

Confronting Uncertainty in East Asia

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FROM A JAPANESE perspective, the defining characteristic of East Asia's regional order today appears to be the high degree of uncertainty that prevails about what might come next. Geopolitical uncertainty seems to be intensifying on all fronts, whether one looks at the disarray engulfing US politics and foreign policy, the escalation of tensions with North Korea, the challenge of managing relations with China, or even Japan's domestic politics. This sense of uncertainty itself poses a risk, potentially fueling a dynamic that makes our greatest worries a reality. It is therefore critical that leaders around the region work to find a way to dispel this uncertainty if we are to maintain the stability and prosperity that has benefitted us all.

Political Disarray in the United States

Since the inauguration of President Donald Trump in January 2017, US politics have become more divided and chaotic than at any time in the modern era. This has a ripple effect for the rest of the world, and particularly for East Asia.

The disarray in Washington can be traced to three factors. The first is President Trump. He appears to lack any coherent political convictions or governing philosophy to guide his policy agenda. Instead, Trump's approach could be characterized mainly

as an attempt to roll back former President Barack Obama's policy programs. Also, Trump's utterances often cryptically contradict his stated positions. For instance, while Trump withdrew the United States from the Trans-Pacific Partnership (TPP) free trade deal and the Paris Agreement on climate change, he has also hinted that a return might be possible under the right circumstances.

Second, a gap in US foreign policy has emerged between President Trump's transactional approach under the banner of "America First" and the strain of traditional Republican thinking that has been reflected in official announcements from his administration, such as the recent National Security Strategy. It remains to be seen how this extreme incongruity will be resolved. That uncertainty complicates US allies' cooperation with Washington.

Third, an unprecedented number of senior administration positions are still empty, especially in the State Department and Pentagon. In fact, as of February 2018, seven out of nine of the top posts under Secretary of State Tillerson need to be filled. This leaves US allies with few interlocutors to whom they can turn in order to coordinate foreign and defense policy. For instance, there is a critical need for deep consultations between the United States and allies to coordinate a joint approach on North Korea but,

without sufficient senior staff, it is unclear how the United States can formulate and implement sound policy as new developments unfold.

Tensions with North Korea

Another area of uncertainty is whether a negotiated solution can be reached on the North Korea situation. Tensions with North Korea have reached new heights as Kim Jong-un has intensified the country's missile and nuclear weapons development program. In 2017, North Korea launched 23 missiles during 16 separate tests and carried out its sixth and biggest-ever nuclear explosion. Sanctions have been progressively tightened, and there have been four UN Security Council resolutions since June 2017, including limits on North Korean oil imports. However, sanctions must be part of a broader strategy to facilitate a diplomatically negotiated resolution. The alternatives—military action, which would undoubtedly entail a devastating loss of life, or recognizing North Korea's nuclear status, which risks further emboldening Pyongyang—both have unacceptable costs.

In order to draw North Korea into credible denuclearization negotiations, a “P3C” approach is needed—pressure, coordination, contingency planning, and communication channels. Pressure through the application of sanctions must demonstrate to North Korea that if it continues down its nuclear path it will not be allowed to survive. Coordination is needed to ensure that sanctions continue to be applied in a patient and sustained manner. A united front among the United States, China, South Korea, and Japan is critical to ensure that North Korea is not allowed to drive wedges between these key actors or mitigate the impact of the sanctions. Coordination must also include US-China-ROK-Japan contingency planning for a worst-case scenario on the Korean Peninsula given the risk of a North Korean collapse. This must address how North Korea's nuclear weapons can be secured quickly and efficiently as well as how to deal with refugee flows out of North Korea.

More effective communication channels are needed to avoid miscalculation that could spark a war. Given North Korea's unique political structure, this must include a channel to Kim Jong-un's inner circle. This channel must be used to convey to the North Korean leadership in no uncertain terms that pressure through sanctions will continue indefinitely until it denuclearizes and that denuclearization is the only way in which North Korea can be welcomed into

the international community and survive as a nation. An invitation from Kim Jong-un—delivered by his sister Kim Yo-jong as part of the Korean Olympic détente—to ROK President Moon Jae-in for an inter-Korean summit at the earliest possible date means Moon could become the first world leader to meet with Kim Jong-un. This would provide an opportunity to communicate a united denuclearization message on behalf of the international community. However, South Korea must take the utmost care not to undermine the commitment of the international community to maintaining pressure on North Korea.

Managing Relations with China

A number of uncertainties have also intensified regarding the future of relations with China. First, while it appears that China has become more serious about applying sanctions against North Korea over the last six months, its calculations will continue to depend on an unappealing tradeoff. Namely, is the risk of losing North Korea as a buffer state and dealing with a potential collapse and refugee crisis worse than having a nuclear North Korea? The United States, South Korea, and Japan must engage and coordinate with China on contingency planning in order to persuade it to maintain the united front on sanctions pressure.

Second, China will have to reconcile its impulse toward repression in the political sphere with its liberalization policy in the economic sphere. In October 2017, the Communist Party's 19th National Congress confirmed that President Xi Jinping will continue to consolidate his rule through increased discipline and tighter social controls. Xi is also reportedly seeking to amend the constitution to allow him to serve beyond his second term as president. At the same time, to bolster growth, Xi intends to pursue further economic liberalization, especially in the financial sector. The liberalization of product markets during the early stages of reform did not require much sacrifice on the political side. However, the successful liberalization of financial markets will eventually require a tradeoff between political control and economic openness given the way that it is likely to challenge vested interests.

Third, it is uncertain whether the Belt and Road Initiative (BRI) can be implemented in a way that accords with international standards—including financing, construction, environmental, and labor standards—although it is clear it cannot be sustainable without doing so. The Sri Lankan example, where the acceptance of massive Chinese investment

without reasonable safeguards has created a severe debt burden, must not be replicated. Following international best practices will help ensure that new infrastructure to bolster trade and connectivity between China, Central Asia, South Asia, Africa, the Middle East, and Europe will result in win-win cooperation for all countries involved.

Fourth, there is uncertainty about the future of US-China relations. Over the last few years, Xi has proposed a new model of great power relations whereby both countries respect each other's "core interests." If not carefully managed, this risks giving China too much leeway in defining its core interests at the expense of US allies. How the United States under the Trump administration will respond to the new model is unclear given the conflict between traditional Republican thinking and Trump's "America First" approach.

Political Governance in Japan

The changing nature of politics in Japan may also emerge as a new source of uncertainty. One important development involves the erosion of the checks and balances on prime ministerial power due to changes in party politics, the media, and the balance of power between elected officials and the bureaucracy.

Within the ruling Liberal Democratic Party (LDP), there has been a decline in the importance of factions. This has opened the door for greater policy cohesion, but it has come at the expense of policy diversity and innovation. No rival leader within the LDP seems capable of seriously moderating Prime Minister Shinzo Abe's agenda. At the same time, the political opposition is fractured. Japan's main opposition party, the Democratic Party, collapsed in the lead-up to the October 2017 Lower House elections, and there is no credible opposition that looks capable of holding the government to account.

The media environment in Japan has also worsened. Reporting is polarized between outlets such as the *Yomiuri Shimbun* that consistently support the government, and others, such as the *Asahi Shimbun*, that consistently criticize it.

The bureaucracy has also become more timid as politicians have taken greater control of policymaking. The Prime Minister's Office established the Cabinet Bureau of Personnel Affairs in 2014, which controls the fate of Japan's top 600 bureaucrats. The fact that top bureaucrats are now subjected to a new level of political control means that they risk becoming "yes

men," unwilling to offer serious advice or constructive criticism to political leaders for fear of jeopardizing their future career prospects.

Mitigating Uncertainty

A number of steps can be taken in order to mitigate the region's rising uncertainty. First, Japan and other US allies and partners in the region must make the case to the Trump administration, directly but politely, why continued US leadership is critical. A withdrawal of US leadership is likely to undermine the postwar regional order—an order that the United States itself established and which has brought peace and prosperity to the region. Deeper consultations between the United States and its allies are critically needed in order to address regional security challenges such as North Korea. However, these consultations are unlikely to succeed without sufficient staff in place at the State Department and elsewhere.

Second, security cooperation in the region needs to be strengthened, and these efforts should extend beyond increased security cooperation centered on the United States hub-and-spokes system. The concept of a free and open Indo-Pacific region and the revival of the Quadrilateral Security Dialogue (or Quad)—between the United States, Japan, Australia, and India—have received renewed attention recently. But will this really enhance peace and stability? Proponents of the Indo-Pacific concept explain that it is aimed at building an open and rules-based maritime order, not containing China. Yet there is no denying that both the Indo-Pacific concept and the Quad are perceived by outside nations as hedging policies.

Rather, there is an urgent need to build inclusive rather than exclusionary mechanisms. The top priority for the regional security agenda at this juncture should be to focus on confidence building among the major regional powers (especially the United States, China, Japan, South Korea, Australia, India, and Indonesia). Functional tasks that will enhance regional stability should also be prioritized, such as energy and environmental cooperation and North Korean contingency planning.

Third, in order to counteract the backlash against globalization and stem the tide of protectionism, Asia must show global leadership on trade policy. This can begin by concluding the ASEAN-led Regional Comprehensive Economic Partnership Agreement (RCEP) and moving quickly to implement the TPP-11, which appears on track to be signed within

weeks. This should be done in a way that demonstrates to the United States the merits of the liberal economic order. The members of the TPP-11 should also live up to their pledge to have an open and inclusive agreement by preparing to consider new applications for membership from interested countries including China, Indonesia, South Korea, and Thailand, as well as the United States when it is ready. The groundwork should also begin to be laid so that the TPP-11 and RCEP can eventually be amalgamated into a Free Trade Area of the Asia Pacific (FTAAP).

Fourth, greater clarity is needed regarding Japan's constitutional debate and the future of the SDF. The Japanese people feel a growing sense of threat from North Korea and China, nationalistic sentiment within the LDP is increasing, and old security taboos are being questioned. Influential leaders have suggested that Japan increase its defense budget, revise the Constitution, and acquire new military capabilities, including aircraft carriers and the capability to strike North Korean launch pads.

Japan's leaders need to find the right balance between upholding Japan's commitment to an exclusively defense-oriented security policy (*senshu boei*) and ensuring that Japanese military capabilities adequately respond to contemporary security challenges. Of course, upgrades should be made where old capabilities are no longer sufficient, but the creeping acquisition of power projection capabilities without a true debate must be avoided. In the end, Japan has little choice but to maintain the US-Japan alliance and US nuclear umbrella, so sticking to the exclusively defense-oriented security policy seems to be a wiser form of deterrence and one that will avoid exacerbating tensions in the region.

Prime Minister Abe has said that the Article 9 peace clause of the Constitution should be revised, arguing that it is important to add wording to the clause that explicitly recognizes the constitutionality of the SDF. However, this is not very convincing. While the SDF is not explicitly mentioned in the Constitution, its existence has been widely considered legitimate since its founding in 1954. New laws that allow the SDF to better respond to contemporary security challenges have also been promulgated based on this understanding—including the security-related bills passed in September 2015, which recognize the right of the SDF to engage in limited forms of collective self-defense. Thus, there is no immediate need to revise the Constitution simply to recognize the constitutionality of the SDF. But if Japan's leaders are determined to take another course, they should provide a clearer and simpler explanation to the world about why constitutional revision is really necessary.



In these turbulent times, it is imperative that leaders around the region not only deal with the immediate security threats before them but also make a concerted effort to tamp down the ambiguities and doubts that are clouding the prospects for shared peace and prosperity in the region. Unless we can find a way to build greater trust, the uncertainty that is on the rise in East Asia threatens to become another major impediment to regional stability.

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