An American Strategy for Asia

Dan Blumenthal
Aaron Friedberg

A Report of the
Asia Strategy Working Group

A Project of the American Enterprise Institute

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Contents

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The Purpose of This Report

The new administration confronts an unusually long and daunting list of pressing foreign policy problems: ongoing conflicts in Afghanistan and Iraq, the continuing threat of global terrorism, a brewing crisis in Pakistan, unresolved nuclear standoffs with Iran and North Korea, Russia's new aggressiveness toward its neighbors, and the lingering aftereffects of a global financial meltdown. All will demand urgent attention and timely action. The president-elect will be lucky if he has a moment to savor his victory, let alone to pause and reflect on the longer-term trends that are reshaping the world.

Yet such reflection is badly needed. As important as they undoubtedly are, all of the issues listed above are being played out against the backdrop of something even bigger: a massive, rapid shift in the distribution of global wealth and power toward Asia. This process has been gathering momentum for more than thirty years; if current projections are borne out, in the next thirty Asia's rise will fundamentally alter the structure of the international system and the character of great power politics.

It is difficult to exaggerate the magnitude of what is taking place. The changes now underway are comparable in scale, and potentially in historical significance, to the "rise of the West"—the emergence of Europe as the world's leader in wealth and military power—or the rise of the United States to global preponderance that began in the nineteenth century.

Such a profound shift will eventually require the reexamination, and ultimately the reorientation, of many aspects of America's foreign, economic, and defense policies. These changes may be forced by events. Or they could be shaped by a clear and coherent national strategy, a plan of action that looks beyond today's turmoil, sets broad goals, and identifies the tools and policies that will be necessary to achieve them.

The purpose of this report is to put forward an American strategy for Asia. While it is motivated by an awareness of long-term trends, the emphasis of this report will be on the concrete and practical. We intend not only to identify goals, but also to specify the steps that a new president should take over the next four to eight years to bring them closer to realization.

Our report differs from others on related subjects in two important ways. First, it is focused rather than comprehensive. Instead of touching lightly on every conceivable subject relevant to Asia, we have chosen to concentrate on those that we believe to be of greatest strategic importance. Second, our report is more candid than is typically the case about the challenges that are likely to emanate from Asia and, in particular, about those that may result from the rise of China. Our intention is not to be provocative, but rather to be clear. Ritualized "happy talk" about where China is headed will do little, if anything, to alter Beijing's course. But unwarranted optimism on the part of our leaders may make it harder to maintain public support for the policies necessary to keep the peace and secure American interests, and it could set the stage for future disappointment and overreaction if exaggerated expectations of Sino-American friendship are not met. We have been reminded in recent years how important it is not to overstate the magnitude and imminence of threats to our nation's security, but it is at least as important to be clear and honest in acknowledging their existence.

SOURCE: www.maps.com

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America's Growing Stake in Asia

It has become commonplace to observe, as Henry Kissinger did several years ago, that the "center of gravity of the world is shifting from the Atlantic to the Pacific." In contrast to many truisms, however, this one happens to be true.

In 1950, Asia's share of the world's total output of goods and services was about 16 percent. By 1998, thanks to the adoption of market-oriented economic policies across most of the region and Asia's integration into the global economy, this figure had more than doubled to around 34 percent.[1] By 2030, Asia's biggest economies may account for as much as 44 percent of the world economy—bigger than Europe and America combined.[2] As it does today, the great bulk of Asia's output will likely still come from three countries: Japan, India, and, above all, China. Depending on assumptions about growth rates and the best methods for comparing national economies, China may already be the second-largest economy in the world, exceeded only by the United States. If present trends continue—a very large and, as will be discussed below, debatable assumption—China could outstrip the United States before the middle of this century. Europe, meanwhile, will dwindle in relative importance.

With wealth comes the capacity to generate military power. Since the end of the Cold War, while defense budgets were dropping in most other parts of the world, those in Asia have been rising. As a result, in the past twenty years, the region's share of world military spending has doubled.[3] Once again, China has led the way. According to Beijing's official statistics, which probably understate the true figures, between 1990 and 2005, China's defense budget grew by an average of 9.6 percent per year. This buildup may have been driven initially by a desire to modernize China's antiquated arsenal, but (as will be discussed more fully below) it also seems increasingly to reflect a desire to field potent new anti-access and area-denial capabilities to impede U.S. military operations in Asia. Although its capacity for doing so is still limited, Beijing has displayed a growing interest in projecting power further afield into the Indian Ocean region. For nearly two decades, China has sustained an impressive military buildup that outstrips the rate of defense spending undertaken by any of its neighbors. In 2007, even by the most conservative of the Defense Department's range of estimates, China's military spending was almost twice that of Russia, 2.5 times as big as Japan's, and nearly five times the size of India's.[4]

The last twenty years have also seen major advances in the reach and destructive power of Asian armed forces as more states acquire ballistic missiles; submarines; and, in the case of India, Pakistan, and North Korea, nuclear weapons. The Asia Pacific is now home to six of the world's nine nuclear powers—counting Russia and the United States—and there is more nuclear potential in the region. Taiwan and South Korea had active nuclear weapons programs in the 1970s, and Australia came close to launching one in the 1960s, but, thanks largely to American security guarantees, all three decided to abandon them. Most experts believe that, if it chose to do so, Japan could quickly develop and deploy a nuclear arsenal of its own.

To a greater degree than ever before, America's future security and prosperity will depend crucially on what happens in Asia. Roughly a quarter of U.S. exports now go to countries in the region, while just under a third of our imports originate there.[5] Japan and China are the two largest foreign holders of U.S. public debt in the world and together account for over 40 percent of the total held by foreigners.[6] Rapid growth in incomes in China and India is contributing to rising global demand for energy, food,

and raw materials. A disruption of growth in Asia, or of trade between the United States and the region, would have serious consequences for all Americans. Any large-scale conflict in Asia would have dangerous implications for U.S. interests. It could alter the local balance of power to America's disadvantage, threaten the security of its friends and allies, disrupt trade and commerce in unpredictable ways, generate destabilizing spillover effects, and potentially precipitate the use of weapons of mass destruction (WMD)—all of which could quickly draw in the United States.

For the first two hundred years of its history, American foreign policy focused heavily on Europe. This is hardly surprising. In addition to the fact that the majority of Americans traced their ancestry there, the United States did the great bulk of its trade with Europe, and, as home to virtually all the world's other "great powers," Europe was the region from which serious threats to U.S. interests and security were most likely to originate. In the near future, the focus of American foreign policy will transition to Asia. Not only is America's political and economic stake in the region growing, but an increasing number of Americans have strong ancestral, economic, and cultural links to the Asia Pacific. To a considerable extent, a shift toward Asia is already well underway.

U.S. Objectives

How should the United States define its strategic objectives in Asia over the next twenty to thirty years? The answer to this question comes in two parts, one old and the other new.

Prevent the Domination of Asia by a Hostile Power or Coalition. The minimal aim of American strategy must remain what it has been for the past century: to preclude the domination of Asia by any single power or coalition of hostile powers. This is necessary to prevent others from threatening our security and prosperity through any attempts to control the region's resources, form exclusive economic blocs, or deny our physical access to and through Asia. No one should doubt that the United States is and will remain an Asia-Pacific power, not only because of its geography, but by virtue of its historic ties, past sacrifices, and enduring economic and strategic interests.

Preventing the domination of Asia by a hostile power also offers the best chance for the survival and continued spread of liberal democratic institutions and values that has been underway in the region since the end of World War II and that has accelerated markedly in the past quarter century. The United States must continue to work with its friends and allies to preserve their security and to maintain a balance of power that discourages any possibility of aggression or coercion against them. By cooperating with the United States and with one another, democracies like Japan, South Korea, Australia, and Taiwan can continue to focus the bulk of their energies on economic growth, rather than costly security competitions and the pursuit of WMD. Continued peace and stability, even in the face of rapid shifts in the regional distribution of power, will also allow Asia's younger democracies time to consolidate their institutions of governance while enabling continued economic growth. A stable security environment could also possibly help to dampen the spread of virulent nationalism, perhaps easing the way for liberal reform in countries like China that have not yet made the transition away from authoritarianism.

Build an Asia "Prosperous, Peaceful, and Free." It is very much in America's interest that Asia's future not look like its past—a past that has too often been characterized by conflict (for much of the twentieth century), the domination of outside powers (for much of the nineteenth century), and the hegemony of a single Asian state (for much of its previous history). In the aftermath of the Cold War, American policymakers set themselves the goal of helping to build a Europe "whole and free." Our long-range goal in Asia should be much the same. Working in conjunction with the nations of the region, we must help to build an Asia that is prosperous, peaceful, and free.

The history of the West suggests that all these elements must coincide. It was only when the nations of Europe converged on a common set of liberal democratic values and institutions that they were able to dissolve their historic animosities; settle outstanding disputes; build trust; and eliminate barriers to the free movement of people, capital, goods, and ideas. After centuries of brutal conflict, war among the democratic nations that today comprise the European Union (EU) is virtually unthinkable. As recent events have shown, however, peaceful relations between Europe's democracies and its authoritarian neighbors, such as Russia, remain at risk.

While an Asia prosperous, peaceful, and free would differ from Europe in many respects, these basic ingredients are as necessary for a successful Asia as they have been for a successful Europe. A prosperous, peaceful, and free Asia would be one that is not divided by militarized spheres of influence or along ideological lines or split into exclusive economic blocs. It will be a region shaped by free trade and economic exchange rather than by security competition. A prosperous, peaceful, and free Asia would not require the reintegration of every territory sundered by historical conflict because, being respectful of democratic processes, it would permit the peoples at the center of these disputes to determine how outstanding differences should be dealt with.[7] Festering territorial disputes must be resolved peacefully, thereby gradually removing them as potential flashpoints for global conflict.

2

China: Opportunities, Challenges, and Uncertainties

The single greatest challenge to American strategy in Asia over the next eight years (and probably beyond) will be that posed by the growing power of the People's Republic of China. The question of what kind of nation China will ultimately become is as yet unanswered—and it may remain so for a long time to come. For the moment, and despite the predictions of many Western experts that such a feat could not be sustained, China continues to grow wealthy and powerful while being governed by an increasingly sophisticated authoritarian regime that offers its subjects growing prosperity and some measure of personal autonomy in return for an overarching obedience to the state. This version of the Communist "social contract" may persist for some time, perhaps for many decades. It is certainly conceivable that China will eventually make a peaceful transition to liberal democracy—indeed, many Chinese have a profound desire to reform what they see as a corrupt and dictatorial political system. But it is at least equally plausible that, at some point in the future, China will encounter serious internal difficulties and perhaps even major domestic political instability. Beijing faces a daunting array of economic, social, and environmental problems, any one of which, if mismanaged, could deflect it from its trajectory of rapid growth. Because the Chinese Communist Party (CCP) relies heavily on economic success to justify its continued rule, a serious slowdown could set the stage for a major political crisis. Faced with such a development, China's leaders might turn inward to focus their energy and attention on solving domestic problems. But they could just as easily become more aggressive externally. As has happened numerous times in Chinese history, a weakening, beleaguered, or divided regime could invoke the specter of foreign enemies to rally support and justify a tightened grip at home.

To take only one example of the challenges China faces, the phenomenal performance of the last three decades has been fueled by a seemingly endless supply of young, literate, low-wage workers. Thanks in part to the draconian "one-child policy" that was promulgated in the late 1970s and has been enforced, with varying degrees of coercive pressure, ever since, this flood of cheap labor will slow dramatically in the coming decades. As it does, China will lose one of its major advantages in international economic competition. At the same time, the average age of its population will begin to climb rapidly, leaving a declining cohort of working-age men and women to support a ballooning population of senior citizens. This unfavorable dependency ratio is slowly becoming manifest in advanced industrial countries as well, but they are wealthier and have more highly developed social welfare systems to help them cope with the resulting challenge. China, by contrast, is going to grow old before it grows rich. The result could well be slower growth and, perhaps, rising discontent.

For the time being, however, China continues to grow richer and stronger while its one-party political system remains structurally unchanged. Because of the closed and secretive character of that system, reliable information about how the present regime defines its strategic objectives or intends to manage its relations with the United States is often unavailable. What we do know suggests that China's rulers are intent presently on maintaining good relations with Washington (and, to the extent possible, with their other neighbors), building up every element of their "comprehensive national power," and expanding their influence in Asia and around the world.

Most observers would agree with this characterization of Chinese strategy. Where they differ is on the question of how Beijing might define its ultimate goals—especially when it reaches the point at

which China becomes a true great power possessed of a highly developed economy, a sophisticated technological base, and advanced military capabilities. Some experts believe that President Hu Jintao and his colleagues are so preoccupied with day-to-day crisis management that they do not have time for long-range strategic planning. Others assert that, even if the current regime does indulge in such thinking from time to time, it is irrelevant because domestic political reforms will remove it from power before it can achieve its long-term goals. Still others believe that, after decades of increasing interaction with the rest of the world, China has become a status quo power that seeks nothing more than to become a member in good standing of the contemporary international system.

We are not so sanguine. For as long as it sees itself in a position of comparative weakness, Beijing will likely continue its present, generally cautious, policies, seeking to expand its influence—and, where possible, to diminish those of its perceived rivals—while avoiding any direct challenge or confrontation. The question is whether, once they believe they have accumulated sufficient power, China's leaders will attempt to use it in more openly assertive ways, perhaps even seeking to regain the geopolitical predominance that their country once enjoyed in Asia. While not inevitable, it would hardly be surprising if this were the case. Rising great powers (nineteenth-century America included) have often sought to "sanitize" their peripheries of potential competitors and threats. If China continues under an authoritarian regime, it is especially likely that the sensitivities and anxieties of its rulers will prompt them to try to constrict America's presence, alliances, access, and influence in Asia and to limit the autonomy of Asian democracies. In sum, we believe that an authoritarian China's efforts to restore what its leaders see as their country's "rightful place" at the apex of an Asian and possibly a global hierarchy could undermine the critical U.S. objective of preserving an Asia prosperous, peaceful, and free.

Beijing's grand strategy over the long term could thus turn in the direction of assertiveness, ambition, and even aggression. In the near to medium term, however, China's leaders believe they must remain on the defensive against a still-powerful United States and its democratic allies. The regime has studied carefully the collapse of the Soviet empire and, more recently, the so-called Color Revolutions that overthrew autocratic rulers in the Caucasus and Central Asia. It has invested huge sums in monitoring the activities of its people, blocking their access to unfiltered information, and building what amounts to a second army: the more than half a million man strong People's Armed Police Force whose mission is to crush domestic challenges to Communist Party rule. In the twenty years that have passed since the mass killing of student protestors at Tiananmen Square, Beijing has honed techniques for breaking up demonstrations with minimal violence, co-opting or squelching dissidents, and restricting what it sees as the subversive activities of churches and foreign-based nongovernmental organizations within its borders.

But even this has not made China's current rulers feel secure. Neutralizing potential threats or challenges along China's frontiers both increases national security and promotes regime survival. Enhanced military area-denial capabilities in this context are intended, in part, to give China the capacity to block subversive influences from outside its borders and to ensure that it continues to be flanked on all sides by nonthreatening, ideologically compatible regimes. By the same token, if Beijing can develop sufficient strength to coerce Taiwan into accepting its rule, the CCP will have won a major victory that it believes would improve its popularity and legitimize its continued rule.

Not surprisingly, Beijing sees U.S. efforts to bolster democratic friends and work toward an Asia that is prosperous, peaceful, and free as troubling and potentially threatening. While it may have little choice but to acquiesce to such American endeavors today, China's inclination to resist U.S. policy is likely to grow along with its national power. The regime's desire to diminish American influence while establishing itself as the preponderant regional power is thus directly linked as much to its domestic insecurities as to its geopolitical interests.

U.S. China Strategy

Despite warm words, broad smiles, and a genuine desire to avoid any near-term confrontation, China's leaders appear to see themselves as locked in a long-term, multifaceted strategic competition with the United States. Because of their profound suspicion of U.S. motives, there is little we can do to disabuse them of their fears. While U.S. policymakers should do what they can to reassure Chinese leaders of their intentions, it must be remembered that the underlying drivers of Sino-American security competition are deeply embedded in the structure of the international system and in the fundamental divergence of values that separates the two regimes. Not surprisingly, America's global primacy, its regional alliances, and its military dominance in the Asia Pacific have evoked a Chinese attempt to neutralize these strengths, and that, in turn, is stimulating U.S. counterinvestments to protect its interests. Similarly, America's liberal democratic ideals and its desire to see the eventual democratic transformation of China cannot help but threaten the Communist regime in Beijing. While these tensions can be mitigated, they cannot, for the moment, be conclusively eradicated—at least not without surrendering America's geopolitical primacy or its democratic convictions.

In their conduct of foreign relations, Americans have always preferred to draw clear distinctions between "good guys" and "bad guys," friends and foes. But China today is neither—or, rather, it is both. The challenge facing the next administration and, most likely, its successors will therefore be to grasp two seemingly contradictory notions at the same time. On the one hand, it is vital for our leaders to acknowledge what many ordinary Americans seem already to have realized: whether we like it or not, we are, in fact, engaged in a geopolitical rivalry with China. Assuming that China's power continues to grow while its regime remains unchanged, this rivalry is likely to become more intense over time. As China advances, we are going to have to be faster and smarter and compete more effectively just to keep up.

At the same time, it is undeniably true that the United States and China today have huge stakes in maintaining good relations. Despite some worrisome imbalances, there can be no question that, overall, the trade and financial ties that link the United States and China are good for both countries. Certainly the imposition of protectionist measures to force China to alter some of its trade practices would make things worse rather than better. Outside the realm of economics, there is also a wide range of issues on which Washington and Beijing can advance their interests by working together.

In sum, the Sino-American relationship is a blend of cooperation in some areas and competition in others. Barring any near-term shocks or crises, it is likely to remain so for some time to come. What we need is a mixed strategy for managing a mixed relationship. That strategy must combine elements of continued economic and diplomatic engagement, enhanced efforts to balance China's growing power, and measures designed to hedge against a possible turn for the worse in Chinese foreign policy.

Engagement. Since Richard Nixon and Henry Kissinger visited Beijing in the early 1970s, the United States has been committed to a policy of diplomatic engagement with China. Over the years, this has broadened to include a thriving economic relationship, as well as cultural, educational, scientific, and other types of exchanges and interactions between the two societies.

All of this should continue. There is no reason at this point to break the engagement, and every reason to sustain it. Constant communication between governments can help to reduce the risk of misunderstanding, miscalculation, and unintended conflict. The United States and China have tried in the past to cooperate on dealing with various strategic challenges, such as the one posed by North Korea's nuclear program. Transnational issues such as climate change and the emergence of new infectious diseases cannot be dealt with effectively without cooperation among all of the world's major powers, especially America and China. The current global financial crisis also serves as a reminder of just how interdependent Washington and Beijing have become and how much their economic prospects are intertwined.

Although this aspect of our strategy has been downplayed in recent years, Americans have long hoped that engagement would help to bring about positive political change in China. While this has not yet happened, there is still hope that it might eventually. China's participation in the World Trade Organization (WTO) and other rules-based international agreements may push Beijing toward reforms that place real limits on state power. Economic growth may yet bring real political reform, and it is possible that the increasing exposure of China's people to ideas and information will stimulate progress toward the rule of law, a freer press, and effective demands for political rights.

It is important for Americans to acknowledge both the extent and the limitations of our influence. There may be little that we can do directly to bring about political change in China. The key is to support the many Chinese-led initiatives for change that are already underway in areas such as labor rights, legal reform, and freedom of speech and religion. Together with her allies, America must speak confidently about the universality of values such as respect for basic rights, openness, and justice. Through nongovernmental organizations and academic exchanges and by promoting the freest possible flows of information into China, the United States must engage not only the CCP, but also the Chinese people more broadly. Many Chinese are fed up with the corruption and repressiveness of their government, and the democratic world has a role to play in supporting them as they seek change.

Several cautions are in order here. First, American political leaders should break themselves of the habit of exaggerating the warmth of official relations between Washington and Beijing, and they should take care not to overstate the value to the United States of maintaining close relations with China to the neglect of our other interests. Unwarranted enthusiasm about the state and importance of the relationship risks lulling the American people into complacency and arouses anxiety among our democratic friends and allies in Asia. It also invites a subtle form of blackmail. Too often in the past China's leaders have used the implicit threat of diplomatic discord as a tool to exert influence on American policy. Good relations are just as important to China as they are to the United States, possibly even more so. We should not permit fear of offending China's leaders to inhibit us from saying what we believe to be true, nor from doing the things we believe are essential to our security. By the same token, we must be prepared to modulate our policies and to take measures that will impose costs on China if Beijing acts counter to our interests. This approach is the sign of a mature and balanced relationship. Certainly China has shown that it is prepared to do the same when it is dissatisfied with our actions.

Second, we should acknowledge that a policy of intense engagement carries risks. Unless the U.S. government balances openness with appropriate vigilance, China will continue to find it all too easy to acquire information and technology useful in developing its military capabilities and countering ours. The extensive stake that many American businesses now have in China will often result in intense domestic political pressure on Congress and the executive branch to put near-term commercial considerations ahead of long-term strategic concerns. The Chinese government also seeks to take advantage of the openness of our system, using many different channels (including contacts with American academics, journalists, business people, former government officials, and members of Congress, as well as formal diplomatic channels) to try to shape American perceptions of its capabilities and intentions.

Third, the United States needs to work to correct imbalances in the present pattern of economic engagement with China. For both economic and strategic reasons, a situation in which the United States continues to run huge trade deficits and China continues to accumulate dollar-denominated assets is both undesirable and unsustainable.

Finally, it is important to remember that engagement is not an end in itself. Nor, taken alone, is it a policy that will be sufficient to achieve our long-term objectives. We need to be able to walk and chew gum at the same time—to combine continued engagement with other, equally important elements

in a larger national strategy that we can sustain, if necessary, for an indefinite period of time.

Balancing. During the final two decades of the Cold War, American strategists became less concerned about balancing Chinese power in Asia and focused instead on working with China to balance against the Soviet Union. In the mid-1990s under the Clinton administration, attention began to shift back to China.

As practiced by both Democratic and Republican administrations, balancing involves maintaining and strengthening alliance and quasi-alliance relationships in Asia, as well as enhancing the capabilities and reducing the vulnerability of U.S. forces based in, or readily deployable to, the region. Both Bill Clinton and George W. Bush upgraded relations with Japan and India in part out of a shared concern over rising Chinese power. In the past eight years, the U.S. military has overhauled and consolidated its regional force posture so as to improve its ability to project power into East Asia, and it has also deployed more bombers, fighters, submarines, and aircraft carriers to the region.

These activities must go forward, and, indeed, the continuing, rapid transformation in China's military capabilities means that the United States and its allies are going to have to work harder to maintain a favorable balance of power in Asia in the years immediately ahead. Much of the rest of this report will be devoted to describing the diplomatic and military measures necessary to achieve this goal.

Balancing also has a vital domestic dimension. Unless the United States can get its own fiscal house in order, while at the same time maintaining the unmatched flexibility and capacity for innovation in its market-driven economy, it will not be able to preserve its position in Asia or the wider world. Balancing is a common-sense policy that has thus far enjoyed broad public and bipartisan political backing. In order to sustain support for this policy, American political leaders do not need to engage in exaggeration or threat-mongering. But they will need to be more effective in explaining to Americans the importance of Asia, the relevance of our specific alliances and partnerships with key Asian states, and the potential negative consequences for our interests of China's growing military power. Our leaders must not allow themselves to be inhibited from taking appropriate balancing measures by official Chinese expressions of anger and disapproval. The United States does not seek an escalating arms race, but if it fails to respond to China's decade-long military buildup, it will soon face an increasingly unfavorable balance of power and an increasingly untenable strategic position in Asia.

Hedging. As they work to engage and balance China simultaneously, American policymakers must also devote attention to the possibility of dramatic, discontinuous change. China may become more assertive and possibly even aggressive as its power grows; it may go through a period of sustained domestic trouble with unknown external consequences; or it may make a successful and peaceful, if gradual, transition to liberal democracy. We need to do what we can to prepare for all of these possibilities.

Hedging is, in part, a matter of improving intelligence collection and analysis in order to gain advance warning of impending shifts. It also requires expanded planning for a much wider range of contingencies than are usually considered within the Defense and State Department bureaucracies. U.S. forces must be configured and positioned to respond effectively to sudden changes in the strategic environment. Building in the capacity to rapidly escalate production of critical military systems will also improve our ability to respond in a timely fashion in the event of a crisis or a marked intensification of the present, comparatively constrained military competition. Continuing, discrete conversations with other countries in the region will make it more likely that we see eye to eye with our friends and allies should dramatic change occur. Along with our allies, we should attempt to engage in similar conversations with China about contingencies (such as the collapse of North Korea or major natural disasters) in which our interests might converge. Finally, Americans and others in the region would benefit from gaining a better understanding of the

people and currents of opinion outside the CCP that are becoming increasingly noticeable today, stand to become more influential tomorrow, and may shape Chinese politics in the future.

3

Other Challenges: A Recalcitrant North Korea and a Resurgent Russia

North Korea

The Bush administration pursued two different strategies toward North Korea. From the revelation of the North's secret uranium enrichment program in 2002 to its detonation of a nuclear device in 2006, Washington initially sought to isolate Pyongyang and to persuade the other regional players to join with it in applying maximum economic and diplomatic pressure. Unfortunately, the effectiveness of this effort was significantly diminished by the fact that both South Korea and China continued to provide Pyongyang with assistance of various kinds.

After the North's nuclear test, the Bush administration changed direction. Following the advice offered by many critics of his previous policies, President Bush agreed to enter bilateral negotiations, ease off economic pressure, and offer incremental rewards in return for reciprocal steps toward complete nuclear disarmament by the North. In order to keep this multilateral diplomatic process from collapsing, the administration chose to overlook a number of glaring problems that should have raised questions about Pyongyang's ultimate intentions. Among these were the North's unwillingness to acknowledge or explain its role in helping Syria build a secret nuclear reactor, its continued denial of the existence of a uranium program, and its refusal to agree to anything approaching the kind of thorough, intrusive inspection regimen that would be necessary to verify its compliance with any agreement that it might sign.

Given North Korea's track record of official deception and reckless behavior, the next administration has little choice but to continue to insist on the complete, verifiable, and irreversible dismantlement of all of its nuclear capabilities. The Libyan example is relevant here. In that case, a policy of tough pressure, coupled with the promise of substantial benefits, was ultimately successful. The United States and its allies have removed all nuclear materials, machinery, and weapons designs from Libya and retain the right of unfettered access to all suspect sites. We should accept nothing less in the case of North Korea.

Unfortunately, there is little reason to doubt at this point that the Kim Jong Il regime is committed to retaining at least some of its nuclear capabilities, no matter what others are willing to offer. Kim likely regards the acquisition of nuclear weapons as the crowning achievement of his reign and the key to the continuation of his regime. As in the past, he will pocket whatever gains he can extract from the international community, making minimal, largely symbolic concessions to keep the negotiation process alive but refusing at critical moments to take real, verifiable steps toward complete nuclear disarmament.

It is possible that, once Kim passes from the scene, his successors may take a different view. In the meantime, the only way that he is likely to change course is if he feels that his own personal survival is in jeopardy. Ironically, the Bush administration actually started to make some progress in this direction when it imposed targeted financial sanctions back in 2005. These froze some North Korean accounts in overseas banks and threatened to constrict the flows of hard currency that Kim uses to reward underlings and fund his special weapons programs. One sign of the effectiveness of this measure was the furious response it provoked from Pyongyang. Nevertheless, the Bush administration dropped these sanctions and returned the North's money in exchange for moving forward with bilateral negotiations. In October 2008, the Bush administration bargained away another

piece of leverage in return for questionable gains by agreeing to remove North Korea from the list of state sponsors of terrorism in exchange for vague and noncommittal promises from Pyongyang to permit verification of its next steps toward nuclear disarmament. This leaves the incoming U.S. administration with an even weaker hand to play in coming rounds of negotiations.

Especially with the cooperation of a new, tougher-minded South Korean government, the next president might be able to restore some of the previous pressure on Pyongyang. But without China's active participation, the odds of generating enough discomfort to produce genuine results are not good. Based on its past track record, Beijing probably will do just enough to keep the North talking but not enough to compel it to disarm.

Whether in the context of six-party talks or in some other forum, the United States needs to forge closer coordination and a common strategic approach to the North with Japan and South Korea. While continuing to press the North to abandon its nuclear weapons, the allies should also step up their efforts to deter it from ever trying to use them and to reduce the likelihood that it will sell or transfer nuclear materials, technology, or knowledge to others. Looking beyond the military domain, Washington, Seoul, and Tokyo are all concerned about the humanitarian situation within North Korea, the plight of refugees, the status of citizens abducted by the North Koreans, and different scenarios for Korean unification. All of these should be topics of candid, discrete discussion among the three democratic allies and between them and China.

As regards the threat of further proliferation, the next administration should build upon the foundation that has been established over the last eight years by calling upon all nations to enforce the 2006 UN resolution prohibiting the North from importing or exporting any WMD or ballistic missile technology; urging South Korea to join the Proliferation Security Initiative, which has had some success in interdicting ships on the high seas carrying nuclear technology and ballistic missiles; and stepping up global efforts to disrupt and break up the clandestine networks Pyongyang uses to traffic in counterfeit currency and narcotics, and on which it would likely rely if it were to attempt to sell nuclear weapons or materials.

Russia

If there were lingering doubts about the true character of Vladimir Putin's Russia, recent events in Georgia have removed them. Driven by imperial nostalgia and bitterness at the outcome of the Cold War and fueled by the recent run-up in oil prices, Moscow now seems set on a course of blatant, unapologetic coercion and possible further aggression against its immediate neighbors to the west.

The next administration will have to craft its response to Russia's new assertiveness in Europe with an eye toward developments in Asia. It is possible that Putin's new militancy and the reactions it provokes in the United States and Europe will lead him into an even closer strategic alignment with China. Russia already depends heavily on Chinese purchases to keep its arms industry alive. Beijing is eager to buy more Russian oil and gas, and, at least for the moment, the two Eurasian giants see themselves as having shared interests in preventing a strong Islamist (or American) presence in Central Asia and standing up to American "hegemonism."

The Sino-Russian axis has serious structural weaknesses, however, and these could be brought to the surface more quickly if Moscow seeks to reassert itself in Asia as well as Europe. Some Russians already worry that China is gradually "colonizing" its Far Eastern provinces by flooding them with illegal immigrants. Others express concern that Moscow is selling China sophisticated weapons that will eventually be turned against its own armed forces. Fear of becoming too dependent on the Chinese market apparently lies behind Russia's desire to consider alternative pipeline routes so that it can bring oil directly to the Northern Pacific for sale to Japan. The fragile convergence of interest between Moscow and Beijing in Central Asia is beginning to show signs of strain as China's cash and dynamism permit it to play an increasingly dominant role

there. Even in the short term, Russia's invasion of Georgia caused China some embarrassment and diplomatic discomfort, and not only because it came in the midst of the Beijing Olympics. As it seeks to demonstrate that it is a "responsible stakeholder" and a modern power committed to "peaceful development," China will not want to be too closely associated with the thuggish, old-fashioned behavior of its erstwhile friend.

The United States and its allies clearly need to stand up to aggression in Europe, where Russia uses energy as a weapon of intimidation and has invaded Georgia and made threats to Ukraine. But a new administration should also take care not to drive Russia and China closer together. In the near term, the United States should continue to seek Russian cooperation on issues, such as preventing proliferation and countering transnational terrorism, over which our interests may overlap. In the longer run, we should hold open the possibility that, once "Putinism" has vanished from the scene, Moscow will again seek a closer alignment with the West, in part to ensure itself against the rise of Chinese power.

4

Working with Friends and Allies

Japan

Even as it seeks the best possible relationship with China, Washington should make clear to all concerned that its democratic friends and allies are at the heart of its Asia policy. Of these, none is more important than Japan.

There has been a disturbing tendency in some quarters recently to disparage Japan as a nation past its prime and in decline. With its population set to shrink and its GDP fast being approached by China's, Japan's people, it is claimed, have become increasingly susceptible to the appeals of right-wing nationalists. After a brief period of vitality and reform, the nation's political system has once again become paralyzed; its fast-changing governments are indecisive at best and obstructionist at worst. It is said that the United States cannot permit its policy in Asia to be guided by sentimental attachments—Japan was the past, in this view, and China is the future.

While acknowledging the seriousness of the challenges facing Japan, we reject altogether the conclusions that some appear to have drawn from them. Japan has been, and remains, the key to our goal of helping to shape an Asia peaceful, prosperous, and free.

After 9/11, the Bush administration took important steps to broaden and deepen the U.S.-Japanese alliance and to encourage Tokyo to play an even more active role in ensuring peace and stability in Asia and other regions, including the Middle East. Thanks in part to the close personal relationship between President Bush and then–prime minister Junichiro Koizumi and to Koizumi's willingness to push for change in his own system, this approach yielded significant results. The 2005 U.S.-Japan Joint Statement committed both sides to enhanced cooperation in building ballistic missile defenses, patrolling Asian sea lanes, and improving their ability to conduct joint military operations. Washington and Tokyo also expressed a common interest in "encouraging the peaceful resolution of issues concerning the Taiwan Strait through dialogue." Though couched in the gentle language of diplomats, this marked the first time that the Japanese government had openly expressed an interest in responding to possible Chinese aggression toward Taiwan. The joint statement also ratified what had been up to that point a policy of extremely close cooperation between the United States and Japan in applying diplomatic and economic pressure to compel North Korea to abandon its nuclear weapons program. Tokyo restated its commitment to join with the United States in promoting fundamental values such as basic human rights, democracy, and the rule of law and keeping the peace and promoting stability—as Japan did by sending troops to Iraq. For its part, the United States affirmed its commitment to seeking permanent membership for Japan on the United Nations Security Council.

Unfortunately, the positive momentum of several years ago has not been fully sustained. This is due in part to Koizumi's departure and the failure to this point of Japan's political system to produce a leader of similar skill and vision. But the recent leveling off in U.S.-Japanese relations is also the result of policy shifts in Washington. The Bush administration's decisions to seek direct dialogue with North Korea and to consult with Tokyo only after the fact, together with the administration's decision to remove North Korea from its list of state sponsors of terror, have left Japan feeling isolated. The administration's apparent unwillingness to sell advanced F-22 fighter aircraft to Japan and its evident eagerness to avoid doing anything that might offend

China have contributed to a growing sense of unease about the future direction of U.S. Asia policy.

The next administration will have to work to rebuild a sense of closeness and common purpose with Tokyo and to encourage Japan to stay on the track it has been following in recent years toward a more "normal" international role commensurate with its considerable wealth and power and a more equal alliance with the United States. It would be a mistake for the United States to take Japan for granted and to assume that it has no option but to cling to America for security. Washington instead should actively seek to engage Japanese politicians across the spectrum to build a solid consensus on the importance of the alliance. American policymakers should not forget that Japan remains an economic and technological powerhouse. If Tokyo comes to doubt our resolve and staying power, it could seek a separate accommodation with China or possibly even develop its own nuclear capabilities. On the other hand, a Japan that is palpably assured of America's commitment—even as Washington continues to engage Beijing—is far more likely to follow through on plans to take on broader responsibilities and to further strengthen the alliance.

Toward this end, the new administration should take up two specific, substantive issues with Japan. First, Washington should renew its efforts to establish joint planning mechanisms so that the United States and Japan can prepare together to meet the challenges they face. The absence of such mechanisms, and of fully developed joint contingency plans, creates a serious risk that the alliance could fail at precisely the moment when it is most needed. Second, the United States should press Japan, albeit quietly and with the requisite delicacy, to move forward in addressing the legal restrictions that still encumber and inhibit its security policy. Until these are dealt with in some way, the two nations will not be able to have an equitable and effective partnership.

Washington should encourage Tokyo to play a greater role in contributing to regional security, but it must also seek ways to help Japan escape its deepening isolation in Asia. Recent expressions of nationalist sentiment are, in part, a defensive response to what appears to many Japanese to be an increasingly threatening international environment. Healthy expressions of pride in Japan's history and accomplishments are probably a necessary accompaniment to its once more becoming a "normal" nation. If it wishes to adopt a more forward-leaning posture without arousing anxiety and animosity among its neighbors, however, Tokyo will have to deal more forthrightly with its imperial past. China has its own reasons for preventing old wounds from healing, no matter what Japan says or does. But Japan's democratic neighbors would welcome the closer and warmer relations that would become possible if its leaders could find a way finally to come to terms with the past. Japan and South Korea in particular are two nations with far more commonalities than differences in economics and politics, but they continue to be held apart by history.

Although it has become fashionable to speak of China's "soft power," it is Japan that has far greater potential in this regard. Japan has the knowledge and the technology to lead the region, and indeed the world, on the critical issues of energy efficiency and global climate change, as well as to play a much greater part in humanitarian relief and disaster response. As a fully functioning liberal democracy with effective governing institutions, it can help strengthen and promote civil society within the nascent democracies of Southeast Asia and throughout the developing world. Tokyo can also serve as a portal between Asia and the West, even as it works to overcome its political paralysis. Initiatives in these areas could help Japan assume the leadership role that its success as a prosperous, peace-loving liberal democracy entitles it to play.

Republic of Korea

Despite several years of tensions over nuclear negotiations and basing issues and clashes of ideology and personality between U.S. and South Korean leaders, the fundamentals of the alliance between the United States and the Republic of Korea (ROK) remain strong. Leaders on both sides still recognize

its vital importance, and, with the recent election of the more pro-American Lee Myung-bak, there are new opportunities to deepen cooperation and put the alliance on even firmer long-term footing.

Still, there are underlying strains and differences that need to be acknowledged and addressed. Korean society is changing rapidly, and the rising generation remembers America more as the backer of repressive anti-Communist military governments than as the nation's ally and defender during the Korean War. Washington and Seoul have yet to develop a fully unified approach for dealing with the North. From an American perspective, many South Koreans seem to harbor unrealistic hopes of achieving inter-Korean comity in the near term, yet remain reluctant to take any steps toward unification for fear of triggering instability and creating a huge financial burden. American strategists worry that the growing pull of the Chinese market could cause an eventual reorientation in South Korean diplomacy, and they would like to see Seoul resolve outstanding territorial disputes and dispel historical animosity toward Japan.

A healthy U.S.-ROK alliance is vital to America's long-term strategy for Asia. A new American president will have to work to further strengthen the alliance. The proposed U.S.-ROK free trade agreement (FTA) could provide an ideal means to link the two countries even more closely together. Yet there is a real danger that Congress will fail to approve a deal.

Americans should not underestimate the harm that a rejection of the FTA would cause. Washington would not only miss an opportunity to greatly enhance bilateral trade, including U.S. exports in every sector, but it could very well do lasting damage to the alliance by signaling diminished American interest in Korea, foregoing an opportunity to counter the increasing economic tug of China, and perhaps in the long run pushing Seoul toward Beijing. The Korea-U.S. FTA (KORUS) could be the template for all future Asia-Pacific FTAs. Japan has expressed interest in matching it. KORUS could well be the first step in harmonizing regional FTAs into a free trade area of the Asia Pacific.

The work of the next administration with respect to the ROK involves four main tasks. First, it must work with Congress to ratify the bilateral FTA, deepening bilateral trade ties with one of the region's most advanced economies while at the same time pressing for trade liberalization across Asia.

Second, it must demonstrate that the United States understands and will support Korea's desire to have a greater say in its own defense and on the international scene. South Korean officials are beginning to develop a joint vision for the bilateral alliance akin to what Tokyo and Washington have created. Washington should embrace this effort. Like Japan, South Korea has deep reserves of soft power—it is a thriving democracy with a vibrant economy. The United States should encourage South Korean participation in regional and global military groupings (including NATO), as well as joint aid, development, and democracy promotion projects.

Third, the next administration must facilitate to the extent possible improved Japanese-Korean relations and enhanced trilateral cooperation among Washington, Seoul, and Tokyo. This triumvirate of strong democratic states should lead the way in creating an Asia prosperous, peaceful, and free. While Japan has work to do in coming to terms with its past, South Korean leaders can do more to tamp down anti-Japanese sentiment by reforming how students learn about postwar Japan, for instance.

Fourth, it must develop a new, joint approach to North Korea. The new South Korean administration wants to devote more resources to absorbing North Korean refugees and favors a balanced, reciprocal approach to negotiations with Pyongyang. The former requires pressure on China to stop repatriating North Korean refugees to certain death and instead allow them to transit Northern China into South Korea and the United States. The latter requires new thinking on the six-party disarmament talks.

Taiwan

Like South Korea and Japan, Taiwan is a strong Asian democracy that has shown its willingness to play a greater role in global efforts against proliferation,

terrorism, and international crime. In its own recent history, Taiwan has also demonstrated the possibility of achieving a peaceful transition from authoritarianism to democratic governance.

At the same time, Taiwan is still a potential flashpoint for great power conflict. Beijing continues to proclaim its intention to bring Taiwan under its control and refuses to renounce the possible use of violence to achieve this end. The rapid, sustained buildup of Chinese military power across the Taiwan Strait adds credence to such threats. In the past decade, Beijing has steadily improved its ability to impose its will on Taiwan, whether through intimidation and coercion or the actual use of armed force.

The United States remains committed to the position that any resolution of the Taiwan issue must be achieved by peaceful means and through the freely given consent of all parties. As required by the 1979 Taiwan Relations Act, the U.S. government has a continuing obligation to periodically assess the changing balance of military power across the Strait and to provide Taiwan with the arms it needs to resist coercion and attack.

In 2001, in response to requests from Taipei, the U.S. government offered to sell an assortment of defensive systems intended to counter some of the new capabilities being deployed by China. Building on initiatives begun in the Clinton years, the administration also took steps to improve defense relations with Taiwan, including establishing a closer relationship with a military in dire need of training in advanced joint doctrine and joint operational concepts.

Unfortunately, after a promising start, relations between Washington and Taipei deteriorated sharply, leaving a residue of suspicion and mistrust. The end result is that for the past eight years, even as China has continued to advance, Taiwan has not done nearly enough to improve its defenses. Nor has America done all it could to improve Taiwan's self-defense and deter Chinese temptations toward aggression. The Bush administration's decision in its closing months to proceed with part of the original arms package is a step in the right direction, but it is insufficient in itself to correct growing imbalances.

It is essential for the new administration to continue the thirty-year-old policy of providing strategic support to Taiwan. Recently elected president Ma Ying-jeou has expressed his willingness to try to negotiate a thaw in relations with China, but he also seeks U.S. help in righting an increasingly unfavorable balance of military power. We need to respond in a measured but timely fashion. The belief that our commitment to Taiwan may be weakening can only serve to make Beijing less accommodating while simultaneously making Taipei nervous and increasingly desperate. Taiwan is more isolated, and more threatened, than it was eight years ago. Beijing's relentless pressure on the military front; its unceasing efforts to isolate Taiwan from the international community; and the perception, mistaken or otherwise, of waning American support could combine to produce very dangerous consequences.

If backed into a corner, Taipei might take a page from North Korea's book and attempt to strengthen its own deterrent capabilities. Taiwan is currently developing ballistic and cruise missiles with sufficient range to strike targets on the mainland. In the 1970s, until it was compelled by the United States to stop, Taipei had an active nuclear weapons program. For its part, Beijing has warned that any attempt by Taiwan to acquire nuclear weapons would be justification for going to war. It is not difficult to imagine how this situation could spiral out of control.

It is also conceivable that a deepening sense of isolation and hopelessness could at some point cause the Taiwanese people and their government to simply give up, accepting whatever terms they could get from a triumphant mainland. The "Finlandization" of Taiwan by the current Chinese regime would run directly counter to America's long-range aim of helping to build an Asia that is free and at peace. This goal cannot be achieved by force or threats of force; it must instead be the product of the settlement of disputes by peaceful and democratic means.

If the United States permits the mainland to coerce Taiwan into accepting a settlement, Japan, Korea, and our other allies and strategic partners will have good reason to question the continued

reliability of America's security guarantees. In this sense, Taiwan may reasonably be compared to Berlin during the Cold War. Whatever its intrinsic strategic value, Taiwan's fate will be vitally important for what it says about the global balance of power between China and the United States. The coerced absorption of Taiwan by the present Beijing regime could also have a direct impact on regional security. Taiwan is in the path of the vital sea lines that link Japan and the rest of Northeast Asia to Southeast Asia and the Persian Gulf. Chinese control of the island—perhaps eventually including the deployment of submarine, aircraft, and antiship missiles there—would allow Beijing to greatly extend its capacity to project military power, enhancing its ability to apply tremendous coercive pressure on Japan and South Korea.

The United States should support any resolution to the Taiwan issue that is arrived at peacefully and is genuinely acceptable to both parties. Until such a solution emerges, however, it is incumbent upon us to use all the tools of statecraft at our disposal to help Taiwan defend itself and to keep its morale high by supporting its inclusion in the international community. Simultaneously, we must continue to encourage cross-Strait diplomatic dialogue and further economic and cultural ties.

The key to an enduring, peaceful solution to the Taiwan question lies ultimately in the political liberalization of the mainland. Despite warnings that a democratic China would actually be *more* prone to use force against Taiwan, the opposite will probably prove to be the case. In a democratic China, no one party or group would any longer have a complete monopoly of political power. While some might favor attacking Taiwan, others would presumably support genuine negotiations with a fellow democracy. Freed of the necessity of accepting CCP orthodoxy, some might even take the view that the issue is actually not as important to the lives of ordinary Chinese people as it has long been made out to be. Just as in other democratic societies, mounting popular pressure for old-age pensions and health care would also serve to counter the military's demands for ever-bigger arms budgets. Last but not least, the Taiwanese people themselves would likely be far more open to some kind of association with a democratic mainland than they currently are to placing themselves at the mercy of an unaccountable, and likely vindictive, authoritarian regime.

Australia

Australia has been and must remain one of America's most important allies, not only in Asia, but around the globe. Over the course of the past eight years, the U.S.-Australian relationship has grown even closer. The two long-time partners fought together in Afghanistan and Iraq and pooled their efforts to combat a jihadist terror threat that both have come to see in very similar terms. The U.S. and Australian defense forces have increased missile defense cooperation and enhanced their ability to cooperate in conducting global expeditionary missions, as well as operations aimed at strengthening regional security, including trilateral maritime security exercises with Japan. Washington sees Australia as critical to stabilizing Southeast Asia and Oceania. It has applauded Canberra's deft efforts to bring governing capacity to failing states and its leadership in stabilizing East Timor and assisting Indonesia in its own counterterrorism efforts.

Looking forward, U.S. policy toward Australia should focus on three objectives.

First, Washington and Canberra must continue their successful efforts at combating terrorism. The Australian government has deep knowledge of the various jihadist groups operating across Southeast Asia. With Australia's help, the government of Indonesia has been very successful in combating the al Qaeda–linked Jemaah Islamiyah organization that previously carried out bloody attacks on its soil. The United States has helped the Philippines achieve similar results against indigenous Islamists with international links. Washington and Canberra have also joined forces in trying to persuade Thailand that honest, democratic governance is the key to dealing with a simmering Islamist insurgency.

Second, the United States should continue to assist Australia in acquiring the military capabilities it needs (including advanced-strike aircraft and reconnaissance systems) to ensure that its relatively small armed forces maintain a qualitative edge over all others in Southeast Asia and the South Pacific. Third—and most important—regardless of periodic changes in administration on either side of the Pacific, the United States and Australia must remain close in their policies toward China. It is obvious that Canberra does not want to see a great power conflict between Washington and Beijing. As China's demands for energy and natural resources have grown in recent years, Australia has also developed significant economic interests there. But it seems equally clear that Canberra does not want to see a diminution in America's ability to underwrite regional security. Both countries have a profound interest in forestalling Chinese preponderance in the Asia Pacific. Australians do not need to be reminded of what it means to live in a region dominated by a hostile power.

Some in Australia have expressed concern that the United States will one day ask them to choose between America and China. It is difficult to conceive of the circumstances under which this might happen short of direct armed conflict with China—something that the United States itself has every reason to want to avoid. In fact, it is far more likely that Beijing will attempt to drive a wedge between the United States and Australia in many circumstances short of conflict. Indeed, it has already done so with a clumsy request that Canberra "rethink" the Australia, New Zealand, United States Security Treaty.

Prior to Kevin Rudd's inauguration, some American observers expressed concern that Australia's new prime minister might "tilt" toward China. But there is no sign that this has occurred or is about to. In the long run, it is extremely unlikely that Canberra will sacrifice its alliance with Washington in favor of Beijing. Instead, Australia will continue to do what all Asia-Pacific powers, including the United States, have been doing: benefiting from trade with China, hoping the development of China's economy will lead eventually to a political transformation, and keeping their powder dry. This approach is fully compatible with our own.

Southeast Asia

For purposes of strategic planning, Southeast Asia can be thought of as being divided into two areas: a continental zone including the countries on mainland Eurasia east of India and south of China and an offshore or maritime zone extending south from the Philippines to Indonesia. These areas present the United States with different challenges and opportunities.

With the exception of Thailand, none of the states of continental Southeast Asia have democratic governments. Most (again, with the partial exception of Thailand and, increasingly, Vietnam) are comparatively poor, and all face the necessity of achieving some kind of accommodation with their big, powerful neighbor to the north. Of these countries, only Thailand faces the additional challenge of an Islamist insurgency.

America's influence in continental Southeast Asia is limited, and its goals must be correspondingly modest and largely defensive. The overall objective of U.S. policy must be to prevent China from completely dominating the region by offering those who wish it the opportunity to diversify their strategic and economic portfolios. This obviously applies to Thailand, which remains a treaty ally of the United States, but it also applies to Vietnam, which clearly seeks to maintain the greatest possible degree of independence and freedom to maneuver.

The toughest question presently confronting U.S. policymakers in this region is how best to deal with the brutal military dictatorship in Burma (or Myanmar). Washington has sought for years to force change on the regime through a policy of economic isolation and diplomatic pressure, but the effectiveness of this approach has been undercut by the actions of other governments. China has significant economic and strategic interests and ambitions in Burma, and it has used aid, investment, and other instruments to extend its influence there. Fearing that Beijing would gain unchecked access to offshore

energy and potential naval facilities on the Bay of Bengal, India has begun to use similar methods to compete with it. Rather than working at cross-purposes, Washington and Delhi should coordinate their efforts to counter undue Chinese influence in Burma while at the same time maintaining pressure for political liberalization and reform.

Thanks to liberalizing economic reforms, the nations of maritime Southeast Asia are comparatively prosperous, albeit to varying degrees, with substantial potential for future growth. With the exception of the tiny sultanate of Brunei, all have governments that Freedom House ranks as either "partly free" (Malaysia, Papua New Guinea, the Philippines, and Singapore) or "free" (Indonesia).[8] Most of these states have serious concerns about preserving internal stability and coping with Islamist insurgencies. All seek to benefit from economic relations with China, but, with varying degrees of intensity, all worry about outstanding disputes over offshore islands and resources, and all share a concern about the long-term implications for their autonomy of the unchecked growth of Chinese power. One of these states (Singapore) collaborates closely with the United States in addressing a wide range of security issues.

The aim of American strategy in this region should be to assist its nations in traveling further along the path they have already chosen: toward increasing stability, prosperity, and freedom. Fortunately, the same measures that will enable these countries to cope with internal threats—continued economic growth; the construction of accountable, honest, efficient state institutions; and modern, professional police forces and militaries—will also insulate them against external coercive pressures. The United States does not need to be the sole backer or leader of this effort, but it should work with other Asian democracies that share similar hopes for the region, including Australia, India, and Japan. The maritime Southeast Asian states themselves seek the increased involvement and presence of these countries in the region as part of their own strategy for engaging China while at the same time balancing its power. The United States ought to reinforce this impulse strongly. In the somewhat longer term, as it consolidates its political institutions and begins to fulfill its economic potential, Indonesia could become a model and a source of support for its neighbors.

India

India is rapidly becoming a great power with ambitions to match. Since the beginning of liberalizing reforms in the early 1990s, it has achieved greatly increased growth rates and will soon boast a trillion-dollar economy. As compared to China, India may actually have better prospects for sustaining high levels of long-term growth, thanks in part to its deeper political institutionalization, better-developed capital markets, high levels of indigenous innovation, and a more favorable demographic profile.

The United States and India share common values as well as many common interests. Unlike China, India is both an emerging economic powerhouse and a stable liberal democracy. Indian diplomats and political leaders have traditionally favored a highly pragmatic approach to foreign policy, but they have begun cautiously to place increased emphasis on values and interests in describing their own objectives. With the migration of many Indians to America in recent decades, the two countries are also increasingly linked by business and family connections.

Building on an opening begun under the Clinton administration, President Bush correctly followed a policy of assisting India's emergence as a great power. The Bush administration made extraordinary—and successful—efforts to resolve the anomaly of India's nuclear status by persuading other countries to begin the process of incorporating it into the global nonproliferation regime in return for Indian promises to separate civilian and military programs. The completion of the first steps in this bold and revolutionary policy initiative opens the door for moving forward on a broad agenda.

Delhi and Washington share interests in achieving stability in Afghanistan and Pakistan, defeating jihadi terror, ensuring secure access to energy supplies from the Persian Gulf and Africa, and insulating Asia from

any Chinese attempts at hegemonic domination. The United States has a strong interest in encouraging India to play a greater role as a democratic partner in addressing matters of international peace and security and in joining with it to build an Asia peaceful, prosperous, and free.

The two countries also have what may prove to be important differences over some critical issues, including the question of how best to deal with Iran and what to do about the repressive regime in Burma. As Delhi and Washington deepen ties, both sides will have to learn to live with differences in approach and emphasis, even as they attempt to reduce them. The United States will have to accept a continuation of some version of India's traditional policy of nonalignment and strategic independence. This is both realistic and perfectly consistent with America's policy of ensuring that its democratic partners in Asia remain strong and capable, even as they autonomously pursue their national interests.

At the economic level of engagement, the two governments should let their private sectors continue to take the lead. It is the dynamism of business on both sides that drives the development of closer economic ties. The role of government in both Washington and Delhi should be to reduce legal, regulatory, and procedural barriers to further trade and investment.

In the security domain, both countries seek greater transparency regarding China's plans and capabilities, and both are deeply concerned about China's military modernization. Unofficial Indian observers reacted strongly to the recent revelation that China has built a huge new naval base—a facility capable of housing up to twenty nuclear submarines and an aircraft carrier—on Hainan Island. This is merely the latest in a series of developments that have provoked concern in both the United States and India about China's growing infrastructure investments, the hints of its military presence in and around the Indian Ocean, and what these could mean for energy and sea-lane security. As part of a formal joint commitment to Indian Ocean security, the United States and India have undertaken a number of joint naval exercises, begun an intelligence-sharing program, and sought to expand combined operations. American firms have also begun to sell a variety of military systems to India, and that relationship is likely to grow substantially in the years ahead.

At the level of "high politics," Washington should work toward incorporating India into the G8, the Asia-Pacific Economic Cooperation (APEC), the Nuclear Suppliers Group, and the Missile Technology Control Regime, while supporting its desire for permanent membership on the UN Security Council. As will be discussed more fully in a subsequent section, Delhi and Washington should also work together to promote dialogue and cooperation among all of Asia's democratic nations.

As it pursues a deepening, multidimensional engagement, the United States should seek to develop a better understanding of modern India. Expertise on India is sorely lacking in most relevant government agencies, in Congress, and among analysts and opinion-makers. One way to make a small dent in this problem would be for the U.S. military to increase its foreign area officer billeting for India and make specializing in that country as important as pursuing a specialty in China. Nongovernmental institutions should develop a web of "track two" (nongovernmental) dialogues and organizations, similar to the ones that provide the connective tissue between America and so many other Asian partners.

The prognosis for the U.S.-Indian relationship is good. There is now a broad consensus among India's major political parties that relations with the United States are key to their country's emergence as a great power. Despite some differences over the nuclear issue, majorities in both the Republican and Democratic parties are also committed to working more closely with India. All sides now recognize that there is enormous unrealized potential in the emerging relationship between the world's largest and oldest democracies.

5

The Role of Institutions

The last few years have seen numerous proposals for creating new Asian multilateral institutions, including some that would build on the "great power" framework of six-party talks and others, more broadly inclusive, that would incorporate virtually every country in the region, much as the Commission on Security and Cooperation in Europe does. Some countries (notably China) have pushed "Asian only" groupings that exclude the United States, like ASEAN + 3 and the East Asia Summit.

The next administration should not just support, but should actively take the lead in helping to design and build a new Asian regional security structure. Provided that it has a seat at the table if it wishes one, the United States has no reason to object to the creation of a broadly inclusive multilateral security mechanism. But as is the case globally, and in other regions, such organizations will be limited in their effectiveness by differences in power, values, and interests among their many members. The United States cannot rely on regionwide institutions to secure its interests and advance its long-term goal of an Asia peaceful, prosperous, and free. For these purposes, Washington must pursue a three-pronged approach to institution-building.

As has been true in the past, first priority must go to keeping long-standing bilateral alliances and partnerships in good repair and strengthening those that have recently been created. These remain the backbone of the American position in the region and the foundation upon which further cooperation among Asia's democracies can be built.

Second, the United States should seek to strengthen the largely informal, "minilateral" mechanisms that have begun to spring up around Asia and that could link our democratic friends and allies. Among these are the U.S.-Japan-ROK relationship in Northeast Asia and the U.S.-Japan-Australia trilateral in North and Southeast Asia. The United States would also do well to consider reviving the Asia-wide "quad" consisting of Australia, the United States, India, and Japan. The quad responded successfully to the 2004 tsunami in South and Southeast Asia and could be used to address other concrete problems. For example, Japan, Australia, and the United States are already cooperating on maritime security and missile defense. This cooperation could be expanded to include regionwide antisubmarine warfare exercises, with India added into the mix. The quad's collective effort to ameliorate the plight of tsunami victims could be the model for future work in the areas of human rights, development, and humanitarian response, with the four participants joining forces to advance their shared interests and highlight their common values.

Finally, the next administration should give renewed attention to mechanisms designed to promote cooperation among all the democracies in the Asia-Pacific region. There are more people living in democratic societies in Asia today than in any other region in the world, yet Asia still lacks a regionwide, values-based organization. In the last few years alone, there have been serious challenges to democratic institutions and values in Asia, including insurgencies in the Philippines and Thailand and brutal crackdowns in Burma, Tibet, and Xinjiang. The human rights situation in North Korea may well be the world's most abysmal. Yet, despite the fervor with which so many people in the region have embraced freedom in recent decades, Asia's democracies *as a group* have not responded to these affronts.

The absence of a regional grouping of democracies is unnatural. Old arguments that Asia is "too diverse" to have a values-based organization or that historical legacies will keep Asians apart forever are

no longer persuasive, if indeed they ever were. After World War II, few thought that France and Germany would put aside centuries of conflict to take the lead in constructing a European community and an Atlantic partnership. Yet, after Germany's transition to democracy, they were able to do so. South Korea and Japan could play a similar role in uniting the democracies of Asia. The two countries today have many more similarities than differences. Taking the lead in creating an organization built on common values could help them, and Asia as a whole, to transcend the past.

A values-based organization could help Asia's younger democracies consolidate and develop (thereby reducing the risk of insurgencies taking hold), provide the region with reassurance regarding Japan's normalization, tie India and Australia firmly to the life of the Asia Pacific, and underline the depth and permanence of the connections between the United States and its democratic allies. Such an organization could act as an interlocutor with NATO and the EU as they seek to engage more deeply with Asia, and it could keep a hand outstretched to China while providing moral and practical support to Chinese reformers.

The primary argument against such an organization is, of course, that it would offend and antagonize China's current regime. But Beijing should not be permitted to veto the policies of democratic nations, whether individually or collectively. After all, even with the addition of a democratic grouping, there will be many other organizations in the region that continue to engage China, including ASEAN and APEC, and more still that anchor it in the global system, including the UN and the WTO. Moreover, the Chinese themselves have not been shy about building institutions that exclude the United States. Here as in other areas, we must not allow misplaced concern for the feelings of China's current rulers to dissuade us from doing what is in keeping with our values and in accordance with our interests. A democratic grouping in Asia should, of course, make clear that it would welcome participation by a China that meets the criteria for membership.

6

The Instruments of American Power

Hard Power: U.S. Military Posture and Strategy

Despite recent talk of "soft power," hard power remains the bedrock on which America's position in Asia rests. Soft power is important, and we will discuss it below. But without hard power to back it up, soft power quickly turns to mush.

Since the end of the Second World War, the United States has maintained a large, forward-deployed air, naval, and ground presence in East Asia. For much of that time, and certainly since the collapse of the Soviet Union, the ability of the United States to project military power into and around the region has been unmatched and largely unchecked. In practical terms, this meant that American ships, planes, and submarines could operate with impunity throughout the Western Pacific, right up to China's coastal waters, while its satellites orbited invulnerable overhead.

What has happened in the past decade, and what will in all likelihood continue to unfold in the years ahead, is that China has started to increase its own ability to project military power on, under, and over the waters off its eastern coasts, as well as in other directions. The operational areas of the great Pacific powers have begun to overlap. The broad challenge facing American strategic planners is to determine the extent to which the U.S. military can maintain its freedom of action in maritime Asia and its role as the preferred security partner for countries in the region, and the means by which it will be able to do so.

The breadth and pace of China's military buildup is impressive to say the least, and, in certain respects, it has taken American intelligence experts by surprise. Since the early 1990s, for example, the People's Liberation Army (PLA) Navy has started at least five submarine programs. Since 1995, the PLA Navy has put into operational service thirty-seven new submarines, including two nuclear-powered ones, at an average rate of nearly three new subs a year. In 2002–2004 alone, China launched thirteen submarines and bought eight more Kilo-class boats from Russia. Assuming a steady rate of commissioning and a submarine life span of twenty to thirty years, China could have up to eighty-five subs of all kinds at sea within the next eight years. Some of these will be equipped with the deadliest ship-killing weapons from Russia's arsenal, including extremely high-speed torpedoes and hypersonic, surface-skimming cruise missiles. Never since the period between the two world wars has a nation undertaken a comparable level of submarine deployment. By comparison, America's fleet of attack submarines has dwindled in size and is set to shrink still more in the years ahead. Because of its global responsibilities, the U.S. Navy must also divide its forces among different theaters. By 2010, the U.S. attack submarine fleet will consist of fifty-seven boats, of which no more than thirty-four are slated for deployment in the Pacific.[9] Although the United States and its allies developed extremely effective techniques for locating and sinking Soviet submarines during the Cold War, many experts believe that, in recent years, these capacities have begun to erode.

Another area in which the Chinese military has made notable progress is in the development and deployment of ballistic and cruise missiles. The PLA has now deployed roughly one thousand shorter-range ballistic missiles and is manufacturing new ones at a rate of around one hundred per year. These are equipped with increasingly accurate conventional warheads that are capable of destroying targets like airfields, ports, and command-and-control facilities. While most are presently deployed opposite Taiwan, some of these missiles will have the capacity to hit

targets throughout the Western Pacific, including the handful of major U.S. facilities in Japan, Okinawa, and Guam. China is also deploying large numbers of highly accurate ground attack cruise missiles that have similar capabilities and missions.

In addition to enhancing its ability to hit fixed land targets, the PLA has also developed revolutionary antiship ballistic missiles. Fired from shore and guided by a variety of external and internal target-locating systems, such weapons could be used to sink moving surface ships operating hundreds of miles off China's coasts. The most obvious targets for these missiles (as well as the advanced antiship weapons on Chinese submarines and surface vessels) are the aircraft carriers on which the United States would rely heavily in the event of a confrontation over Taiwan, the South China Sea, or any other issue in the Western Pacific.

China has also been experimenting with weapons that threaten America's heavy reliance on space and cyberspace to guide the projection of its earth-bound armed forces. In January 2007, Beijing proved that it now has at least a rudimentary capacity to destroy satellites using missiles fired from the earth's surface. There are indications (including discussions in open source Chinese military writings) that the PLA has a strong interest in acquiring the capability to destroy, jam, blind, or otherwise disable the communications, reconnaissance, and navigation satellites on which the United States military depends for the conduct of distant operations. Even if it could disrupt America's space capabilities only temporarily, the PLA would have a decisive advantage in the opening stages of any future conflict.

A variety of recently reported incidents suggest that China is also honing the ability to penetrate and disrupt computer networks in the United States and other nations. In addition to interfering with military operations, such attacks could cause massive disruptions to civilian power girds, transportation networks, and financial systems in those countries not adequately prepared to meet them.

The pace and scope of the PLA's military modernization suggest that China is intent on developing the wherewithal to contest American military preponderance in East Asia and that it seeks capabilities that might permit it to impose quick, initial defeats on U.S. forward-deployed forces and those of its regional allies without necessarily making use of nuclear weapons or hitting targets in the continental United States.

The United States must take seriously the military modernization of China. It cannot afford to wait and see what course Beijing will take before developing the capabilities it needs to maintain a favorable balance of power. Significant, sustained investments will be required to counter the programs China already has in train. Among the steps that need to be taken over the coming decade are the following:

- Increase the number and reduce the vulnerability of U.S. and allied airbases, seaports, en route transport and logistics infrastructure, and other facilities across Oceania and Asia through hardening, dispersal, and active missile defenses.

- Revitalize American and allied capabilities in undersea warfare, including operations against hostile submarines and sustained campaigns to control the use of sea lines of communication.

- Preserve U.S. and allied access to and freedom of navigation in space by fielding capabilities for defending satellites; rapidly deploying new ones or effective high-endurance substitutes; improving U.S. wartime capabilities for space command and control and allied battle management; and developing the ability to prevent, if necessary, enemy space-attack missile launches, direct energy attacks, or attempts at electromagnetic interference.

- Expand the capacity to conduct precision conventional attacks at very long distances and to conduct high-intensity missions from shorter distances by developing new

unmanned aerial vehicles, penetrating manned aircraft, suborbital space systems, and undersea naval strike platforms.

- Improve U.S. missile defenses and associated battle management systems to counter large-scale attacks and to extend a defensive shield over allies and friends in a crisis.

- Continue to track and counter the development of techniques for computer network attack by potentially hostile powers, while at the same time improving U.S. capacities for both offensive and defensive cyberwarfare.

Doing all of this will obviously be expensive. In the long term, it will likely require bigger overall defense budgets; in the near term, some very tough choices will have to be made about what weapons to buy and which missions to emphasize. Many of the steps proposed here will also encounter stiff opposition from China, as well as from well-intentioned people in the region and elsewhere who fear that such actions would trigger an unnecessary and dangerous "arms race." As even a cursory examination of China's recent military modernization and expansion makes clear, however, the balance of military power in the Asia-Pacific region is already shifting. The United States and its regional friends and allies have among them more than ample resources to ensure their security. But if they fail to deploy them in an effective and purposeful way, they will find themselves on the wrong end of a rapidly shifting balance of power.

Soft Power

Much recent commentary on America's position in Asia follows a similar storyline: once beloved, in the past eight years the United States has suffered a grievous loss of popularity, thanks to the style and policies of the Bush administration and, in particular, the "war on terror" and the invasion of Iraq. The next president will have to work hard at restoring America's image, appeal, and soft power—usually defined as the ability to get others to want what we want.

There is some truth in all this, of course, but not as much as is widely assumed. According to one recent Pew Research Center poll, the United States is already viewed positively by half or more of the people in the Asian countries surveyed; it enjoys a more positive reputation than China in virtually all of them (with the exception of Indonesia); and, in almost every case (with the exception of Japan), the trend has been upward in the past two years, while China's popularity has declined across the board.[10]

International politics is obviously not a popularity contest, and such surveys should always be taken with a sizeable grain of salt. Still, what this one suggests is that, contrary to much handwringing at home, the United States continues to have a sizable reservoir of goodwill on which to draw in Asia. This does not mean that the next administration cannot do better, but the notion that the situation is dire and can only be retrieved with a heavy-handed "charm offensive" is clearly off the mark.

The aim of this element of our overall strategy toward Asia is not to be loved but to be respected—as a nation that does its best to uphold the principles it proclaims, respects the autonomy of those whom it seeks to lead, stands by its friends, and stands up to its foes. These messages are conveyed more effectively by deeds than by words.

Perhaps the most important thing the United States can do to nurture its soft power in Asia is to remain open to goods, ideas, capital, and people flowing to and from the region. As long as those who wish to do so can trade, invest, travel, study, and live in this country, we can be confident that the virtues of our system will continue to speak for themselves.

Notes

1. Calculated using Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: Development Centre of the Organisation for Economic Co-operation and Development, 2001), 173, 214.

2. Calculated using Angus Maddison, *Contours of the World Economy, 1–2030 AD: Essays in Macro-Economic History* (New York: Oxford University Press, 2007), 343.

3. "Table on World and Regional Military Expenditure, 1988–2007," Stockholm International Peace Research Institute, available at www.sipri.org/contents/milap/milex/mex_wnr_table.html (accessed September 15, 2008). These figures do not include spending by the USSR/Russia.

4. Office of the Secretary of Defense, *Annual Report to Congress: Military Power of the People's Republic of China 2008*, 33, available at www.defenselink.mil/pubs/pdfs/China_Military_Report_08.pdf (accessed October 27, 2008).

5. Calculated using U.S. Department of Commerce, Bureau of Economic Analysis, "U.S. International Transactions Accounts Data," available at www.bea.gov/international/bp_web/list.cfm?anon=78931&registered=0 (accessed October 27, 2008).

6. U.S. Department of the Treasury, "Major Foreign Holders of Treasury Securities," available at www.treas.gov/tic/mfh.txt (accessed October 27, 2008).

7. Freedom House, "Table of Independent Countries, 2008," available at www.freedomhouse.org/template.cfm?page=415&year=2008 (accessed October 27, 2008).

8. Ibid.

9. Ronald O'Rourke, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress* (Washington, DC: Congressional Research Service, September 12, 2008), 67–68.

10. See the twenty-four-nation survey by the Pew Global Attitudes Project, "Some Positive Signs for U.S. Image," June 12, 2008, available at http://pewglobal.org/reports/pdf/260.pdf (accessed October 28, 2008).

Endorsements

• Richard Armitage
Former Deputy Secretary of State
Founding Partner, Armitage International

I am pleased to lend my endorsement to this strategy paper with some brief additional comments. I believe the report broadly captures the challenges and opportunities for the United States in the Asia-Pacific region.

I think more could have been said about the twin challenges of energy security and climate change. I also would have liked to see a fuller description of a "smart power strategy," which is alluded to at the end of the report.

I believe the report raises the right set of questions related to China's rise (or, as I prefer, China's re-rise), but perhaps fails to capture the full complexity of our economic interdependence, and the consequences for Washington (e.g. Chinese holding of Treasury Bills may affect our latitude for maneuver).

Regarding North Korea, I believe the report could have elaborated upon how a dual track policy of CVID and counter-proliferation would work in practice, and I would have liked to have seen advocacy for candid contingency planning between the United States, South Korea, Japan and China.

• Victor Cha, Ph.D.
Former Director for Asian Affairs, National Security Council
Professor, Georgetown University

I endorse this report with two comments. I agree that the next administration must consolidate relations with Tokyo and repair any damage to the relationship that resulted from the U.S. decision to de-list the DPRK as a state sponsor of terrorism. However, the administration must also elicit from Tokyo cooperation in capping the DPRK's plutonium program. Monitoring and disabling of this program is ultimately in Japan's national security interests.

In regards to the DPRK's denuclearization, I agree that a Libya-type CVID solution must be the standard. However, short of achieving this standard, the administration must negotiate effectively to maintain the continued disablement of the DPRK's nuclear facilities. This ultimately helps to degrade Pyongyang's capabilities even as the DPRK engages reluctantly in negotiations to disarm it.

• Ambassador J. D. Crouch II
Former Deputy National Security Advisor

• Lisa Curtis
Senior Research Fellow, Heritage Foundation

• Ambassador Robert Joseph
Former Under Secretary of State for Arms Control and International Security
Senior Scholar, National Institute for Public Policy

• Stephen Krasner
Former Director, Policy Planning Staff, Department of State
Professor, Stanford University

• Richard Lawless
Former Assistant Secretary of Defense
Richard Lawless and Associates

• Jackie Newmyer
President and CEO, Long Term Strategy Group

• James Roche
Former Secretary of the U.S. Air Force

• Stephen Rosen
Professor, Harvard University

(continued on the next page)

Endorsements (continued)

• **Randy Scheunemann**
Former Director of National Security, McCain-Palin 2008

• **Randall Schriver**
Former Deputy Secretary of State
Founding Partner, Armitage International

• **S. Enders Wimbush**
Senior Vice President, International Programs and Policy, Hudson Institute

• **Larry M. Wortzel, Ph.D.**
Colonel, U.S. Army (Retired)

Commentaries

• **Joseph I. Lieberman (I-D-Conn.)**
U.S. Senate

The resurgence of Asia is one of the epochal events of our time—a tectonic shift in global power that is not only transforming the face of a vast region, but throwing open new opportunities for billions of people on both sides of the Pacific, Americans and Asians alike. Seizing these opportunities will require strong American leadership and an unequivocal American commitment to the Asia-Pacific, whose fate is increasingly inseparable from our own. This thoughtful new report offers a valuable and provocative blueprint for U.S. grand strategy in this important region.

• **Admiral Thomas B. Fargo, USN (Retired)**
Former Commander, U.S. Pacific Command

"An American Strategy for Asia has done a great service in bringing an Asian focus to our national policy debate. The two-way ties that America enjoys with Asia are benefiting Americans and Asians alike and will only grow in importance. The opportunities for continued peace and prosperity are significant. We must remain clear-eyed, however, and keep our vital national interests squarely in the forefront of any discussion of U.S. policy toward Asia. This report has contributed much to that dialogue."

• **Richard Ellings**
National Bureau of Asian Research

"An American Strategy for Asia" addresses the fundamental facts of international relations in the 21st century. The structure of global power has been undergoing a dramatic transformation that began with Chinese reforms thirty years ago and gained impetus through the collapse of the Soviet empire and acceleration of international finance and trade. This report is a thoughtful response to the concentration of power in the Asia-Pacific, the rise of China and other powers in the region, and, correspondingly, the absolutely critical strategic issues now facing the United States.

About the Asia Strategy Working Group

The Asia Strategy Working Group first convened in September 2007 to craft a U.S. strategy for Asia at a time of rapid regional transformation. The group held nine meetings to consider the implications of a rising China, a resurgent Japan, an India "looking east," the future of the Korean Peninsula, Taiwan's role in American strategy, the U.S.-Australian alliance, the challenges of a Southeast Asia confronting radical Islam, and regional great-power competition. The working group's goal was to craft U.S. strategic responses to the Asia Pacific's new regional landscape. This report presents the group's findings.

Biographies of Members

Codirectors:

Dan Blumenthal joined AEI in November 2004 as a resident fellow in Asian studies. He has served on the U.S.-China Economic and Security Review Commission since 2005, serving as vice chairman in 2007, and as a member of the Academic Advisory Board for the Congressional U.S.-China Working Group. Previously, Mr. Blumenthal was senior director for China, Taiwan, and Mongolia in the Office of the Secretary of Defense for International Security Affairs during the first George W. Bush administration. In addition to writing for AEI's *Asian Outlook* series, he has written articles and op-eds for the *Washington Post*, the *Wall Street Journal*, *The Weekly Standard*, *National Review*, and numerous edited volumes. He is currently working on a monograph that will examine divides within the China policymaking community.

Aaron Friedberg is a professor of politics and international affairs in the Woodrow Wilson School of Public and International Affairs at Princeton University. He served as a deputy assistant for national security affairs in the Office of the Vice President from 2003 to 2005 and is a member of the Defense Policy Board. He was the first Henry Alfred Kissinger Scholar in Foreign Policy and International Relations at the Library of Congress in 2001. He is the author of two books, *In the Shadow of the Garrison State: America's Anti-Statism and Its Cold War Grand Strategy* (Princeton University Press, 2000) and *The Weary Titan: Britain and the Experience of Relative Decline, 1895–1905* (Princeton University Press, 1998), which received the Edgar Furniss National Security Book Award.

Members:

Michael Auslin is a resident scholar in Asian studies at AEI. He specializes in U.S.-Asian relations, Japanese foreign policy, and Asian security. Prior to joining AEI, Mr. Auslin was an associate professor of history and a senior research fellow at the MacMillan Center for International and Area Studies at Yale University. He has been named a Young Global Leader by the World Economic Forum, an Asia 21 Young Leader, and a Fulbright and Japan Foundation Scholar. His writings on Japan and Japanese diplomacy include the books *Japan Society: Celebrating a Century, 1907–2007* (Japan Society Gallery, 2007) and *Negotiating with Imperialism: The Unequal Treaties and the Culture of Japanese Diplomacy* (Harvard University Press, 2006).

Thomas Donnelly is a resident fellow in defense and security policy studies at AEI. He is the author, with Frederick W. Kagan, of *Ground Truth: The Future of U.S. Land Power* (AEI Press, 2008); the coeditor, with Gary J. Schmitt, of *Of Men and Materiel: The Crisis in Military Resources* (AEI Press, 2007); and the author of *The Military We Need* (AEI Press, 2005), *Operation Iraqi Freedom: A Strategic Assessment* (AEI Press, 2004), and several other books. From 1995 to 1999, he was the policy group director and a professional staff member for the House Armed Services Committee. Mr. Donnelly also served as a member of the U.S.-China Economic and Security Review Commission. He is a former editor of *Armed Forces Journal*, *Army Times*, and *Defense News*.

Members (continued):

Nicholas Eberstadt holds the Henry Wendt Chair in Political Economy at AEI and is also a senior adviser to the National Bureau of Asian Research. He is currently a member of the President's Council on Bioethics and the Visiting Committee for the Harvard School of Public Health. Mr. Eberstadt has written widely in scholarly and popular journals on such issues as demography, international development, and international security. His books on Asian affairs include *The North Korean Economy: Between Crisis and Catastrophe* (Transaction, 2006); *Korea's Future and the Great Powers* (University of Washington Press, 2002), coedited with Richard J. Ellings; *The End of North Korea* (AEI Press, 1999); *The Population of North Korea* (Institute of East Asian Studies, 1992), coauthored with Judith Banister; and *Poverty in China* (International Development Institute, 1979).

Christopher Griffin is a legislative assistant for defense policy in the office of Senator Joseph I. Lieberman (I-D-Conn.). When he participated in the Asia Strategy Working Group, he was a research fellow at AEI, where he wrote on American defense and foreign policy with a focus on East Asia, and a contributing editor to the *Armed Forces Journal*, where he wrote about the U.S. defense industry and global arms trade. Before joining AEI, he was a research assistant in the strategic studies department at the Johns Hopkins University School of Advanced International Studies.

Gary J. Schmitt is a resident scholar at AEI, where he is the director of the Program on Advanced Strategic Studies. Prior to coming to AEI, he helped found and served as executive director of the Project for the New American Century, a Washington-based foreign and defense policy think tank. Previously, Mr. Schmitt was a member of the professional staff of the Senate Select Committee on Intelligence and served as the committee's minority staff director. In 1984, he was appointed by President Ronald Reagan to the post of executive director of the President's Foreign Intelligence Advisory Board at the White House. Mr. Schmitt is the coeditor, with Thomas Donnelly, of *Of Men and Materiel: The Crisis in Military Resources* (AEI Press, 2007). Mr. Schmitt has written books and articles on a number of topics, including the American founding, the U.S. presidency, intelligence, and national security affairs.

Ashley J. Tellis is a senior associate at the Carnegie Endowment for International Peace, specializing in international security, defense, and Asian strategic issues. While on assignment to the U.S. Department of State as senior adviser to the under secretary of state for political affairs, he was intimately involved in negotiating the civil nuclear agreement with India. Previously, he was commissioned into the Foreign Service and served as senior adviser to the ambassador at the U.S. Embassy in New Delhi. He also served on the National Security Council staff as special assistant to the president and senior director for strategic planning and Southwest Asia. He is the author of *India's Emerging Nuclear Posture* (RAND, 2001) and coauthor of *Interpreting China's Grand Strategy: Past, Present, and Future* (RAND, 2000). He is the research director of the Strategic Asia program at the National Bureau of Asian Research and coeditor of the five most recent annual volumes, including this year's *Strategic Asia 2008–09: Challenges and Choices.* His academic publications have appeared in many edited volumes and journals. He is frequently called to testify before Congress. Mr. Tellis is a member of the Council on Foreign Relations, the International Institute for Strategic Studies, the U.S. Naval Institute, and the Navy League of the United States.

Jim Thomas is vice president of Applied Minds, Inc. He served as deputy assistant secretary of defense for plans and resources, spearheading the 2006 *Quadrennial Defense Review* and helping to reorient U.S. operational and force planning toward the security requirements of the Asia-Pacific region. Building on his work at the Pentagon, he maintains an active interest in strengthening U.S. alliances and partnerships in the region. He is a former U.S. Navy Reserve officer.

Rapporteurs:

Laura Conniff is a student a Stanford Law School. She was previously a research assistant in Asian studies at AEI and chair of the Asia Group of Young Professionals in Foreign Policy. She has studied in both China and Taiwan and worked as a research intern at Academia Sinica. She graduated Phi Beta Kappa from Columbia University in East Asian studies.

Michael Mazza is a research assistant in Asian studies at AEI. He previously worked as a policy analyst assistant at SAIC and has lived and studied in China. He graduated Phi Beta Kappa from Cornell University and has a master's degree from the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University, where he studied strategic studies and international economics.