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# ASSESSING THE U.S. COMMITMENT TO ALLIES IN ASIA AND BEYOND

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EDITED BY SHARON STIRLING



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## About the Young Strategists Forum

The Young Strategists Forum aims to develop a new generation of strategic thinkers in the United States, Europe, and Asia through a combination of seminars, simulations, and study tours. The first Young Strategists Forum was convened in Japan in 2012 and is held annually with the support of the Sasakawa Peace Foundation. This initiative is part of GMF's Asia Program, which addresses the implications of Asia's rise for the West through a combination of convening, writing, strategic grants, study tours, fellowships, and partnerships with other institutions.

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# INTRODUCTION

BY SHARON STIRLING

The Trump administration had only been in the White House for a few tumultuous weeks when the sixth iteration of the Young Strategists Forum (YSF) took place in Tokyo, at the end of January 2017. Over breakfast in Tokyo each morning the group would scroll through Twitter feeds and news alerts, one unsettling shock or scandal following another, from the leaked details of the combative conversation between President Trump and Prime Minister Turnbull of Australia; the travel ban on refugees and citizens of seven Muslim countries and the protests that erupted at international airports around the United States as a result.

The core component of YSF each year is a 36-hour grand strategy simulation exercise. Over the years the YSF team has witnessed the simulation play out in a number of ways. From aggressive opening moves by China, to an overly confident United States, to Middle powers who hedged against the dominant powers, refusing to align with either, or doing the exact opposite, aligning with China from the outset in hopes of economic gains. The 2017 simulation was perhaps the most rational and measured approach taken to date. Rather than mirroring the uncertainty that existed in the political capitals of the participants, players executed their strategy with caution and precision. The fear of unintended escalation was ubiquitous. By the end of simulation, no battle groups had been sunk, Japan and Indonesia had not acquired nuclear weapons, and China was not involved in a land war with India. By 2040 level headed thinking, diplomacy, and strong alliances continued to prevail.

While the Young Strategists Forum focuses on security dynamics in the Asia-Pacific, participants hail from the United States, Japan, Europe, and traditionally like-minded Asian countries such as Australia, India, Indonesia, South Korea, and the Philippines. Needless to say, the future of the U.S.–Japan alliance, NATO, and the relations between the participants home countries dominated debate and discussion throughout the Forum. A positive meeting in New York between the newly elected Donald Trump and

Prime Minister Shinzo Abe in November 2016 had alleviated some of the gravest concerns about the future of the U.S.–Japan alliances sparked by Trump’s heated campaign rhetoric. However, it was clear in the meetings with officials in Tokyo during the Forum that there remained an acute sense of uneasiness.

As a result, this YSF volume looks at questions and concern about the future of U.S. commitment to our allies, and its involvement, not only in Asia but around the world.

Authors Mark Bell and Joshua Kertzer apply theories of political psychology to assess the possibility of damage to U.S. alliances beyond the Trump administration. Their findings are sobering. The authors begin by highlighting an important fact that is often overlooked — long-standing alliances are not the norm. This would indicate that even at the best of times U.S. alliance managers and policymakers should not be complacent. Secondly, perceptions and beliefs on the part of allies can shift even though material factors remain the same. In other words, even if the U.S. military presence in the Asia Pacific remains robust and U.S. foreign policy mirrors that of previous administrations, distrust based on rhetoric alone could be enough to cause allies to question the commitment of the U.S. and “hedge” even in the absence of material changes in the U.S. commitment. The authors argue that Trump’s comments — as candidate, then as president — suggest a shift in the understanding of the underpinnings of alliances. Rather than a relationship built around shared values and norms, Trump views allies as business partners. The risk this shift creates is substantial. Not only does this generate distrust among the allied countries, but “if an alliance is based solely on market pricing, outsiders know that with the proper incentives alliance members can be bought off or wedged apart from one another.” Another key point highlighted in this piece is the fact that perceptions are not solely based on bilateral interactions, “U.S. actions in one domain may well influence the

judgments of statesmen on wholly distinct matters, amplifying their effect and increasing the speed with which shifts in alliance credibility can occur.”

These days many analysts argue that, rhetoric and tweets aside, the policies of the Trump administration are consistent with previous administrations. While that may be true, it is not his direct interactions or bilateral policies that will shape international perceptions — domestic policy, rhetoric, interactions with other nations — these too will shape the overall image. We cannot separate out one from the other. Why does this matter? What are the implications for policymakers in Washington? The authors argue that due to a number of psychological factors, “collectively, this has the potential to lead to downward spirals of confidence in U.S. commitments, and to tipping points that lead to sudden and dramatic shifts in alliance stability”. The speed in which a shift in alliance stability may occur faster than policymakers expect and could occur “even in the absence of material changes on the ground”. With their psychological analysis of how perceptions and rhetoric shape political decisions and behavior the authors highlight sobering risks of long-term damage to U.S. alliances beyond the current administration.

The second contribution in the collection, “Misperceptions of Abandonment in the U.S.–Japan Alliance” focuses in on the relationship of unequals. For all the non-academics reading this volume, think of the complex alliance theory as “playing hard to get.” You may not be familiar with the international relations theory itself, but if you have ever dated, you have first hand knowledge of what is being examined in this piece. It is essentially the power balance in a relationship. Who likes whom more? Who needs the other more? If I get too clingy will my partner leave me? In his piece, Dr. Bjorn Jerden examines the U.S.–Japan alliance — particularly in the context of the aftermath of the election of Donald Trump and the nervousness about the commitment from the new U.S. administration given the rhetoric during the campaign. Dr. Jerden argues that while the U.S. may appear to be the dominant partner, given U.S. strategic interests in the region Japan’s ability to offer (or withhold) a physical, geographical presence in the region (in the form of bases), gives it high value in the relationship.

Thus the fears extolled by some of abandonment are overblown and the relationship is on more equal footing than the nervous rhetoric out of Japan suggests. Moreover, Dr. Jerden argues that this same fear of abandonment by other likeminded countries in the region could work to the U.S. advantage, as countries worry about what a retraction of U.S. commitment might mean for Chinese growing strength and influence. Thus boosting the attractiveness of aligning more closely with the United States. Lastly, Dr. Jerden suggests that Japanese policymakers could push for more autonomous policies without jeopardizing the relationship with the United States.

Late last year we saw the revival of the idea of the “Quad” when representatives from the United States, Japan, India, and Australia met in advance of the East Asia Summit in November. While the idea of the partnership between these likeminded countries has existed for over a decade, it remains largely symbolic. What are its prospects in the realm of reality? In her paper, “The U.S.–India–Japan Trilateral: A Geoeconomic Strategy to Secure Asia,” Shah examines a number of areas for possible cooperation between the U.S.–India–Japan which would serve to take the relationship from symbolism to actuality. Shah succinctly breaks down the cooperation needed into near-term, mid-term, and long-term goals and timelines, and lays out challenges — mainly on the Indian side — that will serve as opportunities to the realization of a robust partnership.

Shah argues that for India to truly add value to security cooperation in the Indo-Pacific, enhancing India’s middle power status will be important and sustained economic growth will be central. While the will may exist, India remains far behind Japan and the United States in economic development. In her policy recommendations, Shah puts forth a number of highly specific ways to bolster economic ties, from identifying ways to ease the costs of doing business in India to utilizing public-private partnerships; from increasing trade to establishing counter-offers to Chinese investment initiatives. Bilateral relations between India and the United States, India and Japan are robust and positive. Now is the time to capture the momentum to push forward real policies that take the partnership from rhetoric and symbolism to one with real potential to maintain peace and security in the Indo-Pacific.



# TRUMP, PSYCHOLOGY, AND THE FUTURE OF U.S. ALLIANCES

BY MARK S. BELL AND JOSHUA D. KERTZER

The election and inauguration of Donald Trump has led to renewed focus on the future of extended deterrence among U.S. allies. The Trump campaign suggested the need for U.S. allies to contribute more to the United States in exchange for American protection, voiced greater skepticism of the liberal world order and international institutions, and expressed a willingness to allow U.S. allies to acquire independent nuclear weapons. Allies' concerns have only grown since the inauguration. The Trump administration has moved to abandon, renegotiate, or undermine a number of international agreements highly valued by U.S. allies including the Paris climate agreement, North American Free Trade Agreement, and the Iran nuclear deal. The president has engaged in belligerent and unpredictable rhetoric, including with nuclear-armed North Korea. The administration has appeared to disparage the leaders of traditional allies such as Germany, while courting the affections of authoritarians previously assumed to be hostile to U.S. interests. At the same time, prominent and unresolved divisions within the White House about basic questions of grand strategy and foreign policy — such as between the so-called “globalists” and “nationalists” — exacerbate uncertainty about the direction of foreign policy under the Trump administration.

These issues are particularly sensitive in Asia. U.S. allies face an increasingly muscular China and a North Korea with increasingly advanced and potent nuclear capabilities capable of targeting the continental United States. However, at least in the short term, U.S. military deployments, force structure, capabilities, and treaty commitments are unlikely to change dramatically. These factors typically change incrementally, if at all, often over the span of decades.

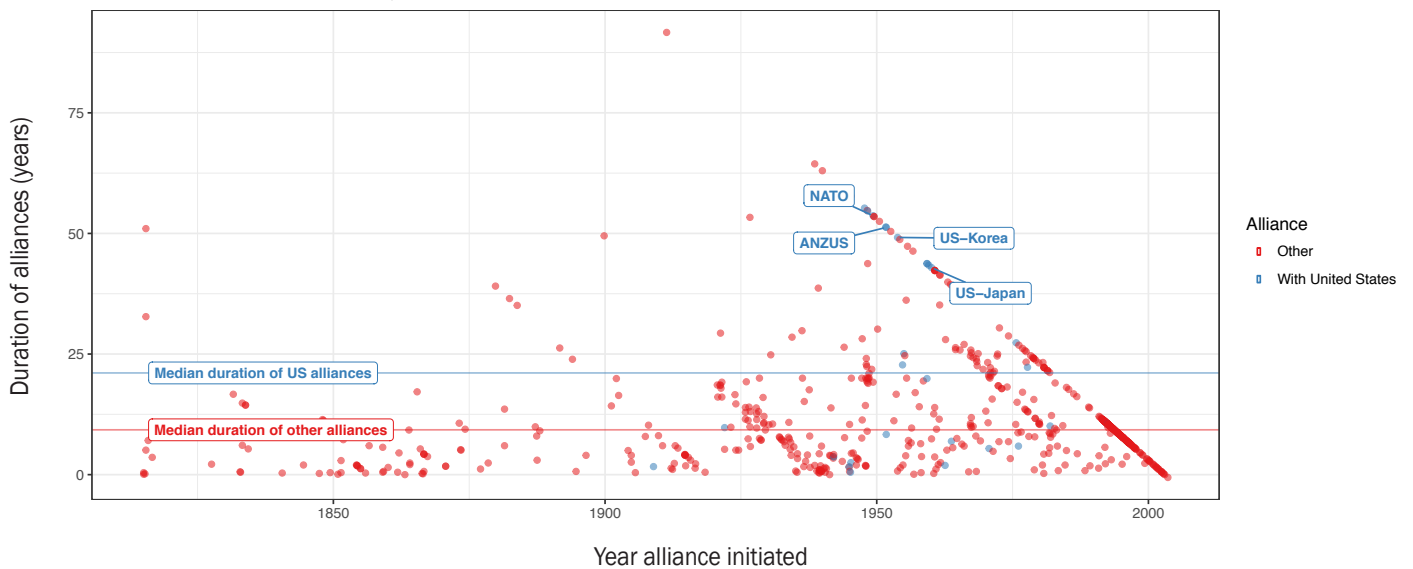
The perceptions of allied governments and elites, however, could change far more quickly. In thinking about the effect of the Trump administration on U.S. alliances, it may therefore be at least as important to understand how the psychology of extended deterrence operates as it is to discuss the credibility of military capabilities and nature of legal commitments. In this paper, we borrow a range of insights from political psychology — a field that applies psychological insights to the study of politics and decision-making — to hypothesize how the dynamics of the U.S.-led alliance system may change with the Trump presidency, even in the absence of observable changes to the military balance or U.S. treaty commitments.<sup>1</sup> We argue that many of these factors may significantly undermine the durability of alliances. Policymakers in Washington seeking to maintain U.S. alliances may not be able to rely on unchanging U.S. troop deployments or treaty commitments to sustain the credibility of U.S. alliances.

## Alliance Endurance is Not the Norm

The endurance of the postwar United States alliance system that has existed since the mid-1950s is unusual. Since alliances tend to form in response to external security threats, many international relations scholars assumed that the U.S. alliance system would disintegrate following the end of the Cold War and the disappearance of the Soviet threat

<sup>1</sup> For an application of insights from political psychology to the Trump administration from a different perspective, see Joshua D. Kertzer and Thomas Zeitzoff, “Beyond Narcissism: What Political Psychology Tells Us About Foreign Policy Under Trump,” *Political Violence at a Glance*, February 13, 2017.

### The Birth and Death of Alliances 1815-2003



that the alliances were created to confront.<sup>2</sup> Instead, the alliance system has not only persisted, but expanded, incorporating new members over time. Even today, with a U.S. president skeptical of the value of U.S. alliance commitments, there is considerable bipartisan support in Washington for sustaining U.S. alliances.

It is easy for both policymakers and publics to take the continued existence of these alliances for granted. It is easy to forget how historically unusual long-standing peacetime alliances are for a country whose founding fathers warned of the dangers of “entangling alliances,” and who spent much of the first two centuries of its existence trying to avoid commitments and interventions outside the Western Hemisphere.<sup>3</sup> A country that had never before had a peacetime alliance had, within a few years of the end of World War II, brought 14 countries into NATO, signed the ANZUS collective security agreement with Australia and New Zealand, and signed bilateral security treaties with South Korea, Japan, and Taiwan. Viewed with historical perspective, it is clear that Secretary of State Dean Acheson was correct to

describe the creation of the postwar U.S. alliance structure as amounting to a “complete revolution in American foreign policy.”<sup>4</sup>

It is similarly easy to forget the frequency with which alliances have fallen apart throughout history. Long-standing alliances are not the historical norm: as the figure below shows, the median interstate alliance signed since 1815 has lasted just under ten years.<sup>5</sup> U.S. alliances have tended to last longer, but the prominent alliances that the U.S. has today — NATO, ANZUS, and the U.S.–Japan and U.S.–ROK alliances — are all outliers when placed in a broader historical context. The historical record of alliances is not, therefore, one of enduring and stable alliances, but rather one of repeated alliance constitution, fragmentation, and dissolution.

Alliances can be uncomfortable relationships. In an international system where no state can know the intentions of another state with certainty, cannot foresee what a state may do (or seek to do) in the future, and in which even alliance partners do not

2 For example, Stephen M. Walt, *The Origins of Alliances*, Ithaca: Cornell University Press, 1987; John J. Mearsheimer, “Back to the Future: Instability in Europe after the Cold War,” *International Security*, 1990.

3 For example, Russell F. Weigley, *The American Way of War: A History of United States Military Strategy and Policy*, Bloomington: Indiana University Press, 1977.

4 “The Secretary of State to the Acting Secretary of State (September 15, 1950),” *Foreign Relations of the United States 1950*, vol. 3, document 573, 1229–1231.

5 Data are drawn from Brett Ashley Leeds, Jeffrey M. Ritter, Sara McLaughlin Mitchell, and Andrew G. Long, “Alliance Treaty Obligations and Provisions, 1815–1944,” *International Interactions*, 2002. As Leeds and Savun point out, alliances can end for a variety of reasons, including the loss of sovereignty of a participating state, the accomplishment of the Alliance’s mission, substantial renegotiation, or violation. See Brett Ashley Leeds and Burcu Savun, “Terminating Alliances: Why Do States Abrogate Agreements?” *Journal of Politics*, 2007.

have identical national interests, it is tempting to doubt whether allies will ultimately follow through on their commitments to defend partners. During the Cold War, for example, European allies regularly doubted whether the United States would really be prepared to fight a war with the Soviet Union to defend Western Europe. Given this uncertainty, states may prefer to build up their own military forces rather than rely on the uncertain commitment of allies, and this may, in turn, breed mistrust. Senior alliance partners, on the other hand, may worry that their junior allies are “free-riding” on the security they provide by under-investing in their own security. They may also be concerned that junior allies could draw them into conflicts they would rather avoid, or that junior allies may behave more belligerently because they feel that they can rely on their senior ally to come to their aid, if needed.<sup>6</sup>

“ ***The credibility of alliances ultimately rests on beliefs in the minds of policymakers.*** ”

The long-standing nature of America’s current alliances should not, therefore, disguise the fact that tension and potential fragmentation within alliances is the historical norm. In fact, maintaining alliances is far from a trivial undertaking. Below we show that, even in the absence of shifts in the balance of power, military deployments, or formal U.S. commitments, the psychology of extended deterrence means that even rhetorical shifts may have profound implications for the durability and stability of U.S. alliances.

## **Psychology and the Trump Administration**

Alliance credibility rests on both the credibility of threats made to your adversaries, and the credibility of promises made to your allies. Adversaries must believe that a state will defend its junior alliance partners, and allies, too, must believe it. Thus, although shaped by events on the ground, the credibility of alliances ultimately rests on beliefs in the minds of policymakers.

Much of the signaling and politics of alliance management on a day-to-day basis takes place in the absence of shifts in the actual balance of power, military forces, or in the language of treaties. These factors generally change slowly, as has so far also been the case for the Trump administration. As a result, if European, Japanese, or South Korean policymakers today feel more nervous about the reliability of American extended deterrence, it is not because of shifts in material factors. Rather, it is because of political signals that the Trump administration has sent and the way these are interpreted and evaluated by allies. For example, Trump has repeatedly voiced skepticism of the value of U.S. alliances (for example, by calling NATO “obsolete”); revealed classified intelligence provided by an ally to the Russian Foreign Minister and ambassador in a meeting in the Oval Office; and pointedly refused to affirm the United States’ Article 5 obligations under NATO in a speech in Brussels.

How are these signals likely to be interpreted by allies? Are they likely to be viewed as “cheap talk” or as deeply significant signals of intent that suggest an important shift in the U.S. willingness to defend its allies? Will a more traditional U.S. president be able to reverse any potential effects of the Trump administration, or are ally concerns likely to endure beyond this administration?

Credibility is a belief held by policymakers and national leaders. Thus, we should expect that the psychology of how individuals and groups respond to new information in conditions of uncertainty can shed light on how allies may respond, and whether damage caused by the Trump administration to the credibility of alliances will be easy to reverse. Although well-studied by scholars, the psychological mechanisms and biases that affect group and individual behavior are often poorly understood by policymakers. In this paper, we point to a number of dynamics — increased uncertainty, attribution errors, redefined norms of exchange, motivated images, and motivated reasoning — that may profoundly affect the workings and credibility

<sup>6</sup> For some of these concerns in the U.S. context, see Barry R. Posen, *Restraint: A New Foundation for U.S. Grand Strategy*, Ithaca: Cornell University Press, 2014, Chapter 1.



of extended deterrence, and the durability of U.S. alliances. When it comes to credibility and alliances, psychology matters.

## *Increasing Uncertainty*

The Trump administration has cultivated an atmosphere of uncertainty around its foreign policy objectives. Its positions on a host of issues reverse rapidly (e.g. the President traveling to Brussels to speak at NATO headquarters in March 2017 only to cut a reference to the American commitment to Article 5 at the last minute), or even simultaneously (as evident in the contradictory signals sent by President and the various cabinet members purportedly speaking on his behalf, on questions ranging from policies in the Middle East to strategic goals in East Asia). Administration officials routinely promise major announcements in “two weeks,”<sup>7</sup> or cultivate a climate of improvisation. Allies and adversaries are left to parse tweets, seeking to divine grand strategic formulations in 140-character bursts, reinforced by the fact that many senior positions within the national security bureaucracy remain unfilled.

Some of this ambiguity may reflect an administration that is, itself, fundamentally unsure about both American foreign policy objectives and the best means to achieve them. Some of this ambiguity may also be intentional, out of the belief in the tactical value of ambiguity for bargaining leverage, or for catching adversaries of the United States off guard (“we must as a nation be more unpredictable,” Trump pledged during the first major foreign policy address of his campaign in late April 2016).<sup>8</sup> Either way, the uncertainty is detrimental to cooperation.

Just as scholars of international relations often worry about how uncertainty makes it harder for actors in international politics to cooperate with one another,<sup>9</sup> political psychologists argue that uncertainty has at least two important implications for how we think and behave. First, when faced with an uncertain world, individuals respond by trying to reduce the uncertainty they experience: uncertainty makes us

cling to our “ingroups” (the groups to which we feel like we belong) and focus on threats to our identity.<sup>10</sup> Uncertainty about the credibility of U.S. commitments thus not only incentivizes allies to “hedge” by looking into other arrangements to protect themselves, but also has the potential to exacerbate competitive dynamics. For example, it is not surprising that debates within South Korea, Japan, and even Germany about acquiring independent nuclear weapons are suddenly becoming more politically mainstream. If, for example, South Korean policymakers are uncertain about the credibility of U.S. extended deterrence, investing more in South Korean capabilities reduces the downside risk of relying on the United States. But this, of course, has the potential to exacerbate tensions with other states in the region, such as Japan, China, and North Korea. Allies investing more in their own defense and adopting more independent foreign policies also have the potential to increase tensions with the United States itself, creating a feedback loop that may further undermine the strength of the alliance.

Second, when coping with uncertainty, individuals are more likely to rely on heuristics, cognitive shortcuts or “rules of thumb” that we use to simplify the complex world around us.<sup>11</sup> These shortcuts can make decision-making more efficient, but they are also associated with a number of well-known biases with the potential to erode trust and exacerbate misunderstandings. We describe some of these tendencies below.

## *Attribution Errors*

Individuals seeking to explain an actor’s behavior typically point to one of two types of explanations: *dispositional* attributions, which refer to a characteristic or tendency of the actor, and *situational* attributions, which point to a feature of the environment an actor is facing. Importantly, psychologists argue our attribution processes are often biased: the *fundamental attribution error*, for example, argues that we tend to neglect the role of situational causes when explaining the behavior of

7 Toluse Olorunnipa, “In Trump’s White House, Everything’s Coming in ‘Two Weeks,’” *Bloomberg*, June 6, 2017.

8 “Transcript: Donald Trump’s Foreign Policy Speech,” *New York Times*, April 27, 2016.

9 For example, see Robert Jervis, “Cooperation Under the Security Dilemma,” *World Politics*, 1978; Kenneth N. Waltz, *Theory of International Politics*, Long Grove: Waveland Press, 1979.

10 Dominic Abrams and Michael A. Hogg, “Comments on the Motivational Status of Self-esteem in Social Identity and Intergroup Discrimination,” *European Journal of Social Psychology*, 1988; “Ontological Security in World Politics: State Identity and the Security Dilemma,” *European Journal of International Relations*, 2006.

11 Gerd Gigerenzer and Wolfgang Gaissmaier, “Heuristic Decision Making,” *Annual Review of Psychology*, 2011.

others.<sup>12</sup> When Russia invades Crimea, we assume it is being motivated by an expansionist and aggressive Russian foreign policy doctrine, rather than by Russia responding to external constraints and pressures. In short, we're more likely to attribute others' acts to malice than circumstance. However, we explain our own behavior differently. This asymmetry is the *correspondence bias*.<sup>13</sup> When a colleague is late for a meeting, for example, we attribute it to their laziness or lack of punctuality, but when we're late for a meeting, we attribute it to a traffic jam. In international politics, we tend to recognize the constraints that bureaucratic or domestic politics pose on our own foreign policy, but underestimate the extent they influence the behavior of others.

These biases have important implications for alliance politics. Allies are likely to see U.S. actions as the willful choices of the U.S. government, rather than attributing them to domestic or international constraints. For example, foreign observers will tend to see policymaking volatility as evidence of Trump administration deliberately cultivating uncertainty rather than as the result of bureaucratic infighting or incompetence. Similarly, allies may tend toward interpreting any omission of efforts to reinforce an alliance as a deliberate strategic choice to undermine an alliance such as with Trump's reluctance to publicly commit to NATO's Article 5. These dynamics only serve to decrease trust, and increase the damage that can be caused to alliances, even by "cheap" talk.

## Redefining the Norms of Exchange

Since the campaign trail, Trump has frequently indicated a desire to recast the U.S. relationship with its historical partners. He has threatened to withdraw U.S. forces from Japan unless Japan started paying for all of the costs, has alleged that Germany owed NATO "vast sums of money," and so on. Although it is not unusual for U.S. officials to complain about free riding (which, as discussed above, is a perennial concern within alliance relationships), American alliances seem to currently be understood in a more transactional fashion than under previous administrations.

This shift matters because it suggests a shift in how the White House understands the norms governing its relationships with allies. Alan Fiske, an anthropologist who studies the structure of social relationships, argues that there are four ideal-typical forms of relationships, each of which is based on a different norm of exchange.<sup>14</sup> Robust alliances are often governed by what Fiske calls "communal sharing" norms: NATO's Article 5, for example, enshrines the norm of collective defense, in which an attack on one member of the alliance is understood as an attack on all members because of their common membership within a group. Allies are one and the same; part of a broader community. Trump's recent comments, however, imply a shift away from communal sharing toward a different norm: "market pricing." This form of relationship is dictated by cost-benefit calculations. Countries must contribute proportional to what they have in order to receive the benefits. Allies are business partners, rather than close friends.

Why does this shift matter? Psychological research tells us that applying market-pricing frameworks to relationships previously characterized by communal sharing leads to conflict and contention.<sup>15</sup> Actors subjected to these "taboo tradeoffs" often experience negative reactions: when we have family over for Thanksgiving dinner, we rarely present them with the bill afterwards because it violates the norm of exchange around which the relationship is based. The very act of monetizing the exchange seems taboo, just as it seems taboo to offer to buy someone's kidney.<sup>16</sup> Reframing alliances in purely transactional terms may inherently undermine cohesion and generate distrust. It also undermines their deterrent power, because communal sharing relationships are built around moral motives of unity: outgroup members know that members of the ingroup are committed to unite automatically against outsiders who pose threats.<sup>17</sup> In contrast, if an alliance is based solely on

<sup>12</sup> Lee Ross, "The Intuitive Psychologist and his Shortcomings: Distortions in the Attribution Process," *Advances in Experimental Social Psychology*, 1977.

<sup>13</sup> Edward E. Jones and Keith E. Davis, "From Acts to Dispositions: The Attribution Process in Person Perception," *Advances in Experimental Social Psychology*, 1965.

<sup>14</sup> Alan P. Fiske, *Structures of Social Life: The Four Elementary Forms of Human Relations*, New York: Free Press, 1991.

<sup>15</sup> A. Peter McGraw, Philip E. Tetlock, and Ori V. Kristel, "The Limits of Fungibility: Relational Schemata and the Value of Things," *Journal of Consumer Research*, 2017; Kathleen E. Powers, "Nationalism and Foreign Policy: Does Internal Equality Reduce External Conflict?" Working Paper, 2017.

<sup>16</sup> Alan Page Fiske and Philip E. Tetlock, "Taboo Trade-offs: Reactions to Transactions that Transgress the Spheres of Justice," *Political Psychology*, 1997.

<sup>17</sup> Tage Shakti Rai and Alan Page Fiske, "Moral Psychology is Relationship Regulation: Moral Motives for Unity, Hierarchy, Equality, and Proportionality," *Psychological Review*, 2011.

market pricing, outsiders know that with the proper incentives alliance members can be bought off or wedged apart from one another.

## *Motivated Images: From Friend to Foe*

Both leaders and mass publics in international politics often have images or stereotypes of other countries, cognitive schema that actors rely on to make sense of international relationships.<sup>18</sup> Images tend to have common structures: the “enemy image,” popular during the Cold War, for example, was of another actor of similar relative capabilities and cultural status, but with threatening intentions; the “colony image” was of actors with weaker relative capabilities and of lower cultural status, who posed an opportunity rather than a threat. Because of this schematic structure, images lead to routinized interaction: knowing what image a decision-maker has of their relationship with another country tells us a great deal about the policy preferences that follow.

A decision-maker who has an enemy image of another country, for example, will tend to see that country as being driven by malign and unlimited motives, led by a unified regime that nonetheless can be contained by a sufficient use of force. A decision-maker who has a colony image of another country often tends to perceive it as being internally divided, between good forces (led by a progressive, modernizing leader, but who needs external support) and bad ones (led by radical fanatics or local puppets of foreign enemies), thereby legitimating intervention to prop up the former and quash the latter. Once images are embedded, they shape both the kind of information we seek out, and how that information is interpreted.

Importantly, images are motivated; what we want affects the image we see. The ally image is undergirded by perceived opportunities for mutual gain, while an enemy image presents itself when we see others as posing a threat. As the international relations scholar Richard Herrmann notes, “as the feeling that another country has goals that threaten one’s own increases, so does the inclination to construct a cognitive picture of that other country that features negative

items.”<sup>19</sup> In other words, even though we often think of images as being deeply embedded and thus resistant to change, they can flip quickly based on the presence or absence of conflicts of interest. This means that the ally image that other countries have of the United States can be overridden when facing American policy choices that violate allies’ interests in stability or a liberal, rule-based international order. It matters even if these negative images of the United States are only held by foreign publics rather than more pragmatic governing elites, since foreign leaders will find it harder to make concessions in negotiations with the United States when doing so is deeply unpopular with their publics or domestic audiences.

Furthermore, the images we form of countries are not only built around narrow bilateral interactions. Washington’s interactions with others will also shape its image with allies. For example, German decision makers may draw inferences about the Trump administration’s commitment to a liberal world order not only from their direct interactions with the administration but from what they read and observe about his domestic rhetoric and policies, his appointees, his interactions with other leaders and countries, and so on. As a result, U.S. actions in one domain may well influence the judgments of statesmen on wholly distinct matters, amplifying their effect and increasing the speed with which shifts in alliance credibility can occur.

## *Motivated Reasoning: Impressions*

### *Stick*

Whether citizens or diplomats, psychologists tell us that humans are “goal-directed information processors” who tend to evaluate information in a way that reinforces their pre-existing views.<sup>20</sup> We tend to seek out information consistent with what we already believe (what psychologists call a confirmation bias), and heavily discount information that challenges our priors (a disconfirmation bias). Trump’s unpredictability and incendiary rhetoric during the campaign, transition, and first months

18 Richard K. Herrmann and Michael P. Fischerkeller, “Beyond the Enemy Image and Spiral Model: Cognitive-Strategic Research After the Cold War,” *International Organization*, 1995; Richard K. Herrmann, “Perceptions and Image Theory in International Relations,” In *Oxford Handbook of Political Psychology*, eds. Leonie Huddy, David O. Sears and Jack S. Levy, Oxford: Oxford University Press, 2014.

19 Richard K. Herrmann, “Perceptions and Image Theory in International Relations,” In *Oxford Handbook of Political Psychology*, eds. Leonie Huddy, David O. Sears and Jack S. Levy, Oxford: Oxford University Press, 2014, p. 351.

20 Brendan Nyhan, and Jason Reifler, “When Corrections Fail: The Persistence of Political Misperceptions,” *Political Behavior*, 2010.

of the administration has created an image that will be hard to reverse. Even if Trump seeks to backtrack from his prior rhetoric and positions, the salience of his original views risks a self-reinforcing spiral, in which information that fits that image will be more easily believed than information that contradicts it. Foreign allies will seek out and place more weight on information that confirms their initial impressions, and place a lower weight on disconfirming evidence. Motivated reasoning thus offers yet another mechanism through which alliances can erode once negative impressions have been established.

This reinforcing spiral, when combined with the other mechanisms listed above, also shows how the effects we describe here have the potential to persist even if the Trump administration should be succeeded by a more conventional presidential administration. The greater the stressors the current administration places on the alliance system — sending out mixed messages that undermine the credibility of U.S. commitments, or carrying out actions that prompt allies to hedge and seek out alternate arrangements — the harder it will be for future administrations to repair the damage.

## Policy Implications

What does all of this mean for policymakers? We conclude by briefly summarizing some key implications and recommendations:

U.S. policymakers seeking to manage and maintain alliances should not place faith in their longevity being probable or automatic. Tension and fragmentation is the historical norm in alliance relationships, and even U.S. alliances have the potential to quickly weaken.

U.S. alliances rest both on the credibility of threats made to adversaries, and the credibility of promises made to allies. The Trump administration has focused on the former, but neglected the latter. Because credibility is ultimately a belief held in the mind of policymakers, it can change even in the absence of shifts in the military balance, or in the legal terms of U.S. treaty commitments. Both allies' and adversaries' minds can be changed: if allies and adversaries doubt U.S. commitments, they may dramatically alter their behavior even in the absence of material changes on

the ground. U.S. policymakers seeking to uphold U.S. alliances should therefore not believe that material changes are the only ones that matter.

Psychological factors are likely to mean that allies do not treat statements or rhetoric by the Trump administration as merely “cheap talk.” On the contrary, even rhetorical statements can rapidly change the way in which allies understand the nature of their relationship with the United States. In general, these mechanisms are likely to exacerbate rather than lessen the impact of any shifts that occur. Given the “bully pulpit” that the President enjoys, and President Trump's willingness to make policy pronouncements via Twitter, the President significant leverage to change the nature of the U.S. alliance system even if other cabinet members, parts of the U.S. bureaucracy, or Congress seek to mitigate those effects.

Many of these mechanisms are self-reinforcing and interactive: they strengthen rather than counteract each other. Furthermore, statesmen draw inferences about the administration from the totality of its domestic and international behavior, not simply from their own direct experiences of it. U.S. policymakers should expect to find it difficult to prevent U.S. actions in one domain from influencing the judgments of statesmen on other matters. Collectively, this has the potential to lead to downward spirals of confidence in U.S. commitments, and to tipping points that lead to sudden and dramatic shifts in alliance stability, instead of slow and steady degradations in ally confidence in U.S. commitments. U.S. policymakers should therefore make preparations for contingencies that may have previously seemed highly improbable or only plausible in the distant future such as a sudden collapse in NATO's credibility, or South Korean or Japanese willingness to pursue independent nuclear weapons, both of which seem much more plausible today than would have been the case a year ago.

If confidence in U.S. commitments declines, and if President Trump's global unpopularity continues, U.S. allies can increasingly credibly threaten to defy the United States on both small and large policy initiatives. For example, should the United States declare Iran to be in non-compliance with the Joint Comprehensive Plan of Action (JCPOA), it is easy to imagine many allies resisting U.S. efforts to reimpose sanctions on Iran. Some states may seek to exploit this bargaining leverage to extract greater commitments

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and resources from the United States. Ironically, the United States may end up being forced to commit more resources and expenditure to maintain alliance confidence than it would otherwise have had to. Rhetorical efforts to force allies to “do more” may, paradoxically, result in the United States doing more itself.

In sum, therefore, substantial shifts in U.S. alliance credibility are possible even in the absence of material changes in the balance of power, military deployments, or legal commitments. Incorporating the insights of psychology to our analysis of the stability of U.S. alliances suggests that these shifts may be dramatic, self-reinforcing, and — potentially — hard to reverse.



# MISPERCEPTIONS OF ABANDONMENT IN THE U.S.–JAPAN ALLIANCE

BY BJÖRN JERDÉN

Do the Japanese have reasons to worry about U.S. alliance commitments? “You know we have a treaty with Japan where if Japan is attacked, we have to use the full force and might of the United States,” Donald Trump told his audience at a campaign rally in August 2016. “If we’re attacked, Japan doesn’t have to do anything. They can sit home and watch Sony television, OK?”<sup>1</sup> Statements such as these by the President of the United States has not surprisingly brought to the fore old concerns in Japan about the durability of the U.S.–Japan alliance.

Doubts about the reliability of the partner’s commitments are part of any international alliance — and the U.S.–Japanese one is no exception. In this alliance, moreover, apprehensions do not seem equally strong; Japan appears to fear abandonment by the United States quite a bit more than the other way around. The anxiety of being left alone favors Japanese policies that align with U.S. requests, such as advancing security reforms that improve Japan’s burden-sharing capacities. In other words, Japanese fears are good for the United States (as well as for certain actors within Japan, but more on this later).

Japan is more concerned about abandonment than it needs to be. The United States has extremely strong reasons not to abandon its commitment to Japan, since this would require an overhaul of not only the U.S. Asia strategy, but of its global strategy as well. In order to remain a key Asia-Pacific country in the “Pacific Century,”<sup>2</sup> the United States probably needs Japan as much as Japan needs the United States. Japanese worries are thus somewhat overblown.

Attention to the benefits the United States draws from the alliance should help alliance managers and others better to understand a crucial driver of U.S.–Japan security cooperation. The importance of the alliance is hard to overstate. The Asia-Pacific lacks strong multilateral security institutions, and regional order is to a large part constituted by a set of alignment patterns, in which the U.S.–Japan alliance is a key component. But the importance of the alliance also extends beyond the region. Since its infancy, it has tied Japan closer to the Transatlantic partnership. The alliance has greatly facilitated the maintenance of the core of the U.S.-led liberal international order: the trilateral cooperation between Europe, Japan, and the United States.

## Why do Abandonment Worries Matter?

The risk of being abandoned by one’s ally — together with the other side of the coin, the risk of being entrapped in the ally’s adventures when interests diverge — makes up the unavoidable dilemma of alliance life.<sup>3</sup> An alliance, in the end, is a measure to improve one’s security. If the benefits of an alliance are seen to diminish relative to the costs, common values and old ties of friendship — as those present in the U.S.–Japan alliance — might not be enough to save the relationship. One of the partners is often more anxious than the other. In the present case, worries about abandonment are not totally absent on either side, but seem more pronounced in Japan.

Perceptions do not always approximate the plausible risks of abandonment that are actually happening. Cognitive biases, political agendas, scarcity of

1 Jesse Johnson, “Trump Rips U.S. Defense of Japan as One-sided, Too Expensive,” *Japan Times*, August 6, 2016.

2 Hillary Clinton, “America’s Pacific Century,” *Foreign Policy*, October 11, 2011.

3 Glenn H. Snyder, *Alliance Politics*, Ithaca and London: Cornell University Press, 1997.

reliable information, and the inherent contingent nature of forecasting make any assessment of alliance abandonment quite shaky. Policymakers are thus left to base decisions on how to meet the twin dangers of abandonment and entrapment on educated (at best) guesses. The emergence of the Trump administration has highlighted this point, but it is important to remember that uncertainty is the intrinsic condition of all alliance management.

Fears of abandonment influence relations between allies. One can imagine that a relatively anxious state tends to become more eager to please its ally. As in a romantic relationship, doubts and worries make a state willing to go the extra mile to avoid a solitary fate. A lopsided distribution of abandonment fears thus affects power relations in bargaining about a range of issues, such as the scale of mutual military commitments, how to share financial costs of basing, and the level of cooperation beyond what is stipulated in formal agreements. The ally that fears abandonment the least gets an advantage in such situations. If the militarily weaker partner is more anxious, such worries exacerbate already existing power discrepancies in the alliance.

If an anxious state starts believing that abandonment is inevitable, it might feel compelled to relinquish the relationship and explore other options to secure itself. Carefree allies should be cautious; an obliviousness to the worried partner's abandonment fears might squander the alliance.

In sum, keeping your ally on the edge a bit is advantageous because it can push it to work hard to maintain the alliance. Victor Cha spells out the implication for policymakers: "... the optimal policy strikes a balance between rising enough abandonment fears to discourage the freedom of irresponsibility among allies, but not overly rampant fears that might drive them to choose unilateral, self-help internal balancing."<sup>4</sup> Also important is the risk that the partner starts hedging by improving relations with the state against which the alignment

4 Victor D. Cha, "Abandonment, Entrapment, and Neoclassical Realism in Asia: The United States, Japan, and Korea," *International Studies Quarterly*, 2000).

relationship is aimed — which is arguably what we see with the U.S. ally the Philippines' tilt toward China under President Rodrigo Duterte.

## Abandonment Fears in the U.S.— Japan Alliance

Abandonment fears are not unknown to Americans, but they do not exercise the same influence on alliance policy in the United States as they do in Japan, where such fears have spurred the adoption of policies preferred by Washington since the beginning of the current relationship in the 1960s.

In the tense security environment during the Cold War, abandonment fears had a powerful impact on Japan's foreign and security policies.<sup>5</sup> They led Japan to follow U.S. advice to improve security cooperation with

South Korea,<sup>6</sup> and in the early 1970s they thwarted an ambitious attempt by Nakasone Yasuhiro — later successful prime minister but at the time director-general of Japan's Defense Agency — to decrease the number of U.S. bases in the country.<sup>7</sup>

A fear of desertion is thus clearly a driver of Japan's foreign and security policy. This does not mean that Japan has always abided by U.S. requests, but Japanese abandonment fears have complicated attempts to adopt a more autonomous foreign policy, as well as spurred important security reforms and policies advocated by the United States.

**“ Carefree allies should be cautious; an obliviousness to the worried partner's abandonment fears might squander the alliance.”**

5 Tomohito Shinoda, "Costs and Benefits of the U.S.–Japan Alliance from the Japanese Perspective," in Takashi Inoguchi, G. John Ikenberry, and Yoichiro Sato eds. *The U.S.–Japan Security Alliance: Regional Multilateralism*, New York: Palgrave Macmillan, 2011.

6 Victor D. Cha, *Alignment despite Antagonism: The United States-Korea-Japan Security Triangle*, Stanford, California: Stanford University Press, 1999.

7 Yasuhiro Izumikawa, "Explaining Japanese Antimilitarism: Normative and Realist Constraints on Japan's Security," *International Security*, 2010.

## How Worried Should Japan be about U.S. Commitments?

According to alliance theory, Japan's caution is prudent. If the United States decides that the costs of the current arrangement exceed its benefits, it will scale down commitments or even withdraw from the alliance. Japan *should* be worried.

As Victor Cha wrote, "Asian governments know, that the current [U.S.] policy can change virtually overnight with a change in administration in Washington ... the prospect of a U.S. drawdown is always salient if not inevitable."<sup>8</sup> Japan needs to be sensitive about U.S. interests, Evelyn Goh explains, "Japanese leaders have to walk a fine line, providing sufficient justification for and contribution to prolonging the alliance."<sup>9</sup> Policy divergence, according to Richard Samuels, "...can mean abandonment by the United States, one of the greatest threats to Japan."<sup>10</sup>

Donald Trump's critical statements about Japan during the presidential campaign seemed to embody similar calculations, and prompted American headlines such as "Is America Abandoning Japan?"<sup>11</sup> and "Can the U.S.–Japan alliance survive Donald Trump?"<sup>12</sup> In Japan, 51 percent of people have lost trust in the United States as an ally because of Trump's statements and actions.<sup>13</sup> It is surely true that given Japan's dependence on the U.S. military for its security, Tokyo cannot ignore U.S. concerns and

requests. Nonetheless, it is difficult to reconcile the assumption that abandonment could be just around the corner with the extraordinary importance that the alliance has to the United States.<sup>14</sup>

The reason is straightforward. Maintaining a large amount of control over developments in Asia might be the most important task for U.S. global leadership in the coming decades. This thinking was reflected in the so-called rebalancing policy under the Barack Obama presidency, but also in the fact that all of Obama's recent predecessors were committed to ensure that U.S. power in the region would survive well into the 21st century. The key task is to prevent

potential rival China from becoming a regional hegemon.

The United States in not an Asia-Pacific country in virtue of territory (except Guam) and its ability to achieve regional objectives therefore fully depends on local allies and partners in the hub-and-spokes system. Japan is widely recognized as the most

important of these. Which other country could step in and fill Japan's shoes? For various reasons, no other candidate — not Australia, South Korea, Singapore, nor India — seems plausible.

Japan's significance partly stems from its unique geographical location. Richard Armitage describes the crucial importance of the Japanese bases to the United States, "Our overall interest in Asia continues to be the naval and the air assets, which allow us to conduct security cooperation in all of Asia because of the tyranny of time and distance. We couldn't do it without those bases."<sup>15</sup>

In addition to this crucial military aspect, the alliance also brings other types of benefits to the United States. Japan's advanced economy is the largest of all the U.S. allies in the region. Japan is a member of

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***It is difficult to reconcile the assumption that abandonment could be just around the corner with the extraordinary importance that the alliance has to the United States.***”

8 Cha, "Abandonment," p. 284.

9 Evelyn Goh, "How Japan Matters in the Evolving East Asian Security Order," *International Affairs*, 2011.

10 Richard J. Samuels, *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*, Ithaca and London: Cornell University Press, 2007, 156.

11 Tom Le and J. Berkshire Miller, "Is America Abandoning Japan?" *The National Interest*, February 1, 2017.

12 Laura Rosenberger, "Commentary: Can the U.S.–Japan Alliance Survive Donald Trump?" *Chicago Tribune*, February 10, 2017.

13 The Genron NPO, "Japanese Public Opinion on U.S. Leadership and the Role of Japan," July 13, 2017, [http://www.genron-npo.net/en/opinion\\_polls/archives/5359.html](http://www.genron-npo.net/en/opinion_polls/archives/5359.html).

14 On the importance of the Japan alliance to the United States, see for example Robert J. Art, "The United States and the Rise of China: Implications for the Long Haul," *Political Science Quarterly*, 2010.

15 Center for Strategic and International Studies (CSIS), "2010 Global Security Forum: How Should We Address the Perception of Waning U.S. Power in Asia?" May 13, 2010.

the G7 and G20 groupings, the third largest financial contributor to the United Nations, and an important player in efforts to tackle various global challenges. Without the leverage that the alliance provides Washington, Japan would have strong incentives to adopt policies over a wide range of issues that do not align with U.S. interests.

Similar to India, for example, Japan arguably has compelling geo-strategic reasons to maintain good relations with Russia, in order to balance against Chinese power in Asia. A more independent Japan could thus perhaps become less willing to join a tough EU–NATO line on hostile Russian activities in Europe and the Middle East. Other areas of imaginable policy drift in such a situation include foreign investment regulation and sanctions on Iran.

For both military and other reasons, keeping Japan as an ally looks necessary if the United States wants to maintain a pivotal position in East Asia. It could perhaps even be said that the alliance has an existential value for the United States, in the sense that abandoning Japan could mean giving up on the strong desire to remain an “Asia-Pacific” nation.

U.S. alliance managers tend to remind their Japanese colleagues not to discount the possibility of abandonment. Nothing in actual U.S. policy, however, seems to show a willingness to follow through on such warnings. Although the claim is certainly not that abandonment is impossible, recognition of Japan’s importance to the United States shakes the assumption that a more autonomous outlook from Tokyo would put the alliance of more than 50 years in peril. Japan is more important than that for Washington.

## Abandonment and Japanese Domestic Politics

So far, “The United States” and “Japan” have been discussed as monoliths. This is a useful simplification for thinking about basic alliance dynamics, but also hides some relevant aspects. In both countries, domestic actors fiercely contest what should constitute the “national interest.” Preventing abandonment, as we have seen, serves as a powerful argument to push security reforms to enable Japan to become a more “normal” country in terms of military capacity. For the United States, such reforms allow Japan to contribute more actively in different areas in and beyond the Asia-Pacific, and thus better support U.S. international leadership. It would however be wrong to describe this as solely a U.S. agenda, since many Japanese citizens share the same objective for Japan’s future. These voices include much of the political right — notably Prime Minister Abe Shinzō — but an increasingly diverse part of the Japanese political landscape has converged around the same agenda in recent years.<sup>16</sup>

Japanese fears of abandonment do not only benefit the United States, but can also be instrumentalized by powerful groups within Japan. This too might help to explain the stickiness of the belief. A more acute sense of abandonment in the coming years could, for example, make the possibility of constitutional revision more likely than it otherwise would be.

## Conclusions

Abandonment fears matter a lot to the U.S.–Japan alliance. Due to worries about U.S. abandonment, Japanese attempts at greater autonomy are discouraged, while security reforms supported by Washington are encouraged. This is not a story about American winners and Japanese losers, however, as growing numbers of Japan’s political

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<sup>16</sup> For the domestic and international background of recent Japanese security reforms, see Andrew L. Oros, *Japan’s Security Renaissance: New Policies and Politics for the Twenty-First Century*, New York: Columbia University Press, 2017.



elites share this agenda, and thus also benefits from Japanese abandonment fears. Because of the critical importance that the alliance has for the United States, worries about abandonment seem overstated. The alliance is asymmetrical in military capabilities — but not in the value that the partners receive from it.

Despite being the militarily much stronger partner, the United States, in other words, needs Japan as much as Japan needs the United States. We should therefore perhaps hesitate to fully see Japan's fear of abandonment as a rational response to objective alliance dynamics. Rather, it could be understood as a factor that allows the United States — and certain factions in Japanese politics — to gain the upper hand in alliance bargaining.

Experienced alliance managers are unexpectedly fully aware of the crucial role played in the alliance by not only the balance of power, but also the balance of expectations. Richard Armitage, for example, says, "...the fact of the matter is we cannot want this security relationship with Japan more than they want it. We can't. We can't sustain that."<sup>17</sup> One U.S. objective thus becomes to convince the Japanese that the Americans want the security relationship less than the Japanese want it. This can be done two ways, either by increasing the Japanese desire for the alliance, or alternatively, by making them believe that the Americans want the alliance less than they actually do.

## Implications for the Future of the Alliance

If the risk of U.S. abandonment of Japan is smaller than commonly believed a number of policy implications result.

First, the alliance appears even more robust than what many people seem to believe. Policymakers on both sides of the Pacific evidently confirm the strength of the alliance on a regular basis. If abandonment is less likely than professed by many observers, then this political rhetoric seems more credible yet. For instance, warnings in recent years that Japan needs to step up its international profile in order to save

the health of the relationship seem exaggerated.<sup>18</sup> Nevertheless, doubts about the strength of U.S. commitments make the alliance even stronger, as they contribute to policies that tie Japan even closer to the United States. So those who wish for an even deeper alliance would actually be wise to continue downplaying its durability.

Second, Asian doubts about U.S. credibility are sometimes portrayed as a problem for Washington. If regional states were to start preparing for a U.S. withdrawal from the region, it could indeed generate substantial difficulties for U.S. strategy. At least in the case of Japan, however, such concerns are mostly positive for the United States since they feed into abandonment fears that work to the benefit of Washington in alliance bargaining. Therefore, it is not impossible that Trump's loud criticism of Japan during last year's campaign might have strengthened U.S. influence in the alliance. Though one should not take this approach too far or Japan might decide that a strategy of self-reliance is the safest bet for its future security.

Third, Japan could likely get away with more behavior at odds with U.S. interests than what many Japanese believe. During the now dissolved Democratic Party of Japan's (DPJ) Hatoyama Yukio's turbulent time as prime minister (2009–2010), for example, it was suggested that a failure of Japan to fall in line would lead the United States to reconsider the strategic role of the alliance.<sup>19</sup> The argument of this paper, by implication, instead suggests that even if the DPJ government had pushed through with more of its independence-seeking campaign promises, the U.S. government would not have scaled down on its commitments. The same logic could be applied to other issues as well, such as disagreements about how to remember the wartime past of Imperial Japan. Policymakers in Japan who value the alliance, but at the same advocate more autonomous policies, could thus probably be bolder in pushing their agenda without hurting U.S. commitments.

<sup>18</sup> See for example Richard L. Armitage and Joseph S. Nye, *The U.S.–Japan Alliance: Anchoring Stability in Asia*, Center of Strategic and International Studies, 2012.

<sup>19</sup> Michael J. Green, "The Democratic Party of Japan and the Future of the U.S.–Japan Alliance," *The Journal of Japanese Studies*, 2011.

<sup>17</sup> CSIS, "2010 Global Security Forum," p. 25.



# THE U.S.–INDIA–JAPAN TRILATERAL: A GEOECONOMIC STRATEGY TO SECURE ASIA

BY HEMAL SHAH

In 2011, the United States, India, and Japan set up their first official trilateral meeting to signal consensus on common regional issues. Together, they represent 25 percent of the world's population and 35 percent of global domestic product (GDP). Common goals of economic development, balancing China's territorial aggression in South and East Asia, and preservation of the liberal democratic order bind them together. They present a clear strategic logic to work together to ensure peace and stability in the Indo-Asia-Pacific region.

The Foreign Ministers of the three countries recently met on the sidelines of the U.N. General Assembly in New York in September. While they hit the right notes with exchanging views on maritime security, connectivity, and proliferation issues, they are yet to explore and institutionalize concrete, practical steps to enhance cooperation.

In other words, this trilateral has failed to graduate from constructive symbolism to actual substance. Aside from joint security initiatives, the dialogue has long-discussed, but not yielded, further collaboration on energy, infrastructure, or other areas of mutual interest. As a purely informal alliance, the absence of a robust economic foundation is stunting its strategic potential. A deeper economic engagement will enmesh the countries' priorities, lending shape and form to their strategic goals in the Indo-Pacific region.

## Historical Underpinnings

India's gruelling emergence from the 1991 balance of payment crisis and slumping ties with a weakened, post-Cold War Russia prompted its leaders to pivot

to the "Look East" policy.<sup>1</sup> The gradual removal of nuclear test-related U.S. sanctions on India following President Bill Clinton's visit in 2000 finally signaled a thaw in the U.S.–India relationship. The world's oldest and largest democracies had declared themselves "natural allies."<sup>2</sup> Months later, following closely on the heels of the United States' decision, Japan struck a formal "India-Japan Strategic Partnership." Consecutively, both the United States and Japan have taken initiatives to forge better relations with India, with the 2005 U.S.–India Civil Nuclear Agreement under President George W. Bush marking the pinnacle of the "natural" partnership.

In 2007, then Japanese Prime Minister Shinzo Abe spoke of the "Confluence of the Two Seas" at India's Parliament arguing that the Indian Ocean and Pacific Ocean should resonate as interconnected hallmarks of peace, stability, and freedom of navigation.<sup>3</sup> Later that year, in an attempt to expand the engagement, Japan, Australia, and Singapore, joined the U.S.–India Malabar naval exercise near Okinawa and the Bay of Bengal. However, Abe's hopes of a formal

1 Thomas Lynch and James Przystup, "India–Japan Strategic Cooperation and Implications for U.S. Strategy in the Indo-Asia-Pacific Region, Strategic Perspectives (24), Institute for National Strategic Studies, National Defense University Press, March 2017. The "Look East" policy was a product of the post-Cold War world, when Indian prime ministers visited China, South Korea and later the broader East Asian region to recognize the fact that India was changing its foreign policy quickly to be a part of the East Asian story. The ultimate goal of the policy, that subsequently transpired into "Act East" was to ensure a multipolar Asia according to Dhruva Jaishankar in "Actualizing East: India in a Multipolar Asia," Institute of South Asian Studies (ISAS) Insights, No. 412–23, National University of Singapore, May 2017.

2 Malini Parthasarathy, "India, U.S. Natural Allies: Vajpayee," *The Hindu*, September 9, 2000.

3 Shinzo Abe, "Asia's Democratic Security Diamond," Project Syndicate, December 12, 2012. In 2007, then Prime Minister Shinzo Abe addressed the Central Hall of the Indian Parliament on the "confluence of the two seas," a phrase he borrowed from a Mughal prince to emphasize that peace, stability and freedom of navigation in the Pacific Ocean are inseparable from the same goals in the Indian Ocean. Prime Minister Abe also stands by this today.

“security diamond” – Australia, Japan, India, and Hawaii (U.S.) – were quashed in response to Beijing’s protest against the initiative.<sup>4</sup>

The 2014 election of a pro-business, nationalist prime minister, Narendra Modi, spelled a shift away from India’s historical non-aligned foreign policy and toward even closer U.S.–India relations. Abe, who already enjoyed a warm kinship with Modi, had just embarked on his vision of a more assertive Japan. By December 2015, Japan became a permanent partner in the Malabar exercises. Economic ties were also strengthening the triad. U.S.–India bilateral trade was already north of \$100 billion annually, and Japan was consistently one of the top ten investors in India.

Then came Donald Trump. The incoming U.S. administration in 2016 labeled President Obama’s pivot to Asia as “feckless” and “mendacious,” weakening the foundations of trilateral cooperation and inviting a reassessment of the partnership.<sup>5</sup> For the trilateral’s grand strategy to succeed under the Trump administration, outcome-oriented economic and business decisions should drive its goals.

## The Asian Hegemon: China as a Rising Power

Undoubtedly, the U.S.–India–Japan trilateral is critical to balance rising Chinese aggression and maintain the liberal democratic order in the Indo-Pacific region. This combination — the U.S. commitment to democracy and robust military capabilities, the promise of India’s rapid economic growth and strategic location in the Indian Ocean, and Japan’s initiative to protect the collective freedom of navigation for trade — cannot be squandered.

The Chinese military continues to encroach on India’s northeastern border as well as its South Asian neighbors. Dubbed as China’s “salami-slicing” tactic, China recently agreed to disengage from a standoff with India in the Doklam region of the Himayalayas

4 Ibid. By extension of the idea of the confluence of the two seas, Prime Minister Abe envisaged strategy whereby Australia, India, Japan, and the U.S. state of Hawaii form a diamond to safeguard the maritime commons stretching from the Indian Ocean region to the western Pacific. He promised to invest “to the greatest possible extent” Japan’s capabilities in this “security diamond.”

5 Alexander Gray and Peter Navarro, “Donald Trump’s Peace Through Strength Vision for the Asia-Pacific,” *Foreign Policy*, November 7, 2016.

— a strip of land between China, Bhutan, and India — after Bhutan protested the Chinese Army construction wing’s attempt to build a road.<sup>6</sup> This strategic corridor also serves as an inlet into India, connecting Delhi with the northeastern states.

Despite China’s fervent demands to uphold the One China Policy, Beijing will not back down from the 30,000 square miles of Chinese-occupied Indian Territory in the northeast, nor does it support India’s protest of the Pakistani-occupied territories in the Indian state of Kashmir.<sup>7</sup> In recent times, India has shifted its stance asking China to reaffirm a One India Policy first.<sup>8</sup> China has also been clashing with the United States over Washington’s right to uphold the freedom of navigation in China’s 200-mile Exclusive Economic Zone (EEZ) in the South China Sea.<sup>9</sup>

The United States also estimates that Beijing has added 3,200 acres of land on seven features in the South China Sea, building runways, ports, aircraft hangars, and communications equipment, thereby aggravating Brunei, Malaysia, the Philippines, Taiwan, and Vietnam.<sup>10</sup> In the East China Sea, a territorial row over a group of islands (“Senkaku” in Japan; “Diaoyu” in China) has heightened tensions in a region already on edge from nuclear threats from North Korea. U.S. security guarantees and mutual defense treaties with Japan, South Korea, and the Philippines further complicate the equation in the region, if their status quo with China is affected adversely.

The Chinese Communist Party (CCP) also adopts geoeconomic strategies to draw the distant neighborhood closer to its orbit. China’s Belt and Road Initiative (BRI) demonstrates both the scale

6 The Economic Times, “Sino-India Standoff Could be Part of China’s Salami-Slicing Tactics: American Expert,” July 11, 2017. Alyssa Ayres, a former State Department official, shared in an interview that this was possibly a new example of China looking to take “a tactical inch over and over again to slowly gain a strategic mile.” In the South China Sea context, observers have focused on China’s “salami-slicing” tactics of smaller changes to the status quo, and that over time add up to something strategically significant,” she said.

7 Jeff Smith, “Trump Should Read India’s Playbook for Taunting China,” *Foreign Policy*, December 20, 2016.

8 Indrani Bagchi, “India Talks Tough on One-China Policy, says Reaffirm One-India Policy First,” *The Times of India*, September 9, 2014.

9 Bonnie Glaser, “Armed Clash in the South China Sea,” Contingency Planning Memorandum No. 14, Council on Foreign Relations, April 11 2012.

10 Center for Strategic and International Studies, Asia Maritime Transparency Initiative, “Country: China,” <https://amti.csis.org/island-tracker/chinese-occupied-features/>.

## Balancing China: The Middle Power Advantage

and scope of its promises with potential funding for more than \$1 trillion in infrastructure projects spanning more than 60 countries, underscoring “global commerce on China’s terms.”<sup>11</sup> With aims to reshape the global economic order, this is China’s response to a two-pronged problem of its own slowing economic growth and the absence of Western innovation in maintaining its global institutions. In short, the BRI aims to buy political influence through economic connections and projects.<sup>12</sup>

While China’s rise has been unstoppable, a detailed study of its power — natural resources, national performance, and military capabilities — indicates trouble for its neighbors.<sup>13</sup> Rising powers are faced with both the temptation and need to expand to address colliding interests. In the case of China, the combination of current economic transitions, single party rule, and political uncertainty feed a tendency to pursue assertive and expansionist foreign policies.<sup>14</sup> Such an insular and defensive political system will be difficult to engage with and will not easily assimilate into the existing international order.<sup>15</sup> A declining or receding U.S. power in Asia would make way for China as the Asian hegemon. What would be the propensity of Asian countries to deal with either scenario? A limited-aims revisionist that merely tweaks the existing order for specific, limited aims, or a revolutionary revisionist that seeks to replace the existing order.<sup>16</sup> The United States and its partners must prepare alternative scenarios to tackle the CCP’s projections of internal insecurities, including as shows of force or military adventurism.<sup>17</sup>

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***A declining or receding U.S. power in Asia would make way for China as the Asian hegemon.***”

At best, the nature of China’s revisionist aims could currently be interpreted as limited, but not risk averse. If it goes unabated, China may transpire into a risk-averse, revolutionary revisionist power. Policies that would best check negative externalities include balancing and engagement, and containment for severe cases.<sup>18</sup> However, the perception of a declining or withdrawn U.S. and the limitations of Japan’s ageing and restrictive influence — two key balancing powers in the Asia-Pacific — is gradually creating a vacuum in the region. Trilateral alliances with South Korea or Australia work well, but the implementation of a successful balancing strategy would require the role of an effective middle power to build an contextually meaningful coalition.

Middle powers are broadly defined by three approaches — positional, behavioral, and functional. A positional approach attaches credence to attributes such as size of the GDP, population, and military size; a behavioral approach signifies the tendency to pursue multilateral solutions with a bridge-building effort; a functional approach presents ways to influence areas in international relations.<sup>19</sup>

The U.S.–India–Japan trilateral is a perfect opportunity for India to exceed the limitations of a middle power and play a greater role in global affairs. As an emerging middle power it could contribute to U.S.–Japan efforts to maintain a liberal security order in the Indo-Pacific region. Home to one-sixth of the world’s population and the fastest growing large economy today, India is also the world’s largest arms importer, importing more than China and Pakistan. A strong Indian diaspora presence in the United States, Europe, and the Middle East translates into \$69 billion in remittances — a major source of

11 Jane Perlez and Yufan Huang, “Behind China’s \$1 Trillion Plan to Shake Up the Economic Order,” *The New York Times*, May 13, 2017.

12 Vivekananda International Foundation, Trilateral India–Japan–U.S. Dialogue, held on February 17, 2017 in New Delhi, <http://www.vifindia.org/print/3631>.

13 Nadege Rolland, “China’s National Power: A Colossus with Iron or Clay Feet?” in Ashley Tellis, ed., *Strategic Asia 2015-16: Foundations of National Power*, pp. 23-54.

14 Randall Schweller, “Managing the Rise of Great Powers: History and Theory,” in Alistair Johnston and Robert Ross, eds., *Engaging China: The Management of an Emerging Power*, New York: Routledge, 1999; 1-31.

15 Ibid.

16 Yogesh Joshi, “India-Japan-Australia Minilateral: The Promise and Perils of Balancing Locally,” ORF Occasional Paper No. 114, Observer Research Foundation, May 2017.

17 Nadege Rolland, 2015–16.

18 Ibid.

19 Raditya Kusumaningprang, “The Limits of Middle Powers in the Asia Pacific Order Transition,” in Sharon Stirling, ed., “Shifting Dynamics: Next Generation Assessments on Asian Security,” Asia Policy Paper Series No. 35, The German Marshall Fund of the United States, 2016.

incoming investment, experience, and know-how.<sup>20</sup> While it is not dependent on U.S. security guarantees, it is still able to undertake large-scale operations in the Indian Ocean region that complement U.S. interests: patrols of the Strait of Malacca, anti-piracy operations in the Gulf of Aden, civilian evacuation in Yemen,<sup>21</sup> and coordination of disaster relief operations post-Tsunami. It could also serve as an important bulwark against the spread of radical Islamist beliefs from West Asia into East Asia.

To be an effective middle power, yet an equal partner in the trilateral, India needs to sharpen its footprint beyond soft and hard power, and invest in diplomatic tools such as building coalitions with like-minded countries and credibility in spearheading international affairs with multilateral solutions.<sup>22</sup>

Alice Wells, Principal Deputy Assistant Secretary of State for South and Central Asia put it well: “We need India to be a net security provider in the Indo-Pacific, a region that serves as the fulcrum of global trade and commerce, with nearly half of the world’s 90,000 commercial vessels — many sailing under the U.S. flag — and two thirds of traded oil traveling through the region. It is also home to nearly half the planet’s population and some of the fastest growing economies on earth. Working with like-minded partners, India has the strategic and economic potential to uphold the international order that has served so much of humanity over the past seven decades. The investments we make in our security partnership now will pay dividends for decades to come.”<sup>23</sup>

“ ***In the long run, India has the potential to serve as a net security provider in the Indo-Pacific region.*** ”

strengthening the respective bilateral relationships, despite domestic political changes.

**Short Term:** In the near term, this trilateral should focus on three immediate action items: First, discuss

## Vision of the Trilateral: The Short, Medium, and Long Terms

The U.S.–India–Japan trilateral is well past the first step of regular government-to-government dialogues. With China’s unabated aggression at newer frontiers, the “encircling” tendencies of its BRI, and the potential rise of India as a neutralizing Asian power, the timing is perfect to coordinate more seriously on the short, medium, and long-term vision of the trilateral. Since its inception, the trilateral has enjoyed successes such as better coordination on natural disaster relief mechanisms, collaboration on energy and renewable energy projects, and regular naval exercises, while

specific perspectives on balancing China; second, coordinate on timeliness and interoperability; third, agree on the terms of a flexible and informal alliance.

Since the end of the Cold War, the United States pursued a two-pronged strategy of engagement and balancing with China.<sup>24</sup> Irrespective of how differently the three countries perceive China’s rise, the trilateral, led by the United States, could pursue a strategy of intensified balancing that compensates for strategies of both engagement and containment. Professor Aaron Friedberg labels this as a strategy of “better balancing,” adapted from South Asia expert Ashley Tellis’ 2014 monograph *Balancing Without Containment*.<sup>25</sup> Tellis argues that China is looking to erode the United States’ global hegemony “to reshape the extant political order to serve its interests.” Given China’s relative gains through the economic relationship with the United

20 Dhruva Jaishankar, “Indian and the United States in the Trump Era: Re-evaluating Bilateral and Global Relations,” Policy Paper No. 37, The Brookings Institution, June 2017.

21 Dhruva Jaishankar and Tanvi Madan, “Moving Forward on Defense and Security,” *Mint*, June 20, 2017.

22 Raditya Kusumaningprang, 2016.

23 Statement of Ambassador Alice Wells Acting Assistant Secretary, Bureau of South and Central Asian Affairs U.S. Department of State, Before the HFAC Subcommittee on Asia and the Pacific, “Maintaining U.S. Influence in South Asia: The FY 2018 Budget,” September 7, 2017.

24 Aaron Friedberg, “The Debate Over U.S. China Strategy,” *Survival*, June–July, 2015.

25 *Ibid.*



States, it would make sense for the United States to further boost and strengthen its own overall GDP, maintain its supremacy in technological innovation, and empower its allies and natural partners in the region. While this would include allies and partners in the Asia-Pacific, the trilateral could be used to improve on and draw strength from an established Japan and a promising India. Instead of blocking or containing China, the United States should focus on trilateral and regional free trade deals or informal reduction of trade barriers, selectively, to reduce their dependence on China.<sup>26</sup>

Greater coordination on interoperability through the ongoing Malabar naval exercises is another low-hanging fruit. For a start, the Malabar exercise should clearly determine that the best positioned unit — whether American, Japanese, or Indian — would counter impending threats irrespective of who and where its directed at, without going through a separate calculation.<sup>27</sup> This invites several considerations, including the extent to which Japan would amend Article 9 of the Constitution to reassert its position on collective defense. Furthermore, India's slow shift away from the nonaligned foreign policy at the bureaucratic level should also trickle down to changes in interoperable decision-making in the joint military exercises.

In turn, the flexibility and informality of the alliance should also be codified as balance of power coalitions suffer from four coordination problems: free-riding or buckpassing to get others to take the burden; defecting or bandwagoning with the rising power; hiding to avoid provocation of the rising power; and entrapment by being party to a dispute they have no reason to be involved in.<sup>28</sup> While the United

States and Japan are less likely to fall victim to these tendencies, India — as an emerging middle power, economic rival, and a significant dependent on trade with China — could be vulnerable to all except bandwagoning with China. Identifying factors for India's susceptibility to some of these problems, the United States and Japan should appropriately make India stronger. This paper discusses ways and means of addressing this in the policy recommendations section.

**Medium Term:** Next, the trilateral should focus on strengthening the respective bilateral relationships to outlive changes in domestic politics. The

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*The ability of Japan to marshal resources effectively and the Abe–Modi leadership chemistry could tie the partnership well together.*”

Trump administration's purported Asia strategy of “peace through strength” advocates for a strong U.S. economy and armed forces in Asia. It also calls for reviving ties with long-standing allies like Japan, as well as increased attention to neglected U.S. partners like India, Myanmar, Vietnam, and South Korea,

and the ASEAN grouping. However, the policy also emphasizes the importance of appropriate burden-sharing to bring about equal balance in alliances and partnerships.<sup>29</sup>

The U.S.–India relationship is more organic but has never been better. Both countries need to act on a clear plan to rise from their goal of \$100 billion to \$500 billion in bilateral trade. They need to prioritize the free trade deal and operationalize the nuclear deal that marked the historic upswing in their relationship. The successful June 26 bilateral summit between Modi and Trump vindicated the upward trajectory in relations under Obama. The summit focused on counterterrorism, Indo-Pacific stability, and reduced trade barriers.<sup>30</sup> While the India–Japan relationship is more mature and enjoys an enviable bonhomie, their bilateral trade currently hovers just around \$15 billion. The ability of Japan to marshal resources effectively and the Abe–Modi leadership chemistry could tie the partnership well together.

26 Ibid.

27 Dispatch Japan interviewed Dennis Blair on July 2, 2014 where he explained what interoperability is and how it is important: Should a threat to a joint task force develop — a North Korean submarine, plane or missile — the joint commanders should be able to give orders to shoot that plane or missile down or attack the submarine. The orders would go to the combined units that are in the best position to implement, without having to go through a separate calculation as to whether the threat is specifically a posed to a Japanese or American vessel, <http://www.dispatchjapan.com/blog/dennis-blair/>.

28 Yogesh Joshi, 2017.

29 Alexander Gray and Peter Navarro, 2016.

30 “Joint Statement — United State and India: Prosperity Through Partnership,” Ministry of External Affairs, Government of India, June 27, 2017.



**Long Term:** The U.S.–India–Japan trilateral should activate India’s capabilities and willingness to step up as the lead security provider in the Indo-Pacific region, both along the South Asian continental borders as well as a bastion of maritime freedom in the Indian Ocean region. Although India is yet to act in the recent Maldives situation, by standing up for Bhutan in the Doklam standoff against China, India sent a “loud and clear signal” of its value as a partner with Washington in preserving the global order.<sup>31</sup> All three countries — through the “U.S.–India Joint Strategic Vision for the Asia-Pacific and the Indian Ocean Region” and “Japan and India Vision 2025 Special Strategic and Global Partnership” in 2015 — recognized the value of freedom of navigation in the South China Sea as key to ensure trade, commerce, and security in the Indo-Pacific region. The United States and Japan should seize the moment to gradually support India’s desire to change its strategic posture to align more with the different visions agreed upon in bilateral joint statements.

## Skeptics: Top Five Challenges Facing the Trilateral

While balancing China is the unifying factor, the trilateral needs to address its shortcomings to move beyond symbolism to substance.

- 1. India is the weak link:** India is still a developing country with the world’s largest population below the international poverty line and one-third of all illiterate adults.<sup>32</sup> Despite its strategic location, it is not well integrated into the global supply chains. An economically weak India will be unable to focus on strategic goals in the region and may resort to populist measures delaying the much-needed economic and trade policy reforms. While the Modi administration can be credited for pro-business and pro-investment economic policies, it is not necessarily pro-trade. Though the ruling party enjoys a strong majority in the Lower House, the upcoming election cycle will determine the opportunity costs of populism versus meaningful reform.
- 2. Weak private sector collaboration:** Japan is looking to invest more outside the country and expand its industry footprint. India is in need of investment resources. However, Japanese investment in India has been largely via ‘overseas development assistance’ rather than actual investment. U.S. companies still find it difficult to do business in India due to the uncertain tax regime and policy paralysis over the past decade. The U.S.–Japan business ties will also see some tension with Trump’s “America First” policy.
- 3. The anti-trade tirade:** Heavy customs duties, red tape for foreign investors, and lack of dispute settlement mechanisms, have dubbed India as anti-free trade. Trump’s turn away from the Trans-Pacific Partnership and general scepticism of multilateral trade deals is upsetting the gradual but global march toward freer movement of goods and reduced trade barriers. Following the lowest common denominator in trade deals further brings down the essence of raising standards.
- 4. India will never be a formal ally:** Despite the slow shift away from a nonaligned foreign policy, India will never actually sign up for “alliance” labels with any country, whereas the United States and Japan are already treaty allies. The U.S.–India relationship is enjoying an upswing but is not even close to being an alliance; the Malabar naval exercise is not yet comparable to other trilaterals in the region, like the U.S.–South Korea–Japan exercises nor the U.S.–Japan security relationship.
- 5. Bilateral ties remain undeveloped:** India wants its relationship with the United States to facilitate the achievement of strategic autonomy in a multipolar international system, but several gaps are unlikely to be closed. Japan is also seeking greater autonomy within the strategic U.S.–Japan alliance.<sup>33</sup> Given the history of the U.S.–India relationship and people-to-people ties, it is unlikely that the India–Japan relationship can reach the depth and breadth that the U.S.–India relationship enjoys. India–Japan relations are likely to remain the relatively weakest link of the U.S.–India–Japan trilateral.<sup>34</sup>

<sup>31</sup> Rick Rossow, “For the United States, India’s Moves at Doklam Signal Its Willingness to Act,” *The Diplomat*, August 17, 2017.

<sup>32</sup> Dhruva Jaishankar, 2017.

<sup>33</sup> Satu Limaye, “An American Perspective of Japan–India and U.S.–India–Japan Trilateral Relations,” *Contemporary India Forum, Quarterly Review*, No. 21, The Japan-India Association, 2014.

<sup>34</sup> *Ibid.*

## Policy Recommendations: Enhancing the Effectiveness of India's Middle Power Status For Asia's Security

1. **Advocate for ease of doing business in India.** In terms of economy and business, India is certainly the trilateral's odd man out. India ranks 100 out of 190 countries on the World Bank (Ease of) Doing Business Index. The United States and Japan should support India's rise as a business and investor-friendly country as the rate of return on investment in India would likely be much higher in the long term compared to China.<sup>35</sup> In 2017, the Government of India (GOI) announced that it would take the initiative to rank the different states on logistics performance to boost trade facilitation and recently unveiled the biggest economic reform in a decade — the goods and services tax (GST) — to unify the 29 Indian states into a single, common market. The GOI is also monitoring performance on innovation and bringing its intellectual property rights (IPR) framework closer to global standards. On the other hand, the passage of the National Defense Authorization Act by U.S. Congress elevated U.S.–India defense ties to streamline co-production and co-development by recognizing India as a “major defense partner”<sup>36</sup> Similarly, Japan could take steps to institutionalize defense ties with the aim of improving trilateral interoperability in joint exercises. The United States also has a vital signaling role to play in helping Tokyo and Delhi share military hardware and defense technology. The United States should develop the broadest and most generous possible list of military technologies that Japan can be encouraged to transfer to India, especially those originally developed or primarily researched in the United States. While India should focus on providing security guarantees for arms transfers and institute a trade secrets regime, the United States

should consider relaxing transfer standards.<sup>37</sup> Trilateral initiatives and investments would also work best on a public-private partnership (PPP) basis. India-focused U.S. and Japanese trade associations should also look to align mutual policy recommendations. Currently, both sides separately advocate for common priorities like reforms to India's tax system, banking sector, logistics and distribution system, IPR, infrastructure financing, and land acquisition. Rather than duplicating their energies, they could file comments jointly and coordinate with India's chambers of commerce and industry to double down on constructive messaging. This will lay a clearer path for the United States and Japan to collaborate with technical know-how and capital to invest in India, resulting in a win-win situation.

2. **Mobilize joint private sector partnerships through track 1.5/2 discussions.** Japan is already at the forefront of assisting India on infrastructure development with the combined aim of facilitating trade and logistics in the immediate neighborhood to counter the BRI. From 2002–2011, India's transportation sector received 25 percent of Japan International Cooperation Agency (JICA) aid outlays for India. Between 2005–16, total ODA to India accounted for \$20 billion; India was also exempt from budget cuts post the Tsunami and Fukushima disasters.<sup>38</sup> To pivot the economic relationship forward, the trilateral government-level dialogue should create a track 1.5 or a track two forum on the sidelines to involve the private sector and the respective commerce departments or ministries. The discussion should be crafted to follow a spirit of a stronger India that could add value to security cooperation in the Indian Ocean region to reduce the burden on the United States and Japan. The three countries could initiate a shortlist of near-term jointly investable projects and exclusively identify special economic zones, in ways where collaboration is more valuable than competition to complement each other's strengths. Areas of convergence and interest include infrastructure, transport logistics, innovation, clean energy,

35 Remarks by Ashwani Kumar, former Law Minister of India, at a U.S.–India Business Council discussion on the U.S.–India–Japan Trilateral and the significance for the business community, on October 6, 2016 in Washington, DC.

36 Joint India–United States Statement on the Visit of Secretary of Defense Carter to India, U.S. Department of Defense, December 8, 2016.

37 Thomas Lynch and James Przystup, 2017.

38 Thomas Lynch and James Przystup, 2017.

civil nuclear commerce, defense, and security. For example, the Japan External Trade Organization (JETRO)-JICA construction of the Delhi-Mumbai Industrial Corridor (DMIC) to reduce time and speed of freight movement also presents collaborative opportunities for U.S. companies. As India moves into a cashless economy, the already well-established U.S. financial services companies could help set up digital payment systems for the Japanese high speed rail project between Mumbai and Ahmedabad in India along the DMIC. This could greatly benefit India's logistics industry, including top U.S. investors in the industry, boosting regional and last-mile connectivity. Access to financing for infrastructure could pose a problem for big-ticket infrastructure projects. While Japan is able to fund projects through its strategic focus on outward investment, infrastructure experts and consultancy services, U.S. companies find it difficult given the rising demand at home, especially with Trump's focus on the local infrastructure build-out. In turn, this is also a good opportunity to develop India-Japan ties. A U.S.-Japan partnership for investment in India should consider solutions by combining the financial prowess of robust U.S. pension funds like CalPERS, the largest public pension fund in the United States, to partner with Japan's JICA, JETRO, or Japan Bank for International Cooperation (JBIC), to finance and profit from innovative PPP projects in India. They could also benefit from India's launch of Infrastructure Investment Trusts (InvITs), an instrument that functions like a mutual fund to enable direct investment of small amounts of money from individual or institutional investors in infrastructure for small gains. The trilateral can also join hands to tackle global health challenges. U.S. and Japanese companies can develop and co-license drugs such as HIV medication and then partner with Indian industry — which looks to serve as the pharmacy of the developing world — to produce and distribute affordable drugs.<sup>39</sup> As India's Asian counterpart, Japan can socialize India to U.S. IPR and trade facilitation standards through avenues like India's new Scheme for IPR Awareness and also help co-build and co-design the curriculum for the Logistics University initiative spearheaded

by India's Ministry of Commerce and Industry. They could also look into jointly adopting one of India's 100 cities from the Smart City Initiative.

3. **Promote trade frameworks and raise standards.** Despite the U.S. withdrawal from the Trans Pacific Partnership (TPP), India and Japan should continue to encourage the United States to be more supportive of multilateral trade forums, with two trilateral-specific goals in mind: One, use trade agreements to adopt the best path forward to further liberalize trade, raise standards, and promote broad reforms.<sup>40</sup> Two, given India's strategic location, support and supplement India's rise as the logistics hub in the Indian Ocean region. The culmination of the WTO Trade Facilitation Agreement (TFA) in February is a perfect start. The TFA is centered on the objective of simplification, modernization, and harmonization of export and import processes to expedite the movement of goods between borders. Estimates show that the full implementation of the TFA could reduce trade costs by an average of 14.3 percent and boost global trade by up to \$1 trillion per year.<sup>41</sup> To alleviate the U.S. absence in the TPP, countries drafting bilateral Free Trade Agreements (FTAs) should look at adopting parts of the TPP text, like in the case of the Singapore-Australia FTA. Multilateral forums should serve as hubs for policymakers to exchange ideas and collaboratively generate best practices on how to help those impacted by trade and globalization.<sup>42</sup> India's strategic location in the Indian Ocean cannot be ignored: it sits at entrypoints that serve as passages to 40 percent of the world's oil supplies, is home to 15 percent of the world's fishing and 7,500 kilometers of coastline.<sup>43</sup> Along with Singapore, India can serve as a full-service entrepot for trade that passes through before the Strait of Malacca. However, the lack of supply chain standardization and effective logistics services in terms of transport, warehousing and distribution, present roadblocks to trade

<sup>39</sup> Private roundtable discussion on the U.S. -Japan Trilateral hosted by the Carnegie Endowment for International Peace in collaboration with the U.S.- Business Council, in January 2017, in Washington, DC.

<sup>40</sup> Asia Society Policy Institute, "Charting a Course for Trade and Economic Integration in the Asia-Pacific: Independent Commission on Trade Policy," March 2017.

<sup>41</sup> World Trade Organization members concluded negotiations at the 2013 Bali Ministerial Conference on the landmark Trade Facilitation Agreement (TFA), which entered into force on February 22, 2017 following its ratification by two-thirds of the WTO membership, [https://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_e.htm](https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm).

<sup>42</sup> Asia Society Policy Institute, 2017.

<sup>43</sup> Dhruva Jaishankar, 2017.

facilitation. The GOI is working on an integrated transport and logistics plan to increase freight transportation speed to 40-50 kilometers per hour to cut logistics cost by almost half.<sup>44</sup> To further realize the significance of the global value chain system, red tape should be eliminated to make way for measures that include expediting express shipments, raising de minimis thresholds, and implementing a single window system — a one-stop entity to process permits and paperwork, ideally electronically.<sup>45</sup> Japan and India should work together through the RCEP to push for higher standards, especially in customs rules and IPR. Avoiding the lowest common denominator approach in RCEP will also help the U.S. support and accelerate India's inclusion in APEC. Nonetheless, communicating the benefits of trade is of utmost importance to ensure inclusiveness. Multilateral trade forums — G20, WTO, APEC, and RCEP — are best positioned to communicate the benefits of trade, at least for the trilateral and its immediate partners, to advocate for a liberal economic and democratic order.<sup>46</sup>

**4. Strengthen bilateral relationships.** The historical dynamics between the respective bilateral relationships in the region show that the India-Japan relationship will need continuous momentum to sustain compared to the U.S.–India or U.S.–Japan relations. The U.S.–India relationship is bound by people-to-people ties with over three million Indian Americans who reside in the United States, forming the most successful immigrant group in the country, with strong ties to India. The U.S.–Japan relationship will also stay robust given their treaty alliance. Despite being considered the weakest link in the triad the India–Japan partnership has witnessed a dynamic uptick in recent times – a departure from Japan's posture that was pegged to U.S. rapprochement with India in the yesteryears. In 2015, bilateral trade totaled \$15 billion with Japanese investment at \$3 billion — 10 times that of the \$300 million mark in 2005 and about 6 percent of Japan's overall FDI for that year.<sup>47</sup> Japan's outward-looking strategy

should capitalize on extending competitive bids to India's infrastructure projects. In turn, India should strategically choose Japanese bids over Chinese offers, to reduce dependence on China. The \$17 billion Mumbai-Ahmedabad high speed rail project is a case in point, the foundation for which was laid by Abe and Modi during the September 14 India-Japan Annual Summit in Ahmedabad, where they also signed 15 other memoranda of understanding. On the other hand, the U.S. position under Trump cannot be assumed as status quo given the increased emphasis on burden-sharing with regard to the mutual defense treaties with East Asian allies. The stakes are different for U.S. relations with India under Trump. The new president's endorsement of the "India's rise for America's interest" during the Trump-Modi summit in June was a boon, but it will take effort to maintain the momentum.<sup>48</sup> Dhruva Jaishankar notes that "New Delhi will have to work to convince the new administration in Washington of the central logic of its predecessors' engagement: that a stronger, wealthier, and more dynamic India — even if it retains its independence and does not always act in accordance with the United States — advances U.S. interests."<sup>49</sup> As for Japan, Abe has always believed that "a strong India is in the best interest of Japan, and a strong Japan is in the best interest of India."<sup>50</sup>

**5. Bolster strategic leadership in the region.** To strengthen the India-Japan partnership further, Japan should further increase and support India's strategic partners in the neighborhood in ways that would benefit the trilateral. This would provide an alternative to China's expansion of trade routes in Asia and Africa, through the BRI and the China-Pakistan Economic Corridor (CPEC) — that India views as "strategic and encircling projects rather than commercially-minded initiatives ...[leaving]

44 Rajat Arora from The Economic Times interviewed India's Minister for Road Transport and Highways Nitin Gadkari on his plan for integrating India's transport and logistics to reduce costs and tie to trade, Rajat Arora, "Cost to Fall with Integrated Transport and Logistics Policy: Nitin Gadkari," Economic Times, March 15, 2017.

45 Asia Society Policy Institute, 2017.

46 Asia Society Policy Institute, 2017.

47 Thomas Lynch and James Przystup, 2017.

48 Dhruva Jaishankar, 2017. Since the end of sanctions under president Clinton, India was squarely recognized as an essential partner in the region. The Bush administration spelled that the United States' "goal is to help India become a major world power in the 21st century. Former Secretary of State Clinton also wrote of India with regard to the pivot to Asia, identifying that "India's greatest role on the world stage will enhance peace and security." (President Obama himself envisioned the U.S.–India relationship as a "defining partnership of the 21st century.")

49 Dhruva Jaishankar, 2017, pp. 21.

50 "Address by H.E. Mr. Shinzo Abe, former Prime Minister of Japan," Indian Council of World Affairs, New Delhi, 2011.



little room for a growing India.”<sup>51</sup> India is well integrated institutionally in Asia and is also stepping up its geoeconomic strategy in Iran, Myanmar, Afghanistan, and Southeast Asia.<sup>52</sup> Sri Lanka and Russia could serve as strategic lynchpins given China’s growing footprint in the former and a shifting relationship with the latter. Closely following the strategy of reducing India’s dependence on China, the trilateral should replicate this mantra with other Asian and African countries. India’s role in the Indian Ocean Rim Association may serve well, despite the organization’s reputation for being “unwieldy.”<sup>53</sup> The trilateral could also capitalize on the cooling relations between China and Myanmar to support infrastructure projects and special economic zones (SEZs) to provide economic alternatives to Chinese development projects.<sup>54</sup> Japan’s funding to develop India’s northeast states and expand regional connectivity is a step in the right direction. Japan has also already joined India to strategically develop the Chabahar port in Iran — focusing on construction and operation of port facilities, development of SEZs, and road-rail connections through Iran and Afghanistan into Central Asia. This is envisaged to become a key part of the International North-South Transportation Corridor between Indian Ocean and the Eurasian Steppes as well as a parallel route and potential competitor to the BRI and CPEC.<sup>55</sup> A U.S.–Japan alliance to support India’s rise for mutual benefits will also contribute to a Japan-India partnership to support alternatives to Chinese economic expansion in the neighborhood to strike a power balance in the region. Whether the United States looks at retrenchment or concrete outcomes, it will need to invest much less in terms of time and capacity with

**“ While the United States and Japan look to ratchet up business ties with India, they should also consider reciprocal measures through SEZs for a bigger Indian business footprint at home. ”**

more effective democratic partners, providing concrete outcomes in Asia to feed the United States’ shifting posture under Trump.

## Conclusion

The U.S.–India–Japan trilateral could become the most powerful counterbalancing force to preserve the liberal, rules-based order in the Indo-Pacific region if it avoids protectionism and adopts policies to support growth and create good investment climates.

Overall, policymakers should keep three priorities in mind: First, India’s potential to be successful middle power should be enhanced. It is the only factor that can bring a differential quotient compared to the U.S.–Japan–South Korea or U.S.–Japan–Australia trilaterals. Second, as a developing middle power, joint strategic goals also mean opportunity costs for India when its capital could be deployed to scale up economic prowess. The trilateral should focus on strengthening economic and business ties and reduce India’s dependence on China to help create capital to invest in strategic goals. Third, each country should bring out the best in the other. While the United States and Japan promote pro-business policies in India to prop up its role as net security provider, Japan and India should sensitize the Trump administration into the regional trade architecture, and the United States and India should create more opportunities for strategic Japanese overseas investment.

A deepened trilateral economic engagement could render the “better balancing” strategy successful in response to China’s attempt to expand political influence through economic projects. While the United States and Japan look to ratchet up business ties with India, they should also consider reciprocal measures through SEZs for a bigger Indian business footprint at home. Economic reforms, pro-trade policies, and private sector-led solutions are best

51 Dhruva Jaishankar, ISAS Insights, pp. 6, 2017.

52 Dhruva Jaishankar, pp. 6, 2017.

53 Dhruva Jaishankar, 2017.

54 Thomas Lynch and James Przystup, 2017.

55 Thomas Lynch and James Przystup, 2017.



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suited to pivot the trilateral's geoeconomic strategy forward. Supporting India's rise as a democratic economic powerhouse in Asia could free up resources for the United States and Japan to focus squarely on Northeast Asia and prepare for a scenario of reduced U.S. military engagements in scope and scale.

Furthermore, Japan's strategy of "patience with a long-term view" for India could help socialize India to the United States' expectation of a larger Indian role in the regional space.<sup>56</sup> However, it should be remembered that most trilaterals tend to be less than the sum of its constituent bilateral parts.<sup>57</sup> Such trilateral or quadrilateral groupings should also focus on strengthening internal economic and military capabilities for greater cohesion as well as forge ties to transcend the vagaries of domestic politics through buy-in from key bureaucratic and military constituencies.<sup>58</sup>

With India's increased willingness to play an active role in the India-Japan-Australia trilateral, the time is also ripe for the resurgence of an informal quadrilateral alliance that was originally conceived in 2007 for the United States, Japan, India, and Australia to come together to safeguard the liberal democratic order in the Asia-Pacific and Indian Ocean regions. India's unwillingness to attach any formal alliance labels could serve as a positive externality — so long as trilaterals and quadrilaterals are built and sustained on strong economic foundations, a flexible and informal alliance would be the best approach to balance China without instigating direct aggression.

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<sup>56</sup> References from the German Marshall Fund Young Strategists Forum discussions and meetings in Tokyo in January 2017.

<sup>57</sup> References from conversation with Dhruva Jaishankar, Fellow, Foreign Policy, Brookings Institution in India, in February 2017.

<sup>58</sup> Yogesh Joshi, 2017, pp. 15.

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