



Geoeconomics and Strategy

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Executive Summary

- The United States is undergoing a strategic review aimed at devising a new policy for advancing U.S. and Western alliance interests in the face of growing challenges—particularly from Russia, China and Iran. The new emerging strategy is incorporating geoconomics—the use of trade, investment, sanctions and other economic levers of state power to achieve geopolitical ends.
- In the aftermath of the collapse of the Soviet Union, the United States enjoyed a period of unipolar dominance and no serious strategic assessment was made, to shape a new American national security approach. The September 11, 2001 attacks, followed by the 2003 Iraq War, put the Global War on Terrorism at the top of the national security agenda for the next 15 years.
- Now, with emerging challenges from China, Russia ,and Iran, the U.S. is moving beyond the GWOT to devise a new strategy for meeting these challenges.
- Geoconomics was first raised in the 1990s, with President Bill Clinton's recognition of the need to incorporate economic levers of power into the US strategy. Edward Luttwak produced an influential book that posed the challenge of developing an economic dimension for strategy.
- The Trump Administration is taking the issue of geo-economics to a new level of seriousness. The U.S. is employing trade, investment, monetary and financial policy, energy, commodities, aid and cyber-digital tools in evolving a new strategy for meeting the new challenges and threats, which are largely state-led. The use of sanctions and other economic measures to bring North Korea's Kim Jong-in to the bargaining table is a critical test case for America's evolving geo-economic strategy.

I. U.S. strategy and the international system

Introduction

The U.S. national security system has been undergoing a change in strategic emphasis, shifting the understanding of what strategic policies are most effective in advancing U.S. interests and the international system of liberal democratic alliances. This change has been a slow and deliberate process.

In this section, PTB will sketch the history of this process. The next section addresses geopolitics and geoeconomics—the use of economic means to achieve geopolitical ends. This strategic distinction is increasingly relevant in the post-Cold War era. In the final section recent developments in Northeast Asian geopolitics are briefly surveyed. However, it is important to understand the longer sweep of U.S. strategy.

Understanding why and how these changes have affected U.S. strategic thinking is critical for Japan and its national security interests.

American-Led International Order: Yesterday and Today

The American geopolitical outlook was shaped by the experience of World War II and leadership of the post-WW II liberal democratic order. To ensure their dominant position was sustained in the immediate postwar and Cold War periods, the U.S. created a new international system: a global network of military bases and a command structure that enabled America's leading role to be virtually unchallenged for seven decades.

It is not a perfect system. When deficiencies occur in American strategic political, military, and economic thinking, the U.S. dependence on its global base structure augments its diplomatic and intelligence operations.

Most importantly, the U.S. is placing greater emphasis on sustaining its strategic posture through advances in high value-added research and development to continue its scientific and technological prowess. Now, during the Digital Age of Geniuses Machines and Artificial Intelligence, China and other states are gaining on the United States. A new historic epoch is unfolding, challenging each state to fashion policies that meet the challenges of the 21st Century.

The Cold War: Containment and Beyond

From 1945 to 1960, American dominance was challenged by the Soviet Union and its Stalinist system, which consolidated control over Eastern Europe and built an international communist alliance system that sought to displace the United States. Ultimately, the Soviet military and intelligence system's subversive operations in the West fell short of its objectives over the Cold War period.

Classical espionage, active measures, and communist subversive operations were aimed at undercutting the U.S. strategic nuclear strategy. The Soviet military buildup during the Cold War concentrated on becoming the dominant nuclear power, thereby threatening the

West and liberal democracies. The highest priority for the Soviet communist leadership was central planning and building a strong military industrial base. By 1949, the Soviet Union had nuclear weapons—secured by the espionage operations against the U.S. and Great Britain.

The first test of U.S nuclear weapons strategy was the Korean War. This did not become apparent until United Nations and U.S. commander-in-chief General Douglas MacArthur sought to win approval for using tactical nuclear weapons against North Korea and China. MacArthur was “fired” by President Harry Truman for his insubordination as a result of differences on nuclear weapons use.

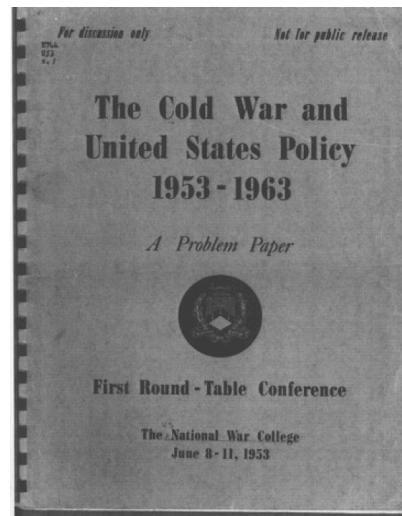
Moreover, Sino-Soviet-inspired Korean War forced the United States into changing its immediate postwar model of cooperative order to a “containment strategy” adopted by the Western allies and Japan. The Korean War’s unsettled outcome and the broad issue of Soviet nuclear weapons strategy led to major changes in U.S. strategic planning during the Eisenhower Administration called the “Solarium Project.”

Eisenhower convened the project in the summer of 1953 in order to produce a consensus among the national security community’s highest officials on how to respond to Soviet expansionist threat. He built three teams with the objective of determining which strategy would be adopted. Each team had a strong and effective leader.

- **Team A:** Led by George Kennan, a career diplomat and author of the famous “Mr. X” article in *Foreign Affairs* detailing what would become the containment strategy. This was advocated by Team A, with a reliance on diplomacy, allies, and a focus on Europe. The aim was to reduce the risk of nuclear war while halting further Soviet expansionism.
- **Team B:** Led by Major General James McCormick, nuclear weapons officer and strategic planner. As a result, Team B advocated a more unilateral strategy than Team A—based on deterrence through a commitment to massive nuclear retaliation—and therefore focused less on alliances. But Team B also sought containment.
- **Team C:** Led by Vice Admiral Richard Conolly and Frederick Reinhardt, Russian Expert and State Department officer. Team C was known as the “roll back” team

because they advocated the reduction of Soviet power, influence, and a “rolling back” of their wartime territorial acquisitions. They fundamentally believed containment would not be enough to eradicate the threat.

The strategic planning document NSC 162/2 was the final synthesis of Project Solarium. It stated that the United States needed to maintain “a strong military posture, with emphasis on the capability of inflicting massive retaliatory damage by offensive striking power,” and that, in the event of hostilities, the United States “will consider nuclear weapons as available for use as other munitions.” On 7 January 1955, NSC 162/2 was superseded by NSC 5501. This NSC directive plotted the subversion of the Soviet Empire.¹



Vietnam, “New World Order,” and Iraq: Strategic Mistakes

Vietnam and Iraq are historic events with different outcomes that are shaping present U.S. strategic developments. The Vietnam War was the implementation of the containment strategy employing the concept of “Limited War” with political objectives.

- **Vietnam War:** The missed opportunity for ending the era of colonialism and wars of national liberation occurred in 1954. France essentially blackmailed the U.S. over Indochina, stating that the French would not join NATO unless the U.S. supported French recolonization of Indochina. The battle against “global communism” was fought on the belief that “Moscow-Peking-Hanoi” were part of a global communist conspiracy. From 1954-1961, U.S. policy was to build a democratic state called the Republic of South Vietnam, an artificially-created entity supported by the CIA. Starting from 1963-1964, the American military presence escalated following the

¹ NSC 5501, *Foreign Relations of the United States 1955-57*, vol. XIX, doc. 6, 7 January 1955. Accessed at <https://history.state.gov/historicaldocuments/frus1955-57v19/d6>

assassinations of South Vietnamese President Ngo Dinh Diem and President John F. Kennedy. From 1965-1973, the U.S. fought a poorly executed counterinsurgency war. South Vietnam's collapse in 1975 was inevitable. In effect, the Vietnam War became the catalyst for changing American strategy. The United States became engulfed in no-win crises, pushing the boundaries of the diplomatic approach, and stretching the capabilities of the U.S. led global military, intelligence, and alliance system.

There began in 1990—following the collapse of the Communist Party in the Soviet Union—declarations that the post-Soviet Era would lead to a “American triumphalist victory” establishing a unipolar world, or *Pax Americana*. This view was codified by Francis Fukuyama’s “The End of History” thesis.

This vision was turned into an interventionist strategy promulgated by Neoconservative policymakers in George W. Bush administration between the two Gulf Wars: the Liberation of Kuwait in 1991 and the invasion of Iraq in 2003.

The dreams creating a new international order out of American power and the forces of globalization—sometimes called the “New World Order”—fell short of its objective. Instead, greater instability accelerated by the 2008-2009 “Great Recession” essentially created an apparent Great Power vacuum.

Russia moved first and attempted to fill that vacuum first by invading Georgia in 2008, then, much more significantly, by seizing the Crimea and invading the Eastern portion of the Ukraine. Countering the American geostrategic posture also led China to follow the Russian actions, moving into the South China Sea and building military installations that ultimately challenged the international rules-based “freedom of navigation” and “free flow of commerce.”

As a result of their implicit coordination, which was initially successful, Russia and China forged a strategic partnership. This further escalated their military and economic cooperation, supporting their illegal, expansionist seizures of territory on land and at sea. Their strategic objective is to:

- Undercut the American strategic posture in Europe, Middle East and Asia; and

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- Build a multipolar world displacing the leading power, the United States of America.

From 2012-18, U.S. geopolitical strategy has undergone a shift toward a geoeconomic emphasis, using sanctions, economic / financial warfare, and cyberattacks. The Stuxnet Affair was part of U.S. geoeconomic tactics, as was the original plan for the TPP.

- **Iraq War:** The 2003-11 Second Gulf War was premised on overthrowing Arab Sunni dictatorships and making the Middle East safe for Israel. Based on a neoconservative strategy to use the power of the American military for nation-building, Iraq was the first target of “regime change.” The next phase would have been the overthrow of Shia Islamic Theocracy, Iran. Instead, U.S. military and intelligence capabilities were stretched by the “Global War On Terrorism (GWOT), generating instabilities and opening the door for the expansion of Russian, Chinese, and Iranian influence. Addressing these new geopolitical realities led to the production of the December 2017 National Security Strategy report, identifying these “Revisionist Powers,” and their attempt to supplant the United States’ global position, as threatening and dangerous to U.S., Japan, and Western interests.

The accumulative geopolitical effect ushered the world into “The Era of Great Power Politics” replacing the GWOT. This Great Power Era also changes the parameters and directionality of globalization and international trade. Russia and China are utilizing a geoeconomic strategy.

As a result of these changes, uncertainty and shifting multilateral and bilateral negotiations places pressure on each nation to find the means and will to build upon the past foundations a new and stronger alliance system.

II. Geopolitics and geoconomics

MacKinder's Geopolitics

Traditional geopolitical theory based on Sir Halford MacKinder's classic papers "The Geographical Pivot of History" (1904) and "Democratic Ideals and Reality" (1919), which formed the core of the British Empire's "Heartland Theory." MacKinder famously wrote:

Who rules East Europe commands the Heartland;
Who rules the Heartland commands the World-Island;
Who rules the World-Island commands the world.²

MacKinder's strategic "Heartland" vision was never fully realized. The Heartland was also referred to as the "pivot area," the core of Eurasia, and he considered all of Europe and Asia as the World Island.

A leading American international economist and historian at the Council of Foreign Relations Benn Steil, author of a new book *The Marshall Plan: Dawn of the Cold War*, implicitly identifies Mackinder's influence on Soviet dictator Josef Stalin.

² Halford MacKinder, "Democratic Ideals and Reality" (1919), p. 150



"At his dacha, standing before a map of the newly expanded Soviet Union shortly after Germany's surrender in May 1945, Josef Stalin nodded with approval. The vast buffer he'd carved out of Soviet-occupied Eastern Europe would now protect his empire against future Napoleons and Hitlers. Stalin then took the pipe from his mouth, waving it under the base of the Caucasus and stated 'I don't like our border right here,' he said to his aides, gesturing at the area where the Soviet republics of Georgia, Armenia, and Azerbaijan met the hostile powers of Turkey and Iran.

"Geography, not ideology shaped Soviet and now Russian geo-strategic thinking."³

Stalin and future Soviet leaders were centrally convinced that the "capitalist West" were committed not only to the "containment" of the Soviet Union, but its eventual demise. In the 1980s, events in Poland and subsequently throughout Eastern Europe, left Russia without its "buffer zone" in Eastern Europe fulfilling Mackinder's theoretical concept.

³ See excerpt of Benn Steil, *The Marshall Plan: Dawn of the Cold War*, in Ben Steil, "Russia's Clash With the West Is About Geography, Not Ideology," *Foreign Policy*, 12 February 2018. Accessed at <http://foreignpolicy.com/2018/02/12/russias-clash-with-the-west-is-about-geography-not-ideology/>

As a result, recall Russian President Vladimir Putin's famous comment:

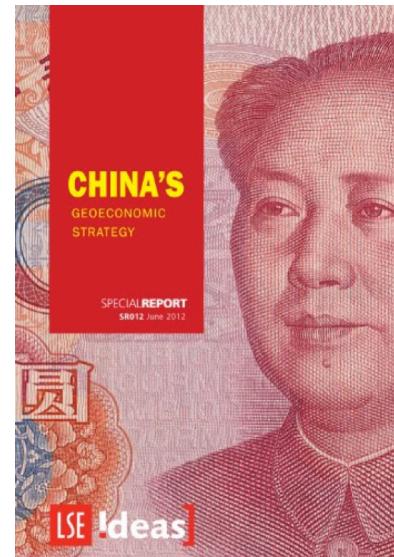
"Above all, we should acknowledge that the collapse of the Soviet Union was a major geopolitical disaster of the century. As for the Russian nation, it became a genuine drama. Tens of millions of our co-citizens and co-patriots found themselves outside Russian territory. Moreover, the epidemic of disintegration infected Russia itself."⁴

China's Geoeconomic Strategy

China, traditionally viewed as a land power driven by internal geographic designs, has shifted its view. Following the Russian seizure of the Crimea and the invasion of Eastern Ukraine, coupled with the U.S. and West's Great Recession, China challenged Japan in the East China Sea, expanded its maritime presence in the South China Sea, and built a strategic partnership with Russia.

A seminal 2012 study by the London School of Economics (LSE), "China's Geoeconomic Strategy" identified the underlying reasons for China's strategic approach prior to the Xi Jinping's ascension to power. In this report Nicholas Kitchen argues that China's geoeconomic strategy is neither coherent or a complete strategic threat. Kitchen writes:

"China's foreign economic policies are not the result of a coherent, directed strategy. China's leadership understand the overarching need to rebalance China's economy, both domestically and internationally, in order to sustain growth and secure the country's continued development. But beyond this overarching goal there is little evidence of a plan as such; instead, particular domestic priorities and politics drive China's policies, often in contradictory directions."



⁴ Ibid.

"Not only is China not conducting a coherent geoeconomic strategy, it is often not in direct control of the policies it has, even in so important an area as access to resources, as Shaun Breslin's analysis shows. Nor is China necessarily that competent in the international economic arena, as demonstrated by the decidedly mixed record of its firms' international investments. Significantly, these failings of foreign-economic policies are increasingly producing diplomatic difficulties for China."⁵

The LSE report initially assisted American policymakers in how to best define China's strategic intentions. According to a senior Intelligence Community official, "Chinese geoeconomics represents a good study for a Japan."

In the past, there has been significant collaboration between the U.S. and Japan. The first joint task force set up between the United States and Japan was the Net Assessment Task Force defining Maritime Law and Chinese violations. Operating through the Cabinet Office of Prime Minister Abe and the Pentagon's Office of Net Assessment, a trusted channel was built to coordinate discussions between the White House and the PM's office.

Geoeconomics and Geopolitics: Background

In the United States national security system, geoeconomics and geopolitics represent two parallel strategic orientations. The geoeconomic component's unique distinction from geopolitics is the emphasis on the potential strategic economic influence on global political, financial and military developments. Geopolitics emphasizes military, security and territorial issues. In contrast, the evolving geoeconomic strategy emphasizes the economic impact on the state and society in pursuit of traditional geopolitical goals.

The national security system's utilization of geoeconomic strategy is now in its third phase of development and implementation. The concept was originally developed by

⁵ "China's Geoeconomic Strategy," *LSE IDEAS* Special Report No.12, June 2012. Accessed at <http://www.lse.ac.uk/ideas/Assets/Documents/reports/LSE-IDEAS-Chinas-Geoeconomic-Strategy.pdf>

Edward Luttwak in 1990 during the end of the Cold War, focused upon the idea of winning the geoeconomic struggle for industrial supremacy. His book, *The Endangered American Dream: How to Stop the United States from Becoming a Third World Country and Win the Geo-Economic Struggle for Industrial Supremacy*, was an attempt to compare American capitalism with Japan's Industrial policy as reflected by the Ministry of International Trade and Industry (MITI). Luttwak was a strategist and adviser to the Pentagon and Office of Net Assessment.

Luttwak's concept is outdated. Bruce Bartlett, a Wall Street Journal writer and historian, as well as defender of 'supply-side economics' in the past, wrote in: "Luttwak's latest book, *The Endangered American Dream*, is an effort to analyze economic policy in a geopolitical framework. Political competition between states, which formerly took place in the military and diplomatic arena, will now take place in the economic sphere. The goal is no longer to conquer territory, but to increase the market share of companies that happen to be based in one's country. It is Luttwak's mission to convince the reader that the outcome of this competition is just as important as the cold war's military and diplomatic conflicts. In effect, he argues, it is just as important for General Motors to defeat Honda and Mercedes Benz as it was for the United States to win the Cuban missile crisis and the blockade of Berlin."

"As Luttwak writes: 'The support of technologically advanced companies or entire industries is an instrument of state-power. Thus it is not more and not less than the continuation of the ancient rivalry of the nations by new industrial means. Just as in the past when young men were put in uniform to be marched off in pursuit of schemes of territorial conquest, today taxpayers are persuaded to subsidize schemes of industrial conquest. instead of fighting each other, France, Germany, and Britain now collaborate to fund Airbus.'"⁶

Renewed Focus on Geoeconomics

Washington think tanks are replete with commentaries and analysis about the initial U.S. engagement with geoeconomics. Perhaps the first post-Cold War effort to incorporate geoeconomic strategy was during Clinton Administration. *The New Yorker* noted in 1996:

⁶ Bruce Bartlett, "Geo-economics: The New Mercantilism," *Orbis* 38:2, Spring 1994, pp.293-9. Accessed at <https://www.sciencedirect.com/science/article/pii/0030438794900477>

"Now the age of geopolitics has given way to an age of what be called geo-economics. The new virility symbols are exports and productivity and growth rates, and the great international encounters are the trade pacts of the economic superpowers."⁷ In December 1997, the *Wall Street Journal* published the Washington Institute for Near East Policy (WINEP)'s critique of this outlook and its shortcomings in the Clinton first term.⁸

The Clinton Era was highlighted by the fact that the President brought into the policymaking idea that geoeconomics can play an important strategic role in reshaping American foreign and economic policy. Because of the changes made during the first Bush Administration, emphasizing the military-geopolitical policies, and Obama's attempt at a course correction, it has taken the election of Donald Trump to begin finding a new synthesis for geoeconomic strategy.

The national security system began re-examining geoeconomic strategy with the 2016 publication of *War by Other Means: Geoeconomics and Statecraft* by Robert Blackwill and Jennifer Harris. This book, according to senior national security officials, represents an important contribution to the development and implement of geoeconomic strategies. A recent book review concisely identities their contribution:

"In their well-crafted and important new book [Blackwill and Harris] join this discussion orthogonally, arguing that the United States has altogether abandoned the economic dimension of grand strategy. Since the mid-1960s, Washington has been gripped by a debilitating neoliberal (or, neoclassical economic) dogma that works as an ideological firewall separating the operation of markets from the pursuit of international political objectives. As a result, America's substantial and diversified economic resources have been woefully underutilized as tools of grand strategy. At the same time, the United States' most formidable challengers (China, Russia, and Iran) are all effective practitioners of economic statecraft.

⁷ Michael Walker, "The Clinton Doctrine," *The New Yorker*, 7 October 1996. Accessed at <https://www.newyorker.com/magazine/1996/10/07/the-clinton-doctrine>

⁸ Robert A. Manning and Patrick Clawson, "The Clinton Doctrine," *Wall Street Journal*, 29 December 1997. Accessed at <https://www.wsj.com/articles/SB88333923332806000>

“To secure its national interest in the years to come, Washington must relearn how to employ economic resources in the service of its geopolitical objectives. To do otherwise would cede the contest to states whose interests and actions will continue to undermine American security and prosperity.”⁹

In terms of U.S. strategy, geoeconomic strategic instruments are:

- Trade policy
- Investments
- Economic and financial sanctions
- Financial and monetary policies
- Energy and commodities
- Foreign Aid
- Cyber and Digital policies

⁹ Spencer Bakich “Reviewing War By Other Means,” Strategy Bridge, 17 August 2016. Accessed at <https://thestrategybridge.org/the-bridge/2016/8/17/reviewing-war-by-other-means>

III. Developments in Northeast Asia

U.S.-Japan: Geoeconomics and the Sino-Russia Partnership

Japan's geoeconomic strategy is evolving. PTB's assessment is that Japan has embarked on the right policymaking direction, pursuing geopolitical ends by economic means in a coherent way with American overall geopolitical objectives. The critical question is whether U.S. and Japanese national security interests converge and whether a more sophisticated approach can be taken addressing the major challenge and threat of the Sino-Russian strategic partnership.

The gradual, but unmistakeable shift in U.S. strategic thinking is centered upon China and its commitment to supplant the United States as a global power. The growing alliance between China and Russia also will jointly protect the security interests of both countries and maintain regional strategic balance.

"Xi recently met with Russian Defense Minister Sergei Shoigu and Russian Foreign Minister Sergei Lavrov. The Chinese leader said Monday that 'a high level of Sino-Russian

relations is a precious asset of both countries,' according to the Chinese Foreign Ministry, and stressed deepening this cooperation.

"The U.S. military has maintained a sizable lead over its top two competitors, Russia and China, respectively. The two Eastern powers, however, have moved to expand and modernize their own military forces in an effort to close the gap. Despite Trump and Putin's efforts to reconcile their nations, both leaders have noted an all-time low in relations. When asked by the state-run Tass Russian News Agency, Deputy Secretary of Defense Patrick Shanahan said Washington still valued a relationship with Moscow, but saw it mainly as a competitor.

"Russia continues to be a strategic competitor. And its efforts undermine the West,' he said during a Defense Writers Group on Tuesday, according to *Tass*. 'Relationships are important. We all understand their value, he added. [But] we are in a strategic competition, and I'll just leave it at that."¹⁰

Panmunjom Declaration: The Moon-Kim Summit

The Trump-Abe summit meeting in Mar-a-Lago established the boundary conditions and framework for deepening the U.S.-Japan alliance. Prime Minister Abe and President Trump exchanged briefings on the critical areas of U.S. geopolitical and geoeconomic policies. This included U.S.-Japan trade relations.

U.S. trade policy is a work in progress and Abe and Trump agreed that Minister for Economic Revitalization Toshimitsu Motegi and United States Trade Representative (USTR) Robert Lighthizer will continue to find common ground on the sensitive issues concerning tariff exemptions. Lighthizer differs with Peter Navarro on trade deficits and is attempting to

¹⁰ Tom O'Connor, "Russia and China Militaries Reach 'New Heights' Together, Agree to Challenge U.S. in Middle East," *Newsweek*, 24 April 2018. Accessed at <http://www.newsweek.com/china-russia-military-reach-new-heights-together-agree-challenge-us-middle-899689>

change Trump's mind on the Trans-Pacific Partnership (TPP). Trump is being told that American businesses and jobs will be improved under the TPP. Lighthizer and new National Economic Council (NEC) director Lawrence Kudlow advised the president that TPP should be viewed as the latest iteration of a U.S. geoeconomic national security strategy. Trump has not ruled out joining the TPP.

Pompeo's Trip and Admiral Harris

It is essential to understand the strategic importance of Secretary of State Mike Pompeo secret trip to Pyongyang. Pompeo was acting as CIA director operating under the guidelines provided by the President. His mission to Pyongyang had two critical objectives reported directly to Trump:

- Confirm the face-to-face meeting with President Trump proposed by Kim Jong-un
- Confirm North Korean commitment to denuclearization of the peninsula

Pompeo confirmed these two critical objectives enabling the Trump-Kim summit to move forward. Cautious and prudent judgements are required because of the experience with North Korea's deceptive negotiating tactics. Each step forward requires thorough and verifiable facts.

The venue for the Trump-Kim talks are under review. Nine initial possible sites for the meeting were reduced to five. A final decision on the date and location of the summit has not yet been finalized. National Security Adviser John Bolton suggested Geneva, Switzerland—the place that the League of Nations held its meetings. Bolton views the League of Nations as a failure. He has expressed his views to President Trump on the likelihood that these negotiations will fail. Bolton continues to advise the president rejecting the negotiated



Joint Comprehensive Plan of Action (JCPOA) agreement with Iran and remains committed to “regime change in the DPRK and Iran.”

Perhaps the most significant move to underscore America’s commitment to a denuclearized peninsula is the appointment of Pacific Command (PACOM) Admiral Harry Harris to become Ambassador to the ROK. Harris brings a measure of gravitas that no other American diplomat could. In fact, Harris’ Japanese ancestry is also a signal to the Korean people that being Japanese is not something to distrust.

During the Moon-Kim meeting in Panmunjom, Korean Unification and nationalism expressed the intent of their thinking. In fact, the Unification Cake displaying Takeshima Island as the Korean territory Dokdo was a slight aimed at Japan. The cake-display is a sign of Korean immaturity and the Ministry of Foreign Affairs rebuke will not make any difference in their thinking. Japan, as a mature democracy, is above such slights.

The Kim Dynasty’s Negotiating Tactics

The April 20th declaration by Kim Jong-un identified the continued importance of the U.S. military presence on the Korean Peninsula. Kim stated, “We are surrounded by big powers—Russia, Japan, and China—so the United States must continue to stay for stability and peace in East Asia.” However, the statement was almost identical of the one made by Kim Jong-il to former President Kim Dae-jong at the first inter-Korean summit in 2000.

It was an encouraging sign proving that Kim was a flexible negotiator and was willing to make concessions. Except, in the above quote, the South Korean president is former President Kim Dae-jung, and the Supreme Leader Kim is Kim Jong-il, Kim Jong-un’s father. Kim Jong-il expressed the exact same sentiments almost two decades ago at the first inter-Korean summit in 2000.¹¹

¹¹ Harry Sa, “After the Moon-Kim Summit: A Time for Hope?” *The Diplomat*, 28 April 2018. Accessed at <https://thediplomat.com/2018/04/after-the-moon-kim-summit-a-time-for-hope/>

A similar agreement was hashed out between the KCIA director, Lee Hu-rak, with Kim Family Regime cadre members in Pyongyang in May of 1972, but nothing ever came of the agreement. In 1992, North and South Korea signed the Joint Declaration of the Denuclearization of the Korean Peninsula, which obviously was not honored by North Korea.

Critics of North Korean diplomacy have pointed out that if the Korean War is formally ended, then South Korea can dissolve the 1954 Mutual Defense Treaty if they choose and give the United States government one year to remove their military forces from their country. On the other hand, South Korea could extend their invitation to the U.S. military to remain under a new Status of Forces Agreement as a security guarantee, although how politically acceptable this would be for South Koreans is debatable.

The reunification of the Korean peninsula would be as profound and as impactful for regional and global geopolitics as a historic compromise in the Middle East leading to a two-state solution for Israel and Palestine. International relationships would shift, change, and reform in new and different ways. A non-nuclear North Korea and the expulsion of American troops from Korea plays into the long-term strategic goals of another regional player.

China would like to see all U.S. forces out of the Pacific theater. With the encouragement of China, a partial U.S.-Philippines schism has been formed through the current President Rodrigo Duterte. Similar Japanese movements exist to have the U.S. military removed from Okinawa, Japan. Getting American soldiers out of Korea would be a strategic victory for China who sees the U.S. presence in the Pacific as inhibiting their long-term plans to become a regional, and then global, hegemon.¹²

Conclusion: Japan and the Future of Asia

Seventy years later, the geostrategic reality of the Pacific and Asia is fundamentally different. After decades of wars, communist insurgency, the horrors of the Khmer Rouge and

¹² Jack Murphy, "Reality check: pump your brakes on the Korea peace celebration," *SOFREP News*, 28 April 2018. Accessed at <https://sofrep.com/102571/reality-check-pump-your-brakes-on-the-korea-peace-celebration/>

the depredations of the Chinese Cultural Revolution, Asia has largely adopted a market-based economies and transformed itself into a region of affluence and prosperity. South Korea, with American assistance has built a functioning democracy and become an economic powerhouse.¹³

Despite the enormous historic potential changes the denuclearization of North Korea and potentially the unification of Korea may present, Japan remains the closest ally of the United States. With a strategically minded Japan committed to its new role as global geoeconomic power, the ability of the United States to manage the rise of China and ensuring that China becomes part of a new international system based on economic growth, scientific and technological progress, and respect of the sovereignty of each state is the greatest strategic challenge.

Japan's unique role in building a geo-economic partnership with Russia is essential for this new emerging international system. The "Cold War" tensions between the United States and Russia—and the levying of sanctions against the Putin-led oligarchic system—does not detract from the strategic importance of the upcoming summit meeting between Prime Minister Abe and President Putin.

Japan can alter the Russian strategic calculus and initiate a strategic dialogue that not only may lead to a peace treaty with Russia, thereby ending World War II, but creating an economic partnership that could resolve the Northern Territorial issues. Russia under Putin is a more difficult negotiator than Kim Jong-un. Whether Japan has the ability to bring about the historic changes with Russia remains to be seen. It would be an even greater achievement for Abe to obtain that accord.

¹³ Alex Markovsky, "Thanks to Trump, peace in Korea is eminently possible," *The Hill*, 28 April 2018. Accessed at <http://thehill.com/opinion/national-security/385339-thanks-to-trump-peace-in-korea-is-eminently-possible>

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