The “Nye Report:” Six Years Later

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While more an expression of hard power, the US position on security in the East Asia–Pacific Region does color the soft power efforts of the United States, especially in China, whose response, in turn, can also impact external impressions of China. This contrast of the states of affairs in the region over the course of six years provides us with a basis for discussing the role of soft power in US-China relations.

In February 1995, the US Department of Defense published The United States Security Strategy for the East Asia–Pacific Region, sometimes referred to as the “Nye Report.” It was broadly welcomed in most capitals in the region, though some critics portrayed it as “ossified” traditionalism.[1] Friends have sometimes remarked on the irony that someone so closely associated with the concept of transnational interdependence should have helped produce a report that rested heavily on Realist thinking. I reply that in my textbook *Understanding International Conflicts*, I tell students that Realism and Liberalism each have something to teach policymakers, depending on the circumstances.[2] And in 1995, American strategy toward East Asia needed a healthy dose of Realism.

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[1] Chalmers Johnson and E. B. Keehn, “The Pentagon’s ossified strategy’,” *Foreign Relations*, July/August, 1995.

[2] Joseph S. Nye, Jr., *Understanding International Conflicts: An Introduction to Theory and History*, 3rd edn. (New York: Longman, 2000), Chap. 1 and passim.

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The origins of the report and the associated initiative to strengthen the US-Japan alliance have been described in detail by Yoichi Funabashi[3] Suffice it to say that in the early 1990s, there was a widespread belief both within and without government that "geo-economics" had replaced geo-politics. Many people in both Japan and the United States regarded the bilateral Cold War alliance as obsolete. Bill Clinton had been elected President by relentlessly focusing on the campaign theme, "It's the Economy, Stupid!" The early stages of Clinton's Asia policy were guided by economic governmental agencies; little interest was evinced in security issues. Indeed, in some quarters, there was concern that the US-Japan relationship would take an adversarial turn. Some writers had gone so far as to describe Japan as America's new enemy.[4] Some East Asians began to anticipate a dismantling of American security structures in the region. I did not share these views. As I wrote in the first paragraph of the report, "Security is like oxygen: you do not tend to notice it until you begin to lose it. The American security presence has helped to provide this 'oxygen' for East Asian development."

East Asia in 1995

The Asia–Pacific region, unlike Europe, had not developed a rich web of institutions during the Cold War, and there was no reconciliation between China and Japan such as occurred between France and Germany in the context of the European Union and NATO. The receding of the Cold War had exposed the earlier historical conflicts in the region. A number of countries in the region were adding to their armaments.

During the Cold War, US, Japanese, and Chinese power balanced against the Soviet Union. The collapse of Soviet power left the American position preponderant. Some Chinese analysts complained that now there was no regional balance of power, and that their military growth could restore a balance.[5] Americans warned against changing the balance of power. As is evident, each country employed a different but longstanding meaning of the term: China's usage referred to a roughly equal distribution of power; American usage referred to the existing distribution of power.[6] Some "balance-of-power" analysts believed that the United States could avoid conflict with China by withdrawing from the area and letting a local balance develop between China, Japan, and a revived Russia. Others believed that the current distribution of power had produced the political stability that undergirded the Asian economic miracle. American preponderance was acceptable because the United States was a distant power with no local territorial claims and could provide the reassurance of stability that makes local arms races unnecessary. They pointed to the fact that the presence of American forces in the region was (and is) welcome in nearly all capitals. Even in Beijing, there was ambivalence. To the extent that American forces reduced any pressures for Japan to remilitarize, they were welcome; to the extent they reduced China's pressures on Taiwan, they were not.

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[3] Yoichi Funabashi, *Alliance Adrift* (New York: Council on Foreign Relations Press, 1999), Chap. 12.

[4] George Friedman, Meredith Lebard, *The Coming War with Japan*. (New York: St Martin's Press, 1991).

[5] C. Wolf, "Don't give in to China's tantrums," *Asian Wall Street Journal*, December 3, 1996.

[6] On balance of power terminology see Joseph S. Nye, Jr., *Understanding International Conflicts: As Introduction to Theory and History*, 3rd edn. (New York: Longman, 1999), pp. 54–64.

As I saw it, the United States had at least five major alternatives for a grand strategy toward the Asia–Pacific region:

The first option was to *withdraw and pursue an Atlantic (and/or hemispheric) only policy.*[7] While this would reduce the prospect of conflict with China, it was costly and unlikely. History, geography, demographics, and economics make the United States a Pacific power. Hawaii is in the middle of the Pacific Ocean. In 1995, eight million Americans traced their ancestry to the region. Isolation from the most rapidly growing area of the world economy would have high costs. America's military presence was generally welcomed and enhanced US influence in the region. Because of Japanese support, it cost the United States less to keep troops in Japan than on the American mainland. Moreover, isolation did not enjoy broad support at home.[8]

The second option was to *create a local balance of power.* America would withdraw from its five formal alliances in the region (Japan, Korea, Thailand, Philippines, Australia) and let a local balance evolve. The United States could then play one state against another and isolates itself more easily from some contentious issues.[9] This would likely have led to a remilitarized Japan, and an arms race in the region which, ironically, could have made occasional American participation more costly and more dangerous as the US tried to balance the new and enhanced forces that would be created. In addition, American domestic politics is poorly attuned to such nineteenth-century style balance-of-power politics.

The third option was to *create regional security institutions.* The United States could create a set of regional security institutions to replace its existing structure of bilateral alliances, thus providing stability with less direct involvement. ASEAN and its Regional Forum already existed, and a Northeast Asian Security Forum had been discussed. As a supplement to alliances, such institutions made sense, but they are not easily or quickly developed under any circumstances. European institutions took decades to develop. A regional institutional strategy alone was unlikely to provide a sufficient framework for stability in the region.

The fourth option was to *create a coalition to contain China.* Advocates argued that containment would compel Beijing to choose political liberalization as the best way to safeguard their economic gains and win acceptance in the international community. There were at least three flaws in this approach. First, sanctions and isolation were less likely than economic growth and engagement to produce liberalization. Second, it discounted the changes already under way in China and the possibility that China could evolve to define its interests as a responsible power. If the United States treated China as an enemy, it was likely to guarantee itself an enemy, particularly given that nationalism has been rapidly replacing Communism as the dominant ideology among the Chinese people. While the converse did not guarantee that China would become a friend, it kept options open. Third, as a quick survey of Asian capitals made clear, the Unites States could not develop a coalition to contain China even if it tried. China’s neighbors did not see it as a threat in the way the Soviet Union’s neighbors saw it during the Cold War. Only if China became more aggressive in the future could such a coalition be formed. And to try containment without such a coalition would simply result in providing economic opportunities for other countries and thereby increase frustration at home.

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[7] This might seem to be one of the implications of Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1996). Huntington writes, 'The avoidance of major intercivilizational wars requires core states to refrain from intervening in conflicts in other civilizations' (p. 316).

[8] Joseph S. Nye, Jr., "East Asia: the case for deep engagement," *Foreign Affairs*, July/August, 1995.

[9] Christopher Layne, "Less is more: minimal realism in East Asia," *National Interest*, Spring, 1996.

The fifth option was *formal alliance with Japan and normal relations with China.* The Clinton administration described its policy toward China as “constructive engagement,” but the debate between “containment and engagement” was overly simple. Despite the descriptive inadequacy of the slogans, however, the orientation or attitude that “engagement” signified did matter. It meant the United States had rejected the inevitability of conflict. President Clinton told President Jiang in 1995 that “a stable, open, and prosperous China-in other words, a strong China-is in our interest. We welcome China to the great-power table. But, great powers also have great responsibilities.”[10] The United States also reaffirmed its commitment to a “One China” policy, thus ruling out any flirtation with the idea of independence for Taiwan, the single most dangerous scenario for potential Sino-American conflict.

Thus, the new security strategy report outlined a four part strategy: (i) maintain the forward presence of American troops; (ii) try to develop multilateral institutions as a reinforcing mechanism; (iii) put our alliances, particularly with Japan, on a firm basis after the Cold War; and (iv) from that position of strength, encourage China to define its interests in ways that could be compatible with ours.

The report stated that the United States planned to keep *approximately* 100 000 troops in the area. This number was chosen after a review in 1993 of what it would take to fight and win two major regional conflicts—e.g. in the Persian Gulf and Korea—at about the same time. There was nothing sacrosanct about the number, but initial reactions in the region to its announcement were positive and helped to dispel accumulating concerns about American withdrawal. Reassurance was more important than the exact numbers. Although a new edition of the report in 1999 reaffirmed the commitment, I always pointed out in speeches that the number could change as conditions changed in the future. The important point was that there should be no unilateral reductions without consultation if reassurance was to be maintained.

In the area of multilateral institutions, the report strongly supported the ASEAN Regional Forum. China is said to prefer to deal bilaterally with its smaller neighbors, which is a natural reaction for a larger power. On the other hand, it has found that it cannot afford to ignore ARF, including its discussions of the Spratly Islands. Efforts to create a Northeast Asia Security Dialogue or Forum were less successful. China did not want to isolate North Korea, but with the two Koreas beginning the process of talks, this constraint might diminish in the future.

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[10] Clinton quoted by Anthony Lake in remarks to the Japan America Society, Washington, DC, October 23, 1996.

The US alliance with Japan, where the largest number of troops were stationed, was critical to American strategy. Over the years following the report, the security relationship was strengthened despite controversy over the rape of a schoolgirl by American marines in Okinawa in September 1995 and the ensuing contention over the presence of American bases there. Despite these serious problems, the Japanese Diet promised $25 billion in support of American forces over the next five years, and Japan's National Defense Program Outline reinforced the centrality of the American alliance for defense planning. In April 1996, Prime Minister Hashimoto and President Clinton publicly affirmed the work of a joint group that redefined the US-Japan Security Treaty as the basis for stability in the region after the Cold War, and the two countries began to work out guidelines for Japanese support in time of crisis. Indeed, that reaffirmation may turn out to have been one of the most important policy developments for the region. It meant that China could not play a Japan card against the US or try to expel the Americans from the region. From that position of strength, the United States, Japan, and other states could work together to engage China as its regional power developed.

Some analysts feared that this approach would drive China and Russia to reconstruct their anti-American alliance of the 1950s—a prospect hinted at by the Sino-Russian Summit after the 1996 Clinton-Hashimoto reaffirmation of the US-Japan Security Treaty. While diplomatic coordination was to be expected, a tight alliance seemed unlikely. First, as Mikhail Nosov has pointed out, China and Russia have "problems connected with the demographic situation in the Far East, where the population on the Russian side of the border is 6 to 8 million, and on the China side is up to 120 million."[11] Additionally, as Zbigniew Brzezinski has noted, "greater China's geopolitical influence is not necessarily incompatible with America's strategic interest in a stable pluralistic Eurasia."[12] At some point, a recovered Russia might again be included in a concert for regional stability, but in 1995, such a prospect seemed to be at least a decade away. Indeed, the severity of Russia's current social, economic, and military infrastructural problems offers evidence that this estimate may have been conservative.

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[11] Mikhail Nosov, "Challenges to the Strategic balance in East Asia on the Eve of the 21st Century: A View from Russia." Alexandria, VA: Center for Naval Analysis, 1997. p. 32.

[12] Zbigniew Brzezinski, Z., "A geostrategy for East Asia", *Foreign Affairs*, September/October, 1997. p. 61.

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In retrospect, the assumptions of the 1995 report have held up quite well. While implementation is never perfect, policy has generally been consistent with the report’s strategy. The United States today faces four major challenges to the strategy of maintaining a formal alliance with Japan and normal relations with China: China itself, Taiwan, Korea, and troop deployments. All are related, but each poses unique problems.

In recent years, China has become a political issue in American politics, and that has led to exaggeration of its position. It is not the giant threat seen by many in the Congress, where China politics is often characterized by an unholy alliance of left and right against the center. Chinese growth rates of 8–9% per year have led to a tripling of its GNP in less than two decades. At a 6% growth rate, in 30 years, China’s economy would total $16 trillion. The Asian Development Bank projects China’s per capita income to reach the equivalent of about 38% of the United States in 2025.[13] Such linear projections are suspect, however, and China faces serious problems with its state-owned enterprises, its shaky banking system, and the value of its currency. If China fails to make essential reforms, bottlenecks and growing income inequality could slow growth considerably. Even at the higher growth rates, China will lag well behind both the Unites States and Japan in per capita income.

With a growing economy, Chinese military strength is likely to increase over the next few decades. Even if that does not make China a global power or one regionally equivalent to the United States, it does mean that China is likely to look more intimidating to its neighbors, and its enhanced capabilities will mean that any American military tasks will require greater forces and resources than is presently the case. In other words, the rise of China as a military power, like its economic reemergence, must be taken seriously as a new factor in the region. But, China will not be a global challenger to the US, nor will it be able to exercise regional hegemony so long as the United States stays involved in East Asia and maintains its alliance with Japan.

Taiwan was treated very lightly in the 1995 report, but it is central to any China policy. Because of history and the Taiwan Relations Act, the United States has to walk a tightrope between risking war with China and abandoning the people of Taiwan. Nationalism has become more important than communism in China, and even the new generation believes that Taiwan is an integral part of China and worth fighting for. At the same time, Taiwan has become democratic and unwilling to see itself submerged into the current Chinese system. The United States has an interest in protecting the freedom of Taiwan’s people and markets, but not in the symbolism of a separate Taiwanese flag. America is committed to helping Taiwan defend itself against coercion, but not to protecting its formal independence. Washington should be clear that US policy is “no independence and no use of force.” Within that framework, the United States should encourage the two sides to bargain about more international living space for Taiwan and more exchange of goods and people across the strait.

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[13] Asian Development Bank, “Emerging Asia: Changes and Challenges.” Manila: Asian Development Bank.1997, p. 11.

If the United States can maintain a dynamic status quo over time, differences may diminish as Taiwan contributes to change in China. President Clinton could have made this more clearer when he was in Shanghai by uttering a fourth "no"—no use of force—in addition to the three that recognize "one China." On the other hand, those in Congress who are pressing for legislation that openly commits the US to defend Taiwan under any circumstances may encourage Taiwanese politicians to take risks that could jeopardize their own freedoms, as well as involve the United States in an unnecessary conflict. The best motto for all is "don't rock the boat."

The third security challenge, North Korea, is a special story. The July 2000 summit between South Korean leader Kim Dae-Jung and his Pyongyang counterpart Kim Jong-Il was a major event, and the news that North Korea agreed to freeze missile tests during talks with the United States was a welcome first fruit of the initiative launched in 1999 by former Defense Secretary William Perry. If such progress continues, a major security threat will diminish.

On the other hand, the situation in North Korea remains highly uncertain. The secretive and isolated DPRK regime remains difficult for Americans and other outsiders to understand. With over a million-man army, two-thirds of which is stationed within 100 km of the demilitarized zone, North Korea continues to pose a conventional military threat. And although the nuclear program at Yongbyon is frozen and subject to inspection by the International Atomic Energy Agency, if Pyongyang expelled the inspectors, it would have access to enough plutonium to make half a dozen nuclear weapons. Some observers argue that these threats are more apparent than real. It is true that economic conditions have dulled the readiness of North Korea's conventional forces, and the Framework Agreement has frozen the nuclear program, but there is still a risk. Indeed, in desperate circumstances, risks may increase. Imagine a person standing on the roof of a ten-story building that is being consumed by fire and all exits are blocked. If he jumps, there is only one chance in 20 that he will survive. If he remains where he is, there in a 100% chance that he will die. It is rational to jump, despite the low odds of survival. The danger is that desperation could lead the North Korean regime to take such high-risk actions. The results would be devastating for the Korean peninsula. The right response is to maintain a high readiness of the South Korean and US forces to deter such action, but also to provide other exits.

North Korea's modest overtures of late may be a product of this combination. Whether Kim Jong-Il can open his country's economy without losing political control is highly questionable, and the opening may suffer setbacks. Even if there is continued progress, it is likely to be slow. Thus, American troops are likely to remain in South Korea for some time. Moreover, Kim Dae-Jung has reported that Kim Jong-Il has come to agree that the United States should maintain a military presence in South Korea as a counterpoise to Korea's being surrounded by major powers China, Russia and Japan.[14] This remarkable statement by North Korea's leader offers evidence that, as a small state in the shadow of its giant neighbors, even a unified Korea may have a strong incentive to maintain an alliance with the United States.

Nonetheless, if the North Korean threat diminishes, there will be domestic pressure to reduce the 37,000 American troops on the peninsula, and the United States should be prepared to respond in a positive manner. Maintaining a small number of troops in Korea reduces the singularity of Japan as a host to American forces in the region. Even so, the United States should plan to reduce its military footprint in Japan, particularly on Okinawa. Implementation of the recommendations of the Special Action Committee on Okinawa is a first step, but it would also be useful to plan for a new deployment that would shift some Marine Corps units to Australia and Guam. In addition, an updated strategy would explore more joint logistics, repair, and training facilities in Southeast Asia such as currently exist with Singapore. It is important that the number 100,000 does not become a shibboleth. Future plans should focus on the function of reassurance, not the number of troops.

Conclusions

Like Britain in the mid-nineteenth century, the United States after the Cold War is a preponderant but not dominant power. If the largest beneficiary of a public good (such as international order) does not take the lead toward its maintenance, nobody else will. Maintaining the balance of power in a region, promoting an open international economy, and maintaining the commons (such as the law of the sea) are classic tasks of the largest power. Within that framework, economic and social change can develop the interdependence which, as in Europe, can transform a region in the long run.

America's role as a stabilizer and a reassurance against the rise of hostile hegemonic states is strongly in the US national interest. The United States will stay involved because events and actors around the world can pose significant security threats and because Americans want to influence distant governments and organizations on a variety of issues such as proliferation of weapons of mass destruction, terrorism, human rights, and the environment.

Nowhere is this more true than in East Asia, where the United States can also benefit from participating in one of the most dynamic parts of the world economy. To protect those interests, America's alliance with Japan and engagement of China as a normal country remain the appropriate long-run US strategies.

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[14] New York Times, "South Korean says North agrees US troops should stay", September 11, 2000. A3.

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