1 *Comprehensive East Asian Security*

Comprehensive security is a policy that will secure our national survival or protect our social order… through the combination of diplomacy, national defense, economic and other policy measures.

– Japanese Diplomatic Blue Book, 1981, p. 30

Is East Asia increasingly prosperous and stable? If so, why?

China's share of regional gross domestic product (GDP) grew from 8 percent in 1990 to 51 percent in 2014, while Japan's share fell from 72 percent in 1990 to 22 percent (Figure 1.1).[1] China's share of regional trade grew from 8 percent in 1990 to 39 percent by 2014 (Figure 1.2).

As the region has grown richer and more integrated over the past twenty-five years, and as China has grown richer and more integrated within East Asia itself, East Asian defense spending has steadily declined. The proportion of the economy devoted to defense spending is now roughly half of what it was in 1990 and shows no sign of increasing. Indeed, East Asian military expenditures are now similar to those in Latin America (Figure 1.3).[2] Specifically, the defense spending of the eleven main East Asian states declined from an average of 3.35 percent of GDP in 1990 to an average of 1.84 percent in 2015.

The rest of this book is essentially an effort to explain these three figures – a rich China in a deeply intertwined region that is experiencing long-term declines in defense spending. I argue that these three figures tell an accurate, enduring, and often overlooked story about East Asia: what I am calling the quest for comprehensive security. The region has grown richer. China has already managed a head-spinningly

[1] Figures from the World Bank, World Development Indicators.
[2] East Asia: China, Japan, South Korea, Taiwan, Australia, Singapore, Vietnam, the Philippines, Malaysia, Indonesia, Thailand. Latin America: Mexico, Argentina, Bolivia, Brazil, Chile, Columbia, Ecuador, Peru, Uruguay, and Venezuela.

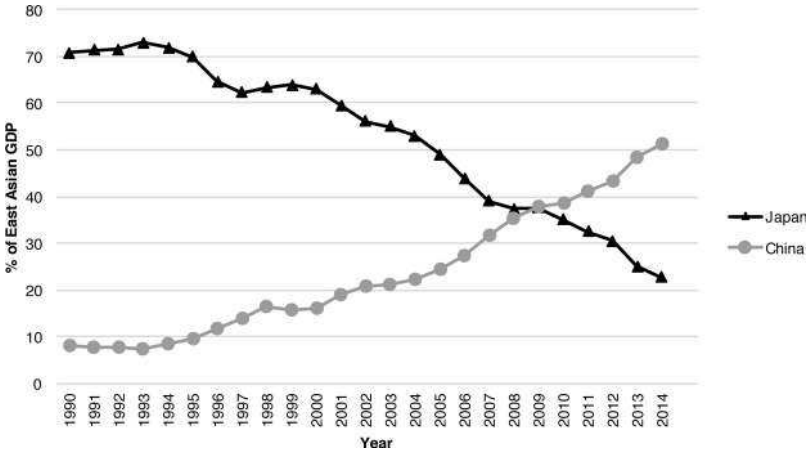

Figure 1.1 Share of total East Asian GDP, 1990–2014 (%).
Countries: China, Japan, South Korea, Taiwan, Vietnam, Philippines, Singapore, Malaysia, Indonesia, Thailand, and Australia.
Source: World Bank, World Development Indicators.

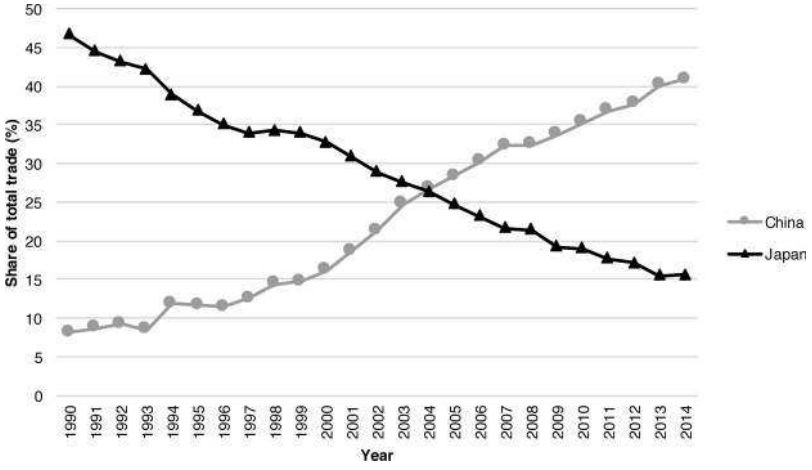

Figure 1.2 Share of East Asian regional trade, 1990–2014 (%).
Source: World Bank, World Development Indicators.

fast regional power transition. Countries are rapidly increasing their economic ties to China and each other. And, East Asian countries have steadily reduced their defense spending because they see little need to arm. There are numerous issues still to be resolved, but countries think

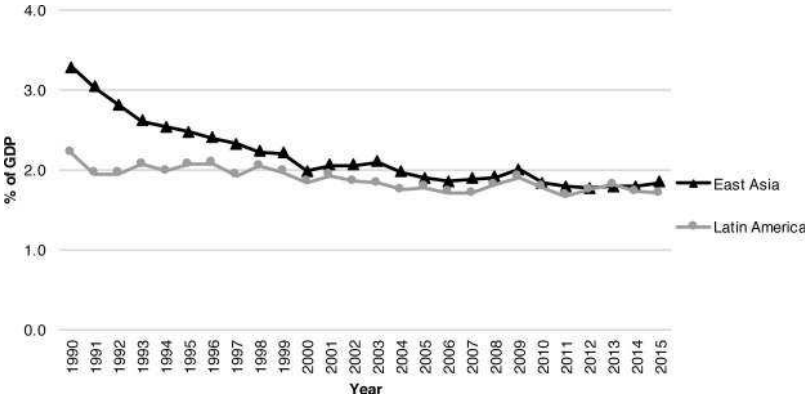

Figure 1.3 East Asian and Latin American defense spending, 1990–2015 (% of GDP). East Asian countries: China, Japan, South Korea, Taiwan, Vietnam, Philippines, Singapore, Malaysia, Indonesia, Thailand, and Australia. Latin American countries: Argentina, Bolivia, Brazil, Chile, Columbia, Ecuador, Peru, Uruguay, Venezuela, and Mexico.
Source: Information from the Stockholm International Peace Research Institute (SIPRI), www.sipri.org/databases/milex, 2016.

most of those issues are not worth fighting over. All countries in the region have to coexist with each other – none is picking up and moving somewhere else – and countries are thus dealing with that reality and seeking diplomatic, not military, solutions with each other.

This East Asian reality runs counter to a largely Western narrative that views China's rise as a threat and the region as increasingly unstable. Indeed, for over a quarter-century, some scholars have made dire and continued predictions that East Asia is going to experience an arms race, that the regional security dilemma is intensifying, and that dangerous instability driven by China is just around the corner. In recent years, perceptions of increased Chinese assertiveness, regional fears, and a muscular U.S. rebalancing effort toward the Pacific have increased concern among some observers that the region may be drifting toward rivalry and containment blocs.[3] This

[3] Avery Goldstein, "First Things First: The Pressing Danger of Crisis Instability in U.S.–China Relations," *International Security* 37, no. 4 (Spring 2013): 55. Adam P. Liff and G. John Ikenberry, "Racing Toward Tragedy? China's Rise, Military Competition in the Asia Pacific, and the Security Dilemma," *International Security* 39, no. 2 (Fall 2014): pp. 52, 88; Ja Ian Chong and

literature sees substantial uncertainty about intentions and goals among East Asian states, with countries rapidly arming themselves, and nationalist publics pushing leaders to stand tough in disputes with neighbors.[4]

However, there is little evidence that East Asian states are engaged in an arms race, and few states are sending costly signals about their resolve to suffer the costs of war. In the scholarly literature, costly signals are actions that a country committed to fighting over an issue would take, but that a country that was bluffing would not take. Almost all countries in East Asia are not sending costly signals to each other in any meaningful manner.

Rather than engaging in military competition, East Asian countries are pursuing *comprehensive security:* a wide range of diplomatic, institutional, and economic strategies – as well as military strategies – in their dealings with each other. This pursuit of comprehensive security is regionwide. Almost all countries in the region view their security

Todd H. Hall, "The Lessons of 1914 for East Asia Today: Missing the Trees for the Forest," *International Security* 39, no. 1 (Summer 2014): 42; Jonathan Holslag, *China's Coming War with Asia* (Cambridge, UK: Polity, 2015); John J. Mearsheimer, "The Gathering Storm: China's Challenge to US Power in Asia," *Chinese Journal of International Politics* 3, no. 4 (2010): 381–96; Dan De Luce and Keith Johnson, "How FP Stumbled into a War with China – and Lost," *Foreign Policy*, January 15, 2016, foreignpolicy.com/2016/01/15/how-fp-stumbled-into-a-war-with-china-and-lost/; Harry J. Kazianis, "Get Ready, America: Are China and Japan Destined for War?" *National Interest*, January 22, 2016, nationalinterest.org/blog/the-buzz/get-ready-america-are-china-japan-destined-war-14991; Aaron Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security* 18, no. 3 (Winter 1993/1994): 5–33; Abraham M. Denmark, "Could Tensions in the South China Sea Spark a War?" *National Interest*, May 31, 2014, nationalinterest.org/feature/could-tensions-the-south-china-sea-spark-war-10572; Robert D. Kaplan, "The South China Sea Is the Future of Conflict," *Foreign Policy*, August, 15, 2011, foreignpolicy.com/2011/08/15/the-south-china-sea-is-the-future-of-conflict/; Andrew Browne, "The Specter of an Accidental China–U.S. War," *Wall Street Journal*, August 16, 2016, www.wsj.com/articles/the-specter-of-an-accidental-china-u-s-war-1471360811?tesla=y; and Sebastian Rosato, "Why the United States and China Are on a Collision Course," *Policy Brief* (Cambridge, MA: Belfer Center for Science and International Affairs, May 2015), belfercenter.ksg.harvard.edu/publication/25378/why_the_united_states_and_china_are_on_a_collision_course.html.

[4] Jessica Chen Weiss, "Authoritarian Signaling, Mass Audiences, and Nationalist Protest in China," *International Organization* 67, no. 1 (2013): 1–35; Chong and Hall, "The Lessons of 1914 for East Asia Today," 26; Goldstein, "First Things First," 59; Liff and Ikenberry, "Racing Toward Tragedy?" 88.

environment as relatively benign, particularly compared to a generation ago. China's economic growth, East Asian growth, and increasing security is a regional phenomenon that has been occurring together. The intertwined nature and increasing interactions among regional countries are closely linked. China's rise occurred within a rapidly integrating region that has been experiencing dramatic economic growth and prolonged social and political stabilization. Both China and the region have grown richer and more stable together, and the policies they have pursued have been, for the most part, mutually reinforcing. The major exception to this argument is North Korea, which is attempting to convince everyone that it is willing to use force to achieve its aims.

The explanation for this relatively stable security environment in East Asia is straightforward: few countries fear for their survival. Even residual maritime disputes do not threaten their national survival. Leaders and citizens want economic growth, social integration, and better regional architecture. Their publics and businesses are oriented toward openness, trade, and increasing cultural and social interactions in the region. As Etel Solingen put it, "Leaders in most East Asian states pivoted their political control on economic performance and integration into the global economy."[5] Indeed, China threatens the survival of only one country – Taiwan – and even that relationship has largely stabilized over the years due to rapid economic integration between the two sides and an agreement that Taiwan can act like a country as long as it does not call itself a country.

It is true that China is seen as increasingly aggressive, particularly in the United States, and the U.S. Pentagon is planning for the possibility of a military strategy in dealing with China. As the administration of recently elected President Trump takes form, Trump and his key advisers appear to be planning to take a more confrontational stance toward China. For example, the leader of Trump's National Trade Council, Peter Navarro, has blamed China for virtually all American economic and strategic woes, writing that "Over the past decade, riding tall astride the Trojan Horse of free trade, a 'predatory' China has stolen millions of American manufacturing jobs

[5] Etel Solingen, "Pax Asiatica Versus Bella Levantina: The Foundations of War and Peace in East Asia and the Middle East," *American Political Science Review* 101, no. 4 (November 2007), 757–80, 758.

from under our noses."[6] In January 2017, Trump's secretary of state nominee Rex Tillerson also suggested the United States might engage in a naval blockade of Chinese South China Sea claims. Trump advisers have called for increasing the U.S. navy to 350 ships and suggested levying a 45 percent tariff on Chinese goods.[7] Trump himself has suggested abandoning U.S. alliances with Japan and Korea and that the "one-China policy" was up for reconsideration, and his first official order of business upon taking the presidency in January 2017 was to formally pull out of the Trans-Pacific Partnership economic initiative.

How this U.S.–China dynamic plays out will have an impact on regional security, of course. But if the United States and China increasingly compete directly with each other or engage in a trade war, it is unlikely that East Asian countries will feel the necessity to choose sides. The evidence is fairly clear: regional states want good relations with both the United States and China, and there is little appetite in the region for a containment coalition against China. Put differently, East Asian leaders and peoples share some, but not all, American priorities.

Considering the ample evidence of China's rising power, states in the region could easily have already begun a vigorous counterbalancing strategy against China if that were their intention. It seems reasonable to argue that if states were going to balance against China, they would have begun by now. Those who predict that a containment coalition will rise against China in the future need to explain why this has not already occurred, despite three decades of transparent and rapid Chinese economic, diplomatic, and military growth.[8] Idle speculation about what could happen decades from now provides little insight into the decisions states are making today. If China's neighbors

[6] See, for example, Isaac Stone Fish, "Trump's China-Bashing Id," *Slate*, December 22, 2016, www.slate.com/articles/news_and_politics/foreigners/2016/12/peter_navarro_trump_s_trade_czar_embodies_the_china_bashing_id_of_his_campaign.html.

[7] Peter Navarro, "Trump's 45% Tariff on Chinese Goods Is Perfectly Calculated," *Los Angeles Times*, July 21, 2016, www.latimes.com/opinion/op-ed/la-oe-navarro-trump-trade-china-tariffs-20160721-snap-story.html.

[8] See, for example, David C. Gompert, Astrid Cevallos, and Cristina L. Garafola, *War with China: Thinking Through the Unthinkable* (Santa Monica, CA: RAND Corporation, 2016). www.rand.org/pubs/research_reports/RR1140.html.

believed China would be more dangerous in the future, they would have begun preparing for that possibility already.

So What?

The research presented in this book is consistent with a sizable literature that sees East Asia as relatively stable and prosperous.[9] For example, Evelyn Goh identifies both complicity and resistance to U.S. hegemony in East Asia, and carefully charts the changing order in the region that desires to incorporate both China and the United States but that is fundamentally more stable than generally believed.[10] Iain Johnston has argued that China's new assertiveness is neither new nor that assertive.[11] And Amitav Acharya has consistently argued that East Asian countries are building an institutional order that moves far beyond American hegemony.[12]

Accurately understanding East Asian regional perceptions and their grand strategies is central to U.S. policy in East Asia. The key debate is whether to contain China, and whether East Asian countries would go along with a containment policy of China. The outlines of a Trump approach to East Asia are only beginning to become clear and will not fully emerge for some years. Yet, as noted previously, early indications have revealed that a Trump administration will more likely pursue a policy toward China that is more nationalist and confrontational than usual in security issues, and more isolationist and protectionist than usual in economic issues.

Only time will show how East Asian countries will react to a more confrontational United States. Yet if the survival of East Asian

[9] Steve Chan, *Looking for Balance: China, the United States, and Power Balancing in East Asia* (Stanford, CA: Stanford University Press, 2012); Thomas Christensen, *The China Challenge: Shaping the Choices of a Rising Power* (New York: Norton, 2015).

[10] Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy, and Transition in Post–Cold War East Asia* (Oxford: Oxford University Press, 2013).

[11] Alastair Iain Johnston, "How New and Assertive Is China's New Assertiveness?" *International Security* 37, no. 4 (Spring 2013): 7–48; and Alastair Iain Johnston, "What (If Anything) Does East Asia Tell Us About International Relations Theory?" *Annual Review of Political Science* 15, no. 1 (2012): 53–78.

[12] Amitav Acharya, "The Emerging Regional Architecture of World Politics," *World Politics* 59, no. 4 (2007); and Amitav Acharya, *The End of American World Order* (Oxford: Oxford University Press, 2015).

states is not actually threatened and East Asian countries prefer to use economic, institutional, and diplomatic tools to deal with each other rather than military force, then U.S. policy should emphasize economic and diplomatic engagement with the region. A minimalist U.S. approach – one that avoids getting deeply involved in regional issues where the U.S. has no direct stake – is more likely to promote stability than a maximalist one that blunders in and hopes to perpetuate U.S. primacy for its own sake. The research presented in this book leads to the conclusion that East Asian countries do not want to choose between China and the United States; and that while American presence is welcomed, there is little appetite for a containment strategy against China. Indeed, all countries in the region are increasing their economic, social, and diplomatic relations with China, not limiting them. Within this larger context, it is unlikely that these same countries would then choose to side with the United States against China, especially if their own national survival was not threatened.

Costly Signals and Cheap Talk

How do we know that countries care enough about an issue to fight over it? This book uses the insights of "bargaining theory" as its overall framework. Bargaining theory posits that although bigger countries might be stronger than smaller countries, what is more important is *how much* a country cares about an issue – and that is hard to measure. A small country that cares intensely about an issue could prevail over a much bigger country that doesn't care as much.[13] This approach relies on the central insight that because war is costly, states are better off negotiating than fighting. After all, if it is obvious which side will win a war, then both sides might as well simply agree on the outcome and avoid fighting in the first place.

However, what if the outcome is *not* clear? It is often difficult to determine a country's relative capabilities and how much it cares

[13] James D. Fearon, "Rationalist Explanations for War," *International Organization* 49, no. 3 (Summer 1995): 379–414; Robert Powell, "Bargaining Theory and International Conflict," *Annual Review of Political Science* 5 (2002): 1–30; Robert Powell, "War as a Commitment Problem," *International Organization* 60, no. 1 (January 2006): 169–203; David A. Lake, "Two Cheers for Bargaining Theory: Assessing Rationalist Explanations of the Iraq War," *International Security* 35, no. 3 (Winter 2010/2011): 8.

about the issue.[14] States may wish to misrepresent their willingness to use force over a disputed issue to deter potential challengers. Put more simply, states may bluff. Talking tough and exaggerating one's strength and willingness to fight is a classic strategy to deter others or cause them to back down without a fight. The reason wars can start is because of the difficulty in differentiating between a country that is bluffing and a country that truly is willing to go to war.

Years ago, James Fearon argued that *costly signals* from states that are truly willing to fight can set them apart from countries that are engaging in "cheap talk."[15] Costly signals are actions that a committed country would take, but that a country that was bluffing would not take. First and foremost among his examples of costly signals is military expenditures. Investing in the military is costly, but it also directly improves the chances of a country in war. A country that doesn't care that much about an issue may talk tough, but if it is not investing in its military it is probably not serious about its willingness to fight.

This book is organized to use bargaining theory as the key lens through which to assess East Asian countries' security strategies. Chapter 2 introduces the theoretical framework that uses military expenditures as the central and most commonly used indicator of costly signals, security strategies, and intentions in the scholarly literature. Overwhelmingly, scholars exploring costly signals and threat perceptions use military expenditures and preparations as the most common indicator of resolve to fight a war.

A straightforward application of this measure to East Asia would expect states that are preparing for war (or have high threat perceptions) to be spending heavily on their militaries. If East Asia is as unstable and close to war as the pessimists argue, then we should see ample costly signaling in the region. Indeed, the whole point of costly signals is that they clearly communicate one country's intentions to another country. This book examines all types of costly signals, but focuses primarily on military expenditures as a key costly signal for a nation's security perceptions and priorities. And, bargaining theory works in

[14] Formally, "asymmetric information." In Fearon's model, there always exists a bargain between two states that is preferable to suffering the costs of war.

[15] Clayton L. Thyne, "Cheap Signals with Costly Consequences: The Effect of Interstate Relations on Civil War," *Journal of Conflict Resolution* 50, no. 6 (December 2006): 937–61.

a straightforward and intuitive manner when applied to contemporary East Asian security dynamics: there is a marked absence of costly signals. Countries in the region are not excessively investing in their militaries or preparing for long-term war. They do not limit economic relations with China, nor do they apply economic sanctions on China. Nor do leaders of East Asian countries make rhetorical statements about a willingness to fight China that put their reputations at stake and create the expectation within their own peoples of forceful action.

At an extreme, costly signaling and rapid increases in defense spending can result in an arms race. After all, an arms race is simply two countries engaging in reciprocal costly signals. As Chapter 3 will explore in more detail, there is almost no evidence of anything approaching an arms race in East Asia. The intuition of an arms race is fairly straightforward, and the widely influential Buzan and Herring definition of an arms race is "two sides going flat out or almost flat out in major competitive investments in military capacity."[16] Perhaps a bit more precisely, Rider, Findley, and Diehl use the "straightforward and replicable" definition of an arms race as 8 percent or more increases in military expenditures by both states over at least three years.[17] However, rather than sending signals that carry "some risk of rejection and war,"[18] East Asian countries indeed appear to be signaling that they do not want to fight. There are no dyads (pairs of countries) in East Asia that come anywhere near to meeting the definitions of an arms race as commonly used by political scientists.

Chapter 3 also compares East Asia with Latin America in their military spending and deployments. This comparison leads to a surprising conclusion: East Asia and Latin America look similar in their military spending and deployments. By some measures, Latin America is even more militarized than East Asia. In short, no matter how it is measured, over the past quarter-century, militarization and military spending in East Asia have been reduced by almost half. This granular measurement of defense spending reveals that states in East Asia are not, in fact, engaging in arms races or sending costly signals.

[16] Barry Buzan and Eric Herring, *The Arms Dynamic in World Politics* (Boulder, CO: Lynne Rienner Publishers, 1998), 80.
[17] Toby J. Rider, Michael G. Findley, and Paul F. Diehl, "Just Part of the Game? Arms Races, Rivalry, and War," *Journal of Peace Research* 48, no. 1 (2011): 90.
[18] Fearon, "Rationalist Explanations for War," 396–7.