power concentration as well as a credible regime-building capacity completes the requirements.

Alternatively, if cooperative elements were able to account for the region’s stability, the motivations for cooperation are difficult to account for. The absence of unit differentiation makes it more difficult for states to avoid concerns over relative gains, since their value to other states in the region would be decreased. Cooperation imposed by the US through the capabilities it provides is also insufficient in its failure account for growing bilateral trade agreements in the region; states are making deliberate policy choices to build economic ties, while continuing to rely on the US to ensure its security.
In keeping with the eclectic approach advocated by Katzenstein and Okawara, elements of each approach provide insight on the system. Neo-realism’s advantage in explaining the initial stability provided by the US involvement created the opportunity for the states to forgo the investment in military capabilities it would otherwise be required to make. The US has continued to facilitate this condition, while providing the resources necessary for cooperative outcomes. Once the region has developed the capacity to provide the ingredients for cooperation itself, liberal-institutionalism will likely have an advantage in explaining stability, if regional institutions continue to develop in terms of their perceived legitimacy for states in the region.
Chapter 3: Implications for US Policy

For states in the regional system operating under the equilibrium-seeking dynamics described here, the priorities they place on outcomes will determine the stability of the system. First, they will require continued assurance of security provision, as structural realist approaches would predict. This is not only because of their survival, but also because they require assurance their strategic decisions to invest resources in areas other than defense will not put them at risk. Second, their growing interdependence must not be put at risk. The ability of the system to adjust to changes will be based on interdependent linkages between the states. The “habit of cooperation” discussed earlier will need continued practice to prevent isolation of any of the major states. Finally, they will require a reliable institutional structure to lower transaction costs in reaching agreements and to act as a signaling mechanism. This will provide important feedback on the reliability of the strategic decisions made.

For the US, strategic priorities in building independent stability in the Asian regional system must center on facilitating the cooperative capabilities the US is currently providing. While the US may continue to act as a security guarantor, any incremental reduction in military resources allocated toward the region must be accompanied by an incremental increase in cooperative capabilities within Northeast Asia. This will enable the states to meet their second and third strategic priorities mentioned above. This will require a deliberate effort, rather than allowing its development internally by driving it through gradual disengagement. Victor Cha points out that asymmetric fears of abandonment by the US has caused friction between Japan and South Korea, indicating
the importance of a common understanding of their strategic situation. While he advocates a deliberately slow withdrawal as a mechanism to signal even levels of commitment to both partners while forcing cooperation, the differing strategic positions driven by their integration with the US and the region may prevent achieving identical perspectives of commitment. Alternatively, the US can enhance the ability of the region to coordinate internally, while fostering the intra-regional commitments that are already developing through economic ties.

The US is faced with several general options for grand strategy in Northeast Asia. In reality, a mix of these may be pursued, but the “pure” conceptions are presented here, with differences highlighted in the ends. First, the US may pursue a “preserve primacy” option, with the specific end of maintaining a preponderance of power in the region to have the lion’s share of weight in decision-making. If hegemony is the result of objective material conditions (economic and military power), then primacy can be conceptualized as a policy to perpetuate hegemony. Primacy itself can be described as “being first in importance and influence.” Pursuing this option, however, places the burden of significant management costs on the US. Resistance to American policies would be widespread as democratic constituencies resisted being dictated to in vital security and economic matters. Additionally, this would likely lead to arms races and “influence competitions” with China.

Secondly, the US can pursue an “offshore balancing” option, with the end of allowing a balance of power dynamic to develop in the region to contain rising threats. In this approach, the US attempts to shift the responsibility for containing threats to the regional actors themselves while providing support to the balancers, and intervening only
in cases where containment is not working. Not only does this approach advocate abandoning long-standing agreements with democratic allies, it embraces ideas that will undermine any claim of legitimacy the US may hope to make. Rather than attempting to support governance based on rule of law, Christopher Layne asserts in this approach the US should be prepared to intervene to weaken or strengthen a given state based on its position in the regional system. The rapidly spreading security dilemmas (assisted by American interference) would surely destabilize regions as the probability of miscalculation in relations dramatically increased without any state or institution acting to manage the conflict.

Third, the US can attempt to balance against China, with the end of containing the most likely threat to US interests, based on potential power. This option differs from the first in that it does not attempt to maintain primacy vis-à-vis China. Rather, the aggregated power of the US and its regional partners must only be sufficient to deter it from pursuing expansionist policies. This would again lead to significant competitions for influence in the region with China. Additionally, the deeper trade ties our democratic allies are building with China would likely lead to frequent resistance to attempts to influence it with sanctions when necessary.

Finally, the US can choose “consultative engagement,”79 with the end of facilitating the emergence of effective institutions and behaviors that favor both US interests and the stability of the system. Although complicated to implement and requiring high levels of attention to adjust policies to changing conditions, it provides the best prospects for independent stability. US policies in this approach must maintain and encourage deeper interdependent ties, while shifting responsibility for cooperative
endeavors to the region. The primary challenge is in determining the most credible forum for such decision-making in a regional setting. This aspect will likely take more time to develop, which the US should aim to facilitate.

In attempting to shift more of the cooperative capability to Northeast Asia, the US will have three balancing acts it must deal with in its policies. The first and foremost is providing the essential management of security issues, while accommodating greater participation and input from regional actors. The high stakes involved in North Korea’s development, the Taiwan Strait tension, and the South China Sea resource competition, can potentially undermine interdependent relationships if escalated quickly. Shifting too much of the responsibility for managing these crises to regional forums would raise the perceived risk associated with the future, and encourage decreasing reliance on other actors in the region. Conversely, attempting to maintain exclusive management by the US will prevent regional forums from gaining experience and credibility.

Secondly, the US must balance encouraging agreements on mutual interests in the region with assuring individual parties of our bilateral commitments. Multilateral agreements made in the region will continue to have a low success rate, due to problems associated with finding acceptable enforcement measures. The US will have to continue to voice its commitment to bilateral agreements with regional actors to prevent damaging uncertainty associated with these failures.

Finally, the US is faced with the daunting challenge of assisting the region develop its interactions with China, balancing deterrence of potentially threatening moves, with facilitating policy coordination of other actors to accommodate the reality of China’s capabilities. Any accommodation of China into the regional system must be
conditioned upon assurances for democratic advances and regional economic ties. However, attempting to restrict China to the same level of influence as one of the smaller regional actors will provide strong incentives for it to attempt to revise the system at a later date.

With these balancing priorities in mind, there are several policy recommendations that can be derived to underwrite further cooperative development. First, the US must encourage provision of epistemic community expertise through its bilateral ties. This will encourage similar conceptualizations of problems in the region. Constructivism suggests these ties will be influential in shaping conceptions of strategic options as these epistemic communities become more influential with the eventual increase in regional decision-making. Normalizing these approaches with Western values bilaterally will help increase congruence among the actors when multilateralism becomes more prevalent.

Second, the US must underwrite formal attempts at multilateral institutional conflict management. A wide variety of liberal institutional literature suggests such organizations are essential to perpetuate peaceful management of the system. As the region learns which types of forums are most effective to address regional issues, the US will also be discovering which institutions it should lend its support to. Blind advocacy will do little to enhance confidence in such regimes, but failure to endorse any will interfere with the convergence of norms and expectations around those that are desirable. Enforcement may be problematic for the near-term, but Fearon makes the point that regimes may be better thought of as providing the forum for bargaining rather than the enforcement mechanism.  

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Finally, the US must reassure all actors of its continued commitment to security of the global commons\textsuperscript{81}; the waterways, specifically. Structural realism provides a wide variety of works that point out the impact of insufficient security. Stable expectations on the access to essential lanes for trade will be required for maintaining interdependence; if any actor was successful at using them as bargaining leverage, this confidence would be severely undermined. While bilateral US security guarantees may change to accommodate changes in the region’s capabilities, security of the commons will remain a US responsibility for the foreseeable future.
Chapter 4: Conclusion

This paper has made two central claims in describing the dynamics of stable regional systems. First, an interdependent system in which states have made deliberate decisions to not prioritize its resource investment in security capabilities will lead states to place a high value on its relationships with partners. Second, a high cooperative capability within the system, enabled by a favorable power distribution, epistemic communities, low concern for relative gains, valuing future returns, and institutionalized processes, minimizes the mutual distrust that can lead to security dilemmas and concerns for balancing against threats. Taken together, these elements provide a system with a means to arrive at an equilibrium through policy adjustments, meeting Ayson’s definition of a stable system. The 2x2 matrix suggested in this article provides a conception of the interaction of these two elements.

Non-differentiated states in a system with low capacity for cooperation result in Waltzian balance of power dynamics (lower-right quadrant). Self-interest and self-help prevent any state from choosing to specialize in economic pursuits, which would require making sacrifices in military capabilities. If this system is able to develop a cooperative capacity, it would become more able to reach an equilibrium, but agreements would still be threatened by defection (lower-left quadrant). Without interdependent relationships, states may still have a strong incentive to cheat to reap immediate benefits. This state of affairs is best captured by the repeated prisoner’s dilemma, in which one defection may significantly change prospects for future agreements. If defection is avoided for significant periods of time, states may choose to forgo investment in security to prioritize
economic development and even specialization (upper-left quadrant). This would be enabled by stable expectations of future behavior by others in the system, which is conducive to these choices. The high value placed on interdependent relationships, coupled with strong cooperative capacities, provide the optimal conditions for a stable system.

Northeast Asia is unique in its development, in that its stable expectations of behavior by other states in the system have been shaped by US commitment to the region. While still lacking a strong internal cooperative capacity (which is provided by the US), states in the system have made the decision to specialize in economic pursuits (upper-right quadrant). The interdependent relationships that the states have developed were largely with others outside of the system until recently. The growing trade and financial coordination that have developed since the 1990s are creating conditions that will favor strong interdependent relationships within the region, and encourage additional cooperative capacity. US policy choices in the future will have a direct impact on the system’s ability to develop that capacity.

Of the four grand strategic choices examined here, only “consultative engagement” provides an avenue to encourage these developments, which would lead to an independently stable system (the other three were: offshore balancing, balancing against China, and preserving primacy). Policy goals that are likely to encourage this stability are fostering epistemic communities through bilateral engagements with the intent of converging norms around US values, encouraging institutionalization of conflict management, and reiterating American commitments to securing the essential shipping waterways in the region. Pursuing this strategy and policy goals are consistent with the
US’s enduring interests in the region: preserving access economically, militarily, and politically, promoting democratization and human rights causes, and containing potentially hostile powers.

Even with these guidelines, specific implementation by the US will require difficult balancing of potentially competing priorities. First is providing the needed management of immediate security issues, while accommodating greater participation and input from regional actors which would be essential in the learning process. Second is encouraging agreements based on mutual interests in the region, while assuring individual parties of our bilateral commitments. Third is proving effective deterrence of a potentially hostile China, while facilitating policy coordination of other actors to accommodate the reality of China’s capabilities and power in the region.

Threats the US will face in the future range from terrorism to nuclear proliferation. The growing number of technologically advanced nations demanding greater energy and populations demanding greater freedoms create a wide variety of potential military challenges. While the US commitment to Asia continues to be an important aspect of regional stability, there are other dimensions that can also enhance its internal abilities to stabilize. While not suggesting a significant drawdown of forces in the region is desirable in its own right, this paper does imply the potential for greater flexibility in the use of limited resources in the future. Over time, a deliberate effort to expand regional abilities to coordinate policy responses to threats can simultaneously provide this flexibility while preserving US regional strategic priorities.
Endnotes


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6 Ibid, 167.


8 Ibid, 117.


11 Ibid, 249.


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18 Katzenstein and Okawara, 173-4.


20 Ibid, 470

21 Ibid, 474-5.

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Acharya, 36.

73 Ibid, 216.
74 Amitav, 175.
79 Sutter, 99.
80 Fearon, 298.