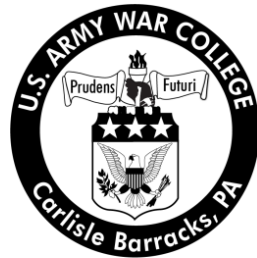


# Strategy Research Project

## A Look Back to Look Forward: Insights from 1919-1933 Applied to America's 2011 Shift to the Pacific

by

Colonel Janell E. Eickhoff  
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United States Army War College  
Class of 2013

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## **Abstract**

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Upon the conclusion of the Spanish-American War, the 1898 Treaty of Paris forced Spain to cede Puerto Rico, parts of the West Indies, Guam, and the Philippines to the United States. Over the past 110 years, the United States has instituted a myriad of political, economic, and security policies to promote American interests with varying degrees of success. George Santayana, once famously said, "Those who do not learn from history are doomed to repeat it." Therefore, reflecting on the past specifically; the interwar period of 1919-1933 can provide insights to inform United States decisions with respect to the Asia-Pacific region today. This paper uses operational design to compare and contrast the strategic environment from 1919-1933 to today, then compare and contrast the problem the United States attempted to solve during these same two periods, and finally, examine the approach outcomes of the interwar period to inform U.S. decision making in the region today.



## **A Look Back to Look Forward: Insights from 1919-1933 Applied to America's 2011 Shift to the Pacific**

Here, we see the future. As the world's fastest-growing region -- and home to more than half the global economy -- the Asia Pacific is critical to achieving my highest priority, and that's creating jobs and opportunity for the American people. With most of the world's nuclear power and some half of humanity, Asia will largely define whether the century ahead will be marked by conflict or cooperation, needless suffering or human progress.

–President Barack Obama, 2011<sup>1</sup>

### United States Shift to the Asia Pacific Region: Rationale and Challenges

After a decade of foreign policy focused on Iraq and Afghanistan, in November 2011, the United States announced it would expand and intensify its already significant role in the Asia Pacific region. President Barack Obama, in an address to the Australian Parliament stated, “the United States is a Pacific power,” and that, “the United States will play a larger and long term role in shaping this region [the Asia-Pacific] and its future.”<sup>2</sup> Four major developments prompted the Obama and his Administration to realign United States policy and strategy with the Asia-Pacific. First, growing business and trade in the region, particularly with China, was important to America's economic future. Second, China's more aggressive claims to disputed maritime territories and increasing military capability and capacity threatened freedom of navigation and the ability of the United States to project power in the region. Third, the end of combat operations and significant troop withdrawal from Iraq and Afghanistan meant the United States could apply military power elsewhere in the world if needed. And fourth, efforts to significantly cut defense spending in the U.S. federal government's budget created a perception U.S. commitment in Asia could wane.<sup>3</sup> A shift to the Pacific would allow the United States to shape the norms and rules of the region while promoting U.S. interests.

According to National Security Advisor Tom Donilon, the goal of the United States in the region was to ensure international law and norms were respected, that commerce and freedom of navigation were not impeded, that emerging powers built trust with their neighbors, and that disagreements were resolved peacefully without threats or coercion.<sup>4</sup>

Having an American presence in the Asia Pacific region is nothing new. Upon the conclusion of the Spanish-American War, the 1898 Treaty of Paris forced Spain to cede Puerto Rico, parts of the West Indies, Guam, and the Philippines to the United States.<sup>5</sup> Over the past 110 years, the United States has instituted a myriad of political economic, and security policies to promote American interests with varying degrees of success. George Santayana, once famously said, “Those who do not learn from history are doomed to repeat it.”<sup>6</sup> Therefore, reflecting on the past specifically; the interwar period of 1919-1933 can provide insights to inform United States decisions with respect to the Asia-Pacific region today.

Such a dramatic shift in Obama’s policy and strategy however, also comes with substantial challenges, to include: a national fiscal crisis, China’s perception that this policy is one of containment, and the regional concern that future administrations will not follow through on what Obama started. First, the United States reached its statutory debt limit and is facing a fiscal crisis. The statutory debt limit is the total amount of money the United States government is authorized to borrow to meet its existing legal obligations such as Social Security, military pay, and interest on the national debt but it does not authorize new spending commitments.<sup>7</sup> As of January 2013, the United States gross national debt was \$16.4 trillion. While raw numbers are interesting, the more

telling statistic is when debt is expressed as a percentage of the overall economy or gross domestic product. In this case, \$16.4 trillion equates to 105% of America's gross domestic product.<sup>8</sup> Despite the Budget Control Act of 2011 which will trigger automatic spending cuts, commonly called "sequestration", government spending will still eclipse revenue, resulting in an unsustainable and growing national debt. The Budget Control Act of 2011 automatically cuts \$1.2 trillion out of \$46.3 trillion in total spending.<sup>9</sup> 42.6% of that sequestration was defense spending.<sup>10</sup> Draconian defense cuts, unrealized entitlement reform, and failure to adequately address the national debt in a meaningful way will adversely affect the global economy and constrain the United States when America tries to leverage instruments of national power. Second, China perceives the United States shift to the Pacific as a way for America to contain China. In fact, the Chinese believe, "the United States is a revisionist power that seeks to curtail China's political influence and harm China's interests."<sup>11</sup> China's perception of the United States could complicate relationships between the two nations and make it difficult for the United States to obtain Chinese cooperation on a myriad of issues. Worst case China's reaction to America's increased emphasis in the Pacific could even lead to conflict, especially in the South and East China Sea. The third challenge facing the United States with a shift to the Pacific is perception that America may not be committed to a long-term policy, which risks the future of American credibility. Many nations in the region see a long-term pattern of American decline and worry about the weak United States economy and specifically the implications for defense spending. Will the U.S. have the ability and resources to deploy forces in the long term? Nations in the region questioned whether the United States was ready to increase investment in the region

and whether or not America could truly afford that investment.<sup>12</sup> Skepticism that the United States can stay focused on the Asia-Pacific could potentially make nations in the region less likely to negotiate with the United States for security. And our focus on “Building Partner Capacity” may be seen as simply asking our Allies to pay the bill. The inability of the United States to shift some of the burden -- getting other states to do more for their security so the United States can do less -- ultimately puts American interests at risk.<sup>13</sup>

### Operational Design

The framework for this paper is organized into three sections that follow operational design. Operational design is a framework for strategy formulation at the theater strategic level which underpins a campaign or major operation plan.<sup>14</sup> Users of operational design then apply the elements of national power to change the current strategic environment to one that is more aligned with United States’ interests. The three aspects of operational design are: understand the environment, define the problem, and develop the approach. This paper will first, compare and contrast the strategic environment from 1919-1933 to today, second, compare and contrast the problem the United States attempted to solve during these same two periods, and third, examine the approach outcomes of the interwar period to inform U.S. decision making in the region today.

### Understanding the Environment

To fully understand the environment operational design users not only understand the relationships between the actors, factors, and influences in the strategic environment but also identify the friction points, trends, and end state of what each actor desires. Actors in the environment can be specific people, nation states, non- state

actors, or any type of organization or group. Factors are anything that contributes to or influences an outcome. Influences are the effect of something on a person, place, or event. But simply understanding who the actors, factors, and influences is only the first step to understanding the environment. Understanding the relationships between actors, factors, and influences will assist in identifying trends and potential friction points in the environment. Understanding relationships and identifying trends and friction points assist with developing lines of effort or the “ways” of strategy to change the strategic environment and achieve the desired end state. The end state, or what each actor ultimately wants the strategic environment to look like will provide more insight into defining the problem and determining the best approach.

#### 1919-1933 Interwar Strategic Environment

The strategic environment during the interwar period from 1919 to 1933 is best framed by events surrounding the end of World War I and the conclusion of the Manchurian Crisis in 1933, which saw Japanese hegemony manifest through a railroad “accident” followed by military expansion into Manchuria. 1919-1933 clearly defined military and economic winners and losers and set the stage for nations to seek power in consonance with their purpose and interests. During the interwar period most of the world focused on the reconstruction of Europe with the exception of reducing Japanese naval power in the Pacific. World War I engulfed most of the nations in Europe with the primary actors including France, Belgium, Germany, Austria, Hungary, Turkey, Russia, Serbia, and Great Britain but also involved Japan and China in the Pacific. Japan, allied with France, Britain and Russia, agreed to enter the war if she was promised Germany’s Pacific territories of the Northern Marianas Islands, the Marshall Islands, the Federated States of Micronesia and Palu, as well as Samoa. China participated in the war by

providing labor of over 140,000 to Britain and France who buried the dead, dug trenches, and worked in munitions factories.<sup>15</sup> The Allied Powers largely rebuffed China's requests at the Paris Peace Conference at the end of World War I. Japan, on the other hand gained considerable territory and increased its sphere of influence.

During World War I, Japan primarily secured the sea lanes of South Pacific and Indian Oceans against the German navy. In 1915 however, Japan presented China with The Twenty One Demands which would make China a Japanese protectorate. Pressure from the United States forced Japan to rescind the demands. It was clear Japan wanted to acquire territory and expand its influence in the Pacific.

The Treaty of Versailles, signed in 1919 at the Paris Peace conference formally ended World War I. France, Britain, Italy and the United States (the Allies) stripped Germany of 13.5% of its 1914 territories that included some seven million people, all of its overseas territories, returned Alsace-Lorraine to France, enlarged Belgium's borders, granted parts of East Prussia to Lithuania, and Czechoslovakia received the Sudetenland. The Treaty restricted Germany's military to a maximum of 100,000 and a banned the use of heavy artillery, gas, tanks and aircraft.<sup>16</sup> Similarly, the Treaty banned German submarines and restricted naval shipping to under 10,000 tons. The most controversial aspect of the Treaty however, levied punitive damages that ultimately amounted to roughly \$33 billion (about \$402 billion today).<sup>17</sup> Famous British economist John Maynard Keynes, whose ideas much of the world's economy is based on today, stormed out of the Paris Peace Conference arguing that reparations would cripple Germany's economy. By 1923, Germany had defaulted on its reparations so many times that France sent troops to occupy the Ruhr region in northern Germany to force

them to pay.<sup>18</sup> Eventually The Dawes Plan and the Young Plan amended Germany's reparation amounts based on what Germany could pay and not on what the Allies demanded. But Germany wasn't the only country who encountered challenges with inflation and repaying war reparations.

The United States lent more than \$10B to Italy, Britain, and France for both the conduct of the World War I and reconstruction efforts that followed.<sup>19</sup> The Republican presidents of the 1920s, Woodrow Wilson, Warren G. Harding, Calvin Coolidge, and Herbert Hoover, consistently denied that any link existed between war debt payments owed to the U.S. and the reparations payments expected from Germany. However, France, Britain, and Italy were unable to repay the United States because Germany could not pay them.<sup>20</sup> The result was the establishment of the gold exchange standard. The gold exchange standard pegged every countries currency to the US dollar and British pound which were then backed by the dollar. When the 1929 Great Depression began countries tried to cash in their pounds and dollars for gold. There wasn't enough, the gold exchange standard died in 1933 and fiat currencies reigned. Most countries around the globe became isolationist in nature, focused on domestic problems. The United States and Europe, scarred from the massive losses of World War I, adopted an attitude of non-intervention and mere consultation when Japan invaded Manchuria in 1931. Despite China's repeated attempts to invoke the Nine Power Treaty, the Kellogg-Braind Act, and consult the United Nations, Manchuria fell to Japan. All the while, fiat currencies ultimately led to massive trade imbalances just prior to the start of World War II.<sup>21</sup> Clearly, Germany's default on war reparations, Britain, France, and Italy's inability to pay war debts to the United States, Japan's thirst to become a great power, the

League of Nations perceived as a debating body, and the effects of the Great Depression were all friction points during the interwar period. With this myriad of friction points it is not surprising the United States and Japan had different ideas of what the future strategic environment should be.

Throughout the interwar period The United States and Japan had conflicting end states. Japan either alone or with other countries, waged wars of aggression against any country or countries, “which might oppose her purpose of securing the military, naval, political and economic domination of East Asia and of the Pacific and Indian Oceans and their adjoining countries and neighbouring islands.”<sup>22</sup> The United States however saw the strategic environment a little differently. President Woodrow Wilson’s famous 14 point speech at the Paris Peace Conference in 1919 provides insight into the United States’ desired strategic environment end state for the interwar period. Wilson’s 14 points can be summarized as the “abolition of secret treaties, a reduction in armaments, an adjustment in colonial claims in the interests of both native peoples and colonists, and freedom of the seas.”<sup>23</sup> His proposals for a peaceful rules based post war world order were, “the removal of economic barriers between nations, the promise of self-determination for those oppressed minorities, and a world organization that would provide a system of collective security for all nations.”<sup>24</sup>

#### Current Asia Pacific Strategic Environment

Thirty six nations comprise the Asia Pacific region and are home to more than 50% of the world’s population, five of the ten world’s largest militaries, two of the three world’s largest economies, and over the next ten years will become the world’s largest consumer market.<sup>25</sup> The significant actors in the region include the countries of Japan, South Korea, Australia, the Philippines, Thailand and emerging powers such as China,

India, and Indonesia. Other prominent actors focused on economic prosperity include the organizations of the Association of Southeast Asian Nations (ASEAN), the Asian Pacific Economic Council (APEC), the World Trade Organization (WTO), and the Trans Pacific Partnership (TTP).

The region spans both the Pacific and Indian oceans that are increasingly “linked by shipping and strategy,”<sup>26</sup> giving it enormous trade and military value. An estimated \$5 trillion worth of trade, including oil and gas between Europe and the Middle East and East Asia is shipped through its waters focused on the Straits of Malacca.<sup>27</sup> Key factors in the region besides shipping and trade include a March 2013 change in Chinese national leadership, North Korean successful long range missile tests, the expanding population’s thirst for energy and food in the region, and the five mutual defense treaties the United States has with Japan, South Korea, Australia, the Philippines, and Thailand. Given these factors it becomes obvious that, “U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean Region and South Asia, creating a mix of evolving challenges and opportunities.”<sup>28</sup> The United States clearly has decided that what happens in the Asia Pacific region is in our vital interests.

Vital influences in the region include but are not limited to, the United States not ratifying the United Nations Convention on the Law of the Sea (UNCLOS), North Korea successfully developing small nuclear warheads for its missiles, China more aggressively claiming and defending the embroiled Spratly Islands and Scarborough Shoal in the South China Sea, and the effect Japan’s debasing Yen will have on the

global economy. These complex and often interrelated influences help assemble the forces that will shape trends and friction points.

After a comprehensive examination of relationships between actors, factors, and influences in the Asia Pacific region, one can identify many trends and friction points. Primary general trends include piracy at both ends of the Straits of Malacca, increasing human rights violations, wide spread corruption, transnational and international criminal activity and terrorism, historic and strong nationalism, developing nations increasing investment in military capability and capacity, multiple cross boarder tensions, increased natural disasters, and a competition for natural resources such as fish, precious metals, oil, and natural gas. Noteworthy friction points include disputed sovereignty over islands in the South China and East China Sea, freedom of navigation issues based on the interpretation of UNCLOS, human rights violations that affect trade agreements and membership in economic organizations, and trade imbalances between China and other nations in the region.

China, Taiwan, Vietnam, the Philippines, Malaysia, and Brunei, all claim sovereignty to the Spratly islands in the South China Sea. China, Taiwan, and Japan contest the ownership of the Senkaku Islands in the East China Sea. Sovereignty of the Spratly and Senkaku islands are extremely important in the region because of the resources that come with it. Whichever nation can claim sovereignty and enforce it can claim national territory out to 12.1 nm and establish an Economic Exclusion Zone (EEZ) that extends out to 200 nautical miles.<sup>29</sup> A nation has sole exploitation rights over all natural resources within the EEZ. But natural resources are not the only reason a nation would declare an EEZ.

UNCLOS also stipulates navigational rights in the EEZ. The United States and China dispute freedom of navigation rights concerning military activities within the EEZ specifically between 12.1nm and 200nm. The United States cites Articles 58 and 87 of UNCLOS to enjoy unqualified freedom of navigation and over flight as on the high seas. The United States contends military activities such as operating military equipment, intelligence gathering, surveillance and reconnaissance activities, exercises, operations, and surveys are legal. China argues however, that freedoms stipulated in article 58 have qualifications specifically; “due regard” for the rights of all other States and the overarching principle of “for peaceful purpose and use.”<sup>30</sup> Therefore, China believes military operations, intelligence gathering, surveillance and reconnaissance activities, exercises, and surveys infringe on China’s national security interests and can be interpreted as a hostile use of force or a threat of the use of force. In essence, China and the United States interpret UNCLOS to suit their own strategic interest.

The third friction point in the region revolves around human rights issues. Despite progress, human right violations in the Asia Pacific region continue to be a significant challenge misaligned with U.S. interests. Some issues are specific to certain countries while others are region wide. China, North Korea, Burma, Malaysia, Vietnam, Cambodia, India, Indonesia are some of the worst offenders. However, Australia, New Zealand, and Singapore have made drastic improvements and are leaders in human rights reform.<sup>31</sup> To influence another’s behavior, the United States has historically imposed economic sanctions on those countries with substantial human rights violations. The United States has drastically reduced the number of countries it imposed unilateral sanctions on since 1992; from 29 to now just 6 in including Burma

and North Korea in the region.<sup>32</sup> In addition to sanctions the United States can also withhold membership into organizations formed to promote trade and economic prosperity. For example, the United States will not permit China to join the Trans Pacific Partnership. Holding human rights as a core value may spur other regional actors to turn away from the United States and develop bi-lateral multi-lateral relationships with China.

The last primary friction point in the region encompasses trade imbalances amongst the three world's largest economies in the region: the United States, Japan and China. Japan last reported a trade surplus in July 2012 of \$62B and an overall surplus in only the last 7 of 24 months.<sup>33</sup> The trade figures underscore a broader trend of Japan's declining global economic clout and a rapidly aging population, compounding the immediate problem of increased reliance on fuel imports due to the loss of nuclear power. In 2011-2012, the yen's surge to record levels against the dollar and euro made Japanese exports more expensive and lessened the value of foreign-earned income when brought home. As imports continue to rise and exports continue to decline Japan still faces stiff competition from South Korea, Taiwan and Singapore, where labor and production costs are cheaper. The U.S. goods trade deficit with Japan was \$62.6 billion in 2011 and is expected to slightly decrease in the coming years due to Japan's increased reliance on energy resources.<sup>34</sup> China in 2011-2012 was in an economic recovery and unlike Japan, posted trade surpluses in 21 of 24 months.<sup>35</sup> The U.S. goods trade deficit with China was \$295.5 billion in 2011 and has increased since then.<sup>36</sup> In the last 24 months the United States has never had a trade surplus nor a

trade deficit less than \$385B.<sup>37</sup> Therefore, while China's economy is growing Japan and the United States is anemically growing or close to stagnant year over year.

In the Asia Pacific region many countries have different ideas of what the future should look like. However, the United States and China have potentially conflicting end states. The United States end state is a region in which the United States is a global leader, America and her allies are secure, a vibrant open international economic system promoting prosperity exists, and countries respect universal values. China's end state is a region in which China achieves the status of an equal great world power while "blunting destabilizing influences from abroad, avoiding territorial losses, reducing its neighbor's suspicions, and sustaining economic growth."<sup>38</sup> These two end states provide insight into the motivations of each actor. Understanding motivation can help shape strategy ways and means to change the strategic environment and align it more closely with U.S. interests

### Similarities

There are three crucial similarities between the strategic environment of 1919-1930 and the strategic environment of today in the Asia Pacific region. First, there are similar major rising world powers in the region. During the interwar period it was Japan leading economic, political, and social change. Today it is China. Both China and Japan have long standing disputed territorial claims in the region. Today, China makes historical sovereign claims to the Diaoyu (Senkaku) islands but so does Japan. In 1931, Japan made historical sovereign claims to Manchuria just as China did. China wants the Diaoyu islands because of its resources just as Japan wanted Manchuria for its resources.<sup>39</sup> Also, China has, just as Japan had, a multitude of global security agreements that could potentially embroil other countries in conflict. Lastly, and maybe

most importantly, China firmly believes now, just as Japan did then that it is their nation's right, that it is their country's destiny, to become an equal great power in the world. Today, the United States top trading partner in the Asia Pacific region is China. According to the U.S.-China Economic and Security Review Commission in Congress, in 2012 40% of all imports into the United States come from China.<sup>40</sup> In 1935, Japan was America's largest trading partner in the region accounting for 43% of overall trade.<sup>41</sup> The second similarity is the criticality of freedom of navigation in the global commons remains paramount. Maritime geography has not been drastically changed in the last 110 years and the shipping lanes and trade routes in the Asia-Pacific region have largely remained the same. As the world's population has grown so has the amount of traffic in the global commons in the Asia Pacific region. The third similarity between the two strategic environments is an intense competition for energy resources. During the interwar period Japan expanded into Manchuria for its available land and its coal resources. Today China lays claim to the Spratly Islands, the Senkaku Islands, the Scarborough Shoal, and the Paracel Islands because of the oil, gas, and fishing rights associated with an EEZ.

### Differences

Three key differences exist between the strategic environment of the interwar period of 1919-1933 and today. First, the cyberspace domain exists today but didn't during the interwar period. The inventions of the computer, the cloud, and the internet have created an entirely new domain to attack and defend. Such things as the television, internet, and social media did not exist during the interwar period, and can spread information at a pace not possible in the past. Second, warfare has evolved from being a state sponsored activity to now include much greater non-state sponsored

activity such as terrorism designed to attack an existing political order. The history of terrorism dates back to the 1st century with the Sicarii or “dagger men.” The Sicarii or Jewish state sponsored assassins murdered enemies and collaborators in their campaign to oust their Roman rulers from Judea. Today’s terrorists rely heavily on the mass media to create an aura of terror among many people. The third key difference between the strategic environment of the interwar period and today is the increased number of influential multilateral organizations in the region such as ASEAN, APEC, the WTO, and TPP. The first of these organizations was created after World War II in a response to a growing and increasingly interconnected global economy. And fourth, the population of the world has exponentially increased in size and the economy has become more globally interdependent. During the interwar period the United States was not concerned with the economies of Japan and China. But today because of the amount of trade and investment the United States has in the second and third world’s largest economies, the US would ignore China and Japan to its peril. Once users of operational design understand the relationships between actors, factors, and influences, have identified trends, friction points, and end states, users of operational design are better informed to define the problem.

#### Define the Problem

##### United States Problem During the Interwar period

Based on the friction points of the period and conflicting end states with Japan, the United States defined the problem then as: “How does the United States assure and sustain economic vitality while devoting sufficient resources to maintain American preeminence in the Pacific and avoiding costly naval expansion to balance an ascending Japan?”

### United States Problem Today:

The United States faces a similar problem today with China as it faced with Japan during the interwar period. Today the United States defines the problem as, “How does the United States promote security and stability in the Southeast Asia region in a whole of government approach working by, with, and through all of our regional partners and allies while avoiding open conflict with China?”

### Similarities

The United States has distinct similarities between the problem she faced during the interwar period and the challenge she faces in the Asia Pacific today. First, both China and Japan had a strong sense of nationalism and their history, and believed in their country’s right to be an equal great world power. Both wanted to expand their sphere of influence economically, politically, and militarily. In 1915 Japan presented her 21 Demands to China to essentially make China a protectorate. Even though Japan failed it did not keep her from acquiring territory. At the conclusion of World War I Japan received all of Germany’s Pacific territories and in 1931 successfully invaded China owned Manchuria. Today, China’s “9 dash map” clearly define China’s territory to include Taiwan, the Diaoyu Islands (the Senkaku Islands of Japan) in the East China Sea, and the Paracel Islands, Scarborough Shoal, and Spratly Islands in the South China Sea.<sup>42</sup> Additionally, both Japan and China had growing naval capacity and capability. The United States was so concerned over Japan’s navy during the interwar period America signed the 1922 Nine Power Treaty and the 1930 London Naval Conference Treaty to limit Japan’s naval tonnage, types of capabilities, and any future ship building. Today, China’s navy consists of 225,000 sailors organized into three fleets composed of surface forces, submarine forces, naval aviation, and coastal

defense forces.<sup>43</sup> Of note, China operates the largest submarine fleet in the Pacific and landed a fighter jet on its first air craft carrier in November 2012.<sup>44</sup>

### Differences

There were three distinct differences between the problem the United States faced during the interwar period and the problem it faces today. First, during the interwar period the United States' biggest trading partner was Europe. Europe was recovering from the devastation of World War I and The United States funded some of the reconstruction and recovery efforts there. Today, China and Japan are America's biggest trading partners and neither country is recovering from a recent world war. Second, unlike the interwar period where most other nations were indebted to the United States, today, the United States is heavily indebted to China. And third, the nature of treaties are different today. During the interwar period, treaty themes revolved around disarmament and non-involvement. Most treaties like the Four and Five Power Treaty simply required consultation. Today, the United States has defense treaties with Japan, Australia, and South Korea that require the United States to commit forces. The similarities are more important than the differences because the similarities reflect the parallels between Japan and China as rising powers, both of whom the United States wanted to avoid conflict with.

### Examine the Approach

While examining the approach to solve any problem, operational design requires the identification of general lines of effort, a determination of decisive points and objectives, a description of a broad concept to accomplish the objectives, a determination of the likely second and third order effects on the environment, and an assessment and mitigation of risk. However, the United States key to solving both her

interwar period and current day problem lie in balancing economic development with relative military capacity and capability. Therefore, defense treaties and economic development during these two periods will be the focus of the approach.

### United States Interwar Period Approach

#### Defense Treaties

In the wake of World War I, U.S. officials and private citizens made significant efforts to guarantee the United States would not be drawn into another war.<sup>45</sup> It was President Woodrow Wilson who led the effort to ensure the peaceful future of the United States. President Wilson clearly articulates the interests of the United States at the start of the interwar period in his famous 14 points speech given to a joint session of Congress on January 8, 1918. President Wilson's intent was to articulate causes of World War I as well as proposals for a peaceful post-war world order. President Wilson's 14 points can be summarized as the "abolition of secret treaties, a reduction in armaments, an adjustment in colonial claims in the interests of both native peoples and colonists, and freedom of the seas."<sup>46</sup> His proposals for a peaceful rules based post war world order were, "the removal of economic barriers between nations, the promise of self-determination for those oppressed minorities, and a world organization that would provide a system of collective security for all nations."<sup>47</sup> America's interests articulated in Wilson's 14 Point speech became the framework for all aspects of United States policy starting in 1919. However, Britain and France, more concerned with regaining what they had lost during World War One and punishing Germany, scuttled most of Wilson's points at Versailles.<sup>48</sup> But, Wilson's point calling for a world organization that would provide some system of collective security, later known as the League of Nations, was incorporated into the Treaty of Versailles. But that was Europe. In the Asia-Pacific

Region, United States foreign policy focused primarily on Japan and China. Besides the interest of peace, the two biggest interests that drove American policy were disarmament and isolationism.<sup>49</sup>

One of the biggest lessons the United States learned from World War I was how incredibly expensive a Navy is to operate and maintain. The major world navy powers attended the London Naval Conference in 1921. The result of that conference was the Four Power Treaty, the Five Power Treaty, and the Nine Power Treaty which collectively focused on consultation rather than a commitment of forces as well as the reduction of capability and capacity of the world's four largest navies specifically the United States, Great Britain, Japan, and France. The goal of the United States while negotiating these treaties was to maintain America's naval superiority without having to invest heavily in her fleet and to avoid any commitment of US military forces. In essence, the United States pursued security on the cheap and believed that a reduced number of weapons reduced the likelihood of conflict.

#### The 1921 Four Power Treaty

In 1921, The United States of America, the British Empire, France and Japan signed the Four Power Treaty. The Four Power Treaty replaced the Anglo-Japanese Treaty of 1902. In the years following World War I, U.S. policymakers saw Japan as the greatest rising military threat. "Heavily militarized and looking to expand its influence and territory, Japan had the potential to threaten U.S. colonial possessions in Asia and the profitable China trade."<sup>50</sup> The Anglo-Japanese Treaty was a source of concern for the United States because the 1902 treaty obligated Britain and Japan to become allies. If the United States were to end up in a war with Japan, Britain would be obligated to join Japan in the fight against the United States. By abrogating the 1902 Anglo-Japanese

Treaty and creating a Four-Power agreement, the US, Britain, France, and Japan ensured that no one country would be obligated to engage in a conflict, but that a mechanism would exist for discussions if a conflict emerged.<sup>51</sup> Additionally, the Four Power Treaty stipulated all four countries “promised to respect each other’s Pacific possessions,”<sup>52</sup> and notify one another in event that any other country launched an attack in area.<sup>53</sup> However, the Four Power Treaty did not address disarmament. To address naval disarmament participants at the 1921-1922 London Conference created the Five Powers Treaty.

### The 1922 Five Powers Treaty

The United States, Great Britain, Japan, France, and Italy signed the Five Powers Treaty in 1922. The Five Power Treaty was the cornerstone of naval disarmament during the interwar period. It called for each of the five involved countries to maintain a set ratio of warship tonnage. The treaty allowed the United States and Britain 500,000 tons, Japan 300,000 tons, and France and Italy both 175,000 tons or a ratio of 5:5:3:1.75:1.75.<sup>54</sup> Japan preferred less disparity between her and the United States and Britain and proposed the tonnage be allotted at a 10:10:7 ratio.<sup>55</sup> Even though the U.S. Navy preferred a 10:10:5 ratio, the conference ultimately adopted the 5:5:3 limits.<sup>56</sup> The United States and Britain argued for higher tonnage allowances because both nations maintained two-ocean navies; active in both the Atlantic and the Pacific, with colonial territories scattered around the world.<sup>57</sup> Finally, the Five Power Treaty called on the signatories to stop building capital ships and reduce the size of their navies by scrapping older ships. “Though widely regarded as a success, there was some controversy over Article XIX, which recognized the status quo of U.S., British and Japanese bases in the Pacific but outlawed their expansion.”<sup>58</sup> Many senior leaders in

the U.S. Navy worried however, that limiting the expansion of Pacific bases would endanger American holdings in the Philippines, Guam and Hawaii.<sup>59</sup> Although the Five-Power Treaty controlled tonnage of each navy's warships, some classes of naval ships were left unrestricted. As a result, a new arms race to build cruiser ships and submarines emerged after 1922, ultimately leading the powers back to the negotiating table in 1927 and 1930 to close the remaining loopholes.<sup>60</sup> But in the meantime China was growing in the region.

### 1922 Nine Power Treaty

In 1922, The Nine Power Treaty internationalized the “Open Door” policy with China. The treaty vowed that each of the signatories—the United States, Britain, Japan, France, Italy, Belgium, the Netherlands, Portugal and China—would respect the territorial integrity of China.<sup>61</sup> The Nine Power Treaty also recognized Japanese dominance in Manchuria but otherwise affirmed the importance of equal opportunity for all nations doing business in the country. For its part, China promised not to discriminate against any country seeking to do business there. Like the Four-Power Treaty, the Nine Power Treaty called for consultations in the event of a violation instead of committing the signatories to a particular response. As a result, the Nine Power Treaty lacked an enforcement to ensure that all powers abided by its terms.<sup>62</sup> Together, the Four, Five, and Nine Power Treaties signed at the 1921-22 Washington Conference served to uphold the status quo in the Pacific. The treaties recognized the signatory's interests without making fundamental changes to them. At the same time, the United States secured agreements that reinforced its existing policy in the Pacific, including “the Open Door in China and the protection of the Philippines, while limiting the scope of Japanese imperial expansion as much as possible.”<sup>63</sup> However, the specifics of naval

disarmament would remain an issue until the involved countries meaningfully addressed the issue again in 1930. But in the meantime, the idea of outlawing war was gaining traction across the globe.

### The 1928 Kellogg-Briand Act

After the severe losses of the First World War, the idea of declaring war illegal was immensely popular in international public opinion.<sup>64</sup> In 1927, French Minister of Foreign Affairs Aristide Briand, in an open letter, proposed a bilateral agreement between the United States and France to make war illegal.<sup>65</sup> Although Briand's suggestion had the enthusiastic support of some members of the American peace movement, U.S. President Calvin Coolidge and Secretary of State Frank Kellogg were less eager than Briand about the idea. Both President Coolidge and Secretary Kellogg preferred a policy of non-involvement and did not want to enter into an agreement that France could interpret as a bilateral alliance requiring the United States to intervene if France was ever threatened. To avoid a bilateral agreement that committed forces, Secretary Kellogg suggested the United States and France take the lead and invite all nations to join them in outlawing war.<sup>66</sup> "Because the language of the pact established the important point that only wars of aggression – not military acts of self-defense – would be covered under the pact, many nations had no objections to signing it."<sup>67</sup> If the pact served to limit conflicts, then everyone would benefit; if it did not, there were no legal consequences. In early 1928, negotiations over the agreement expanded to 15 countries including Japan. In the final version of what became known as the Kellogg-Briand Pact, all 15 countries agreed upon two clauses: the first outlawed war as an instrument of national policy and the second called upon the signatories to settle their disputes by peaceful means.<sup>68</sup> Therefore, "Nations committed to the renunciation of war

as an instrument of national policy would have little reason to resist the call to reduce their armaments.”<sup>69</sup>

### 1930 London Naval Conference

The arms race in cruisers, destroyers and submarines created by the Five Power Treaty in 1922 brought the United States, Britain, Japan, and France back to the negotiating table in 1927 and then again for the London Naval Conference in 1930.<sup>70</sup> There was undisguised rivalry between Britain, Japan and America in large cruisers, a great tension between Britain and France over submarines, an out and out competition between France and Italy in all three categories.<sup>71</sup> “By 1930 all sides were anxious to reach a deal to avoid an all-out arms race and, importantly, forced their naval officers to take a back seat to their diplomats in the negotiations.”<sup>72</sup> The 1930 London Naval Conference was the third in a series of five meetings, formed with the purpose of placing limits on the naval capacity of the world's largest naval powers. “Each country accepted a certain amount of risk, since absolute security for one meant peril for the others.”<sup>73</sup> At the end of the conference, the United States, Great Britain, Japan, Italy, and France had reached a general agreement on the regulation of submarine warfare and a five-year moratorium on the construction of capital ships. The limitation of aircraft carriers, already provided for by Five-Power Treaty, was extended. On April 22, 1930 The United States, Great Britain, and Japan signed the treaty limiting battleship tonnage in the ratios of 10:10:7. France and Italy, opposed to the concept of tonnage ratios and to the acceptance of any inequality, declined to sign.<sup>74</sup> The success of the London conference of 1930 persuaded Hoover and his advisors that rivalry with Japan was not a concern for the foreseeable future. “As the woes of the depression multiplied at

home, little thought was given to conditions in East Asia – not even to the warning that the Japanese military were growing restive.”<sup>75</sup>

On January 7, 1932 during the Manchurian Crisis, Secretary of State Henry Stimson sent a letter to the Chinese and Japanese governments. The Hoover-Stimson Doctrine of Non-Recognition stated,

the U.S. would not admit the legality of any agreement or treaty that impaired the treaty rights of the United States or its citizens in China, including those which relate to the sovereignty, the independence, or the territorial and administrative integrity of the Republic of China, commonly known as the Open Door Policy. Nor would the United States recognize agreements brought about contrary to the Kellogg-Briand Pact.<sup>76</sup>

In this letter Stimson reviewed the Open Door Policy, reaffirmed the United States policy of non-involvement, stated the Four, Five, and Nine Power Washington treaties were “interdependent and interrelated, “and that to violate one would be to release the signatories from their obligations under the others. In short, if Japan violated China’s integrity, the United States felt free to construct battleships and fortifications in the Pacific without limit.”<sup>77</sup>

### Economic Development

At the end of World War One Britain, France, and Italy were heavily indebted to the United States. In essence, the United States financed much of the war for the Allies and all parties involved struggled with repayment. Germany’s inability to pay war reparations meant Britain, Italy, and France could not repay their war debt to the United States. This set off a series of United States designed Germany debt restructuring deals. In 1929 The Great Depression hit and caused the Hoover administration and much of Congress to ascribe to isolationism and non-involvement in other global conflicts.

## The 1924 Dawes Plan

In 1924, an American banker named Charles Dawes outlined what came to be known as the Dawes Plan — a new reparations agreement under which U.S. banks such as J.P. Morgan issued bonds to private investors on behalf of Germany, which agreed to pay them back when the money became due.<sup>78</sup>

The Dawes Plan provided short-term economic benefits to the German economy and softened the burdens of war reparations. By stabilizing the currency, it brought increased foreign investments and loans to the German market. But, it made the German economy dependent on foreign markets and economies. As the U.S. economy developed problems under the Great Depression, Germany and other countries involved economically with it also suffered. The Allies owed the US debt repayments for loans. After World War I, this cycle of money from U.S. loans to Germany, which made reparations to other European nations, who paid off their debts to the United States, locked the western world's economy into that of the U.S.

## The 1929 Young Plan

Three years after the Dawes Plan, in 1928, the first set of German bonds came due. Germany once again defaulted on its war reparations. The failure of the Dawes Plan led to the creation of the 1929 Young Plan. The Allied Reparation Committee appointed Owen Young to restructure the payments of Germany's war reparation amount so that Germany could afford to settle her debt. The Young Plan floated more U.S.-backed bonds and reduced Germany's payments to \$28 billion paid out over 59 years.<sup>79</sup> The Young Plan played a role in global hyper-inflation where countries printed a massive amount of paper money to repay their debts. There wasn't enough gold to back the vast quantities of paper money and currencies became delinked from gold.<sup>80</sup>

Interestingly, in Germany, the Hartzburg Front formed an alliance composed of the Nazis, the conservative Nationalist party, and the Stahlhelm, a right-wing veterans group. Even though Germany approved the Young Plan, Hitler had gained valuable allies. In 1933, when Hitler rose to power, he cancelled all further war reparation payments.<sup>81</sup>

### Effects of the Great Depression

Economics surrounding the Great Depression overshadowed the “Roaring 20s” and dominated the latter half of interwar period and forced the United States and its policy makers to focus on domestic issues vice international ones. Historians and economist don’t always agree on the exact causes of the Great Depression but there is general acceptance among scholars that is started with the Stock Market Crash of October 29, 1929. On that “Black Tuesday,” the stock market declined 12.8%. Two months later the stock market had lost over \$40 billion in capital and by 1932 had lost 89% of its value. Four other factors likely contributed to the Great Depression including bank failures, a sharp reduction in consumer spending, and American economic policy with Europe.<sup>82</sup>

Throughout the 1930s over 9,000 banks failed. Because there were no federal regulations to insure money deposited in banks, when a bank failed any money an individual had in the bank was lost forever. Remaining banks became obsessed with their own survival and did not lend money. With the stock market crash and banks refusing to lend money the American people drastically reduced spending. Reduced spending led to surplus inventories and a reduction in production. A reduction in production meant there was less of a need for workers and by 1933 the unemployment rate in the United States was 25%.<sup>83</sup> “As the economic situation in the U.S. worsened,

most corporations concentrated on domestic activity. The level of world trade declined as nation after nation erected trade barriers to protect home industries.”<sup>84</sup> In the United States, Congress passed the Smoot-Hawley Tariff.

### 1930 Smoot-Hawley Tariff

In 1930, the Smoot-Hawley Tariff originated as a plan to help slumping American agriculture. But between the House and the Senate the bill morphed from subsidizing agriculture to protecting manufacturing. By the time President Hoover signed the bill into law it looked nothing like the original bill nor did it achieve its purpose. Instead, the Smoot-Hawley Tariff was sold as a bill of goods that protected American businesses by significantly raising over 900 import taxes. The biggest unintended consequence of the Smoot-Hawley Tariff was two-fold; one, it increased the export tax on U.S. goods because other countries responded in kind and two, it sent the amount of international trade spiraling downward.<sup>85</sup> But, depressed domestic and global economies were just two of the results of the interwar period that set the conditions for World War II.

### United States Approach Today

Today’s American enduring interests are clearly articulated in the 2010 National Security Strategy. Those four interests can be summarized as ensuring the security of the United States and her allies, building a strong economy that is engaged globally, and sustaining American leadership around the world. It is America’s enduring interests that drive United States policy in the Asia-Pacific region. The Obama administration has not written a specific policy statement for the Pacific region. However, because of President Obama, Secretary Clinton, and others in the administration conducting a multitude of speeches, making media appearances, writing articles, and engaging with countries in the region it

is possible to identify the key elements of current policy. In November 2011, President Barack Obama attended and gave a speech at the East Asian Summit. In his speech, the President articulated a political vision for the Asia-Pacific region as “an open system in which all countries play by the rules and no single country can throw its weight around.”<sup>86</sup> America policy therefore, is envisioned as an “open and non-discriminatory world order based on principles of collective security, multilateral trade, self-determination, and freedom of the seas.”<sup>87</sup> This rules based approach “is intended to be a multifaceted, coordinated, whole of government approach”<sup>88</sup> that has four key elements: freedom of the seas and multilateral resolution of maritime disputes, free trade across the Asia-Pacific, cooperative security to address transnational threats, and that human rights and democracy are inalienable.<sup>89</sup> Secretary Clinton best articulates the approach to achieve the four key elements of Asia-Pacific policy that include six lines of effort. Those six lines of effort are: “strengthening security alliances; deepening our working relationships with emerging powers (including China); engaging with regional multilateral institutions; expanding trade and investment; forging a broad based military presence; and advancing human rights.”<sup>90</sup> However, it was Secretary of State Hillary Clinton who stated, it is “Our treaty alliances with Japan, South Korea, Australia, the Philippines, and Thailand are the fulcrum for our strategic turn to the Asia-Pacific”<sup>91</sup> Treaty alliances are a formalized security policy.

### Defense Treaties

The United States security policy in the form of treaty alliances can be divided in to two categories: those that commit the use of US military forces and those

that simply oblige consultation. Currently in the Asia Pacific region the United States has three treaties with our allies that commit US forces. Those treaties are: The 1951 Treaty of Mutual Cooperation and Security with Japan; The 1953 Mutual Defense Treaty Between the United States and the Republic of Korea; and the 1951 Australia, New Zealand, United States Security Treaty. The 1951 Mutual Defense Treaty between the United States and the Republic of the Philippines and the 1954 Manila Pact between the United States and Thailand are unclear as to whether the United States is obligated to commit military forces.

#### 1951 Treaty of Mutual Cooperation and Security with Japan

The Mutual Cooperation and Security Treaty with Japan is a unique bilateral agreement because it gives each country different responsibilities. These distinct responsibilities are based on Article 9 of the Japanese Constitution which states, "The Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes."<sup>92</sup> The United States pledged to defend Japan from the communist threat, and in return, Japan granted it use of Japanese territory as a base for "maintenance of the peace and security of the Far East."<sup>93</sup> Japan's constitution allows for a Self Defense Force but prohibits using military force to achieve political goals. This stipulation has allowed Japan to spend less on its national defense and more on her economic development. Now, 60 years later Japan expects the United States to be true to her word and come to the aid of Japan over the Senkaku islands. The United States professes neutrality over the sovereignty of the Islands to China but has issued public statements in support of Japan. In 2010 Secretary of State Hillary Clinton issued a public statement proclaiming the

Senkaku Islands fall under, “mutual treaty obligations” with the Japan government.<sup>94</sup> More recently on January 18, 2013 Secretary Clinton reiterated the United States opposition to, “any challenge to Japan's rule over disputed islands.”<sup>95</sup> One must question whether lumps of rock in the East China Sea are of vital interests to the United States. China is not only a concern in the region for the United States and her Allies but so is North Korea.

#### The 1953 Mutual Defense Treaty Between the United States and the Republic of Korea

The United States and Korea signed the Mutual Defense Treaty Between the United States and the Republic of Korea in 1953 following the end of the Korean War. This treaty, just like the one the United States has with Japan, commits US forces to conflict. The treaty serves to not only prevent another North Korean attack on South Korea, but also provides a forward deployed base for U.S. military forces to potentially confront China and Russia while providing a front-line defense for Japan.<sup>96</sup> Not only does the alliance also allow South Korea the protection of the United States nuclear umbrella but it enables the South Koreans to pursue economic progress with relatively low military budgets. Just as the treaties with Japan and South Korea protect them from communist countries so does the treaty the United States signed with Australia.

#### 1951 Australia, New Zealand, United States Security Treaty

Australia, New Zealand, and the United States signed The Australia, New Zealand, and the United States Security Treaty (ANZUS) in 1951. Both Australia and New Zealand were former British colonies. During World War II both countries felt Great Britain became too focused on Europe and neglected Japan's advances in the South Pacific and direct attacks on their countries. In

1942 and 1943 Japanese air attacks incessantly bombed the Australian mainland; especially the city of Darwin. As the United States ended its occupation of Japan in 1950 both Australia and New Zealand worried about another eventual Japanese attack. Therefore, the three countries signed the ANZUS treaty to protect Australia and New Zealand from Japanese expansionism and pledged to defend Australia and New Zealand from the rise of communism in East Asia.<sup>97</sup> This treaty, just like the one the United States has with Japan and South Korea commits U.S. military forces. Article 4 of the ANZUS Treaty stipulates, “Each Party recognizes that an armed attack in the Pacific Area on any of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.”<sup>98</sup> Although the United States and New Zealand have never formally abrogated the ANZUS Security treaty, New Zealand no longer upholds the security agreement.<sup>99</sup> But not all of the United States security agreements commit U.S. forces to conflict. The defense treaty the United States has with the Philippines is an example.

#### 1951 Mutual Defense Treaty

The United States and the Philippines signed The Mutual Defense Treaty between the United States and the Republic of the Philippines in 1951. It is unclear as to whether this agreement commits U.S. military forces.<sup>100</sup> Article 4 states, “Each Party recognizes that an armed attack in the Pacific Area on either of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common dangers in accordance with its constitutional processes.”<sup>101</sup> The Philippines was a former American colony. United States forces liberated the Philippines from

Japanese occupation during World War II. But over the last 20 years, rising anti-American sentiment led the Philippines Senate to vote in 1991 to close U.S. military bases in the country.<sup>102</sup> However, neither the United States nor the Philippines abrogated the Cold War era 1951 defense treaty. In addition to signing treaties that commit U.S. forces and, agree to consultation, the United States has also abrogated on specific treaties in the region.

### The 1954 Manila Pact

In 1954, the United States, Australia, New Zealand, Britain, France, Pakistan, Thailand, and the Philippines signed the 1954 Manila Pact which led to the formation of the Southeast Asia Treaty Organization, or SEATO, in 1955.<sup>103</sup> The purpose of SEATO was to prevent communism from gaining a foothold around the region.<sup>104</sup> In 1977, after the Vietnam War, the organization formally disbanded.<sup>105</sup> However, the United States and Thailand still recognize the Manila Pact because it represents the only formal security agreement between the two countries.<sup>106</sup> As Clinton said, our treaty alliances with Japan, South Korea, Australia, Thailand, and the Philippines, “have underwritten regional peace and security for more than half a century, shaping the environment for the regions remarkable economic ascent.”<sup>107</sup> Peace and security, therefore, are necessary requirements to allow an economy to flourish.

### Economic Development

Current US Economic Policy in the Asia Pacific Region is linked back to America’s enduring interests; primarily security and, “a strong innovative and growing U.S. economy in an open international economic system that promotes opportunity and prosperity.”<sup>108</sup> American economic policy can best be understood and described through the multitude of associations, partnerships, and forums the United States belongs to or tries to influence in

the Asia Pacific region. Although not all inclusive, the Association of South East Asia Nations, the Transpacific Partnership, the Asia Pacific Economic Cooperation Forum, and the World Trade Organization are representative examples and those which the United States is the most actively engaged.

### Association of South East Asia Nations

The Association of South East Asia Nations (ASEAN) consists of a 10 members association in the region including Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam. However, ASEAN +3, an extension of the association, includes the original 10 countries plus Japan, Korea, and China. The chair of ASEAN rotates annually among the 10 member nations. The charter of ASEAN is legally binding framework for all ten nations.<sup>109</sup> The purpose of ASEAN is to “help bring about shared prosperity and a sustainable future”<sup>110</sup> and its goal is, “economic and political integration to narrow the development gap among ASEAN nations, and to promote and protect human rights”<sup>111</sup> for all 10 ASEAN Member Countries.

Because the United States views ASEAN as, “as central to regional stability and economic progress in the Asia-Pacific,”<sup>112</sup> Secretary Clinton has visited ASEAN twice and President Obama has visited ASEAN once in the last two years. The United States is working to build an enduring, multi-faceted relationship between ASEAN and America. America is doing so because in the words of Secretary Clinton, “we have an interest in strengthening ASEAN's ability to address regional challenges in an effective, comprehensive way.”

Additionally, in 2009, the United States acceded to the ASEAN Treaty of Amity and Cooperation. The Treaty of Amity and cooperation pledges to, “promote perpetual peace, everlasting amity and to cooperate in economic, social, cultural, technical and scientific fields.”<sup>113</sup> In 2003 China acceded to the ASEAN Treaty of Amity and Cooperation, “in

order to build confidence, promote peace and security, and facilitate economic cooperation in the region.<sup>114</sup> The United States specifically wants ASEAN to lead in the region not America. But ASEAN is not the only organization committed to economic growth and prosperity in the region.

### The Trans-Pacific Partnership

The Trans-Pacific Partnership (TPP) would link the United States, Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, Mexico and Canada into a “free trade” zone similar to that of the North American Free Trade Agreement, or NAFTA.<sup>115</sup>

According to a US trade representative, the US proposal is focused on, “enterprises that are owned by central governments are commercial in nature and compete directly with the private sector.”<sup>116</sup> The TTP is discussing and would set binding rules on everything from investments, service-sector regulation, patents and copyrights, government procurement, financial regulation, labor and environmental standards, and trade in industrial goods.<sup>117</sup>

The purpose of this economic trade policy can best be characterized as, “making the world an easier place to do business for multinational corporations.”<sup>118</sup> Aside from reducing tariffs, NAFTA-style agreements like the TTP have provisions that constrain domestic food safety, articulate environmental and health regulations, shield foreign investment capital from domestic laws, and shift government deals to the corporate sector.<sup>119</sup> Ultimately is the goal of the United States via the TTP to significantly increase America’s exports. However, consequences of these kinds of trade agreements include, “offshoring of U.S.

manufacturing and service-sector jobs, inexpensive imported products, expanded global reach of U.S. multinational corporations, and less bargaining leverage for labor.”<sup>120</sup>

Interestingly, most draft chapters and negotiating documents are classified.<sup>121</sup> However, like with other trade agreements, Congress must approve the TTP. Interestingly, all 11

members of the TPP are current members of the Asia-Pacific Economic Cooperation Forum. However, until the TPP declassifies its documents no one is completely sure of how to compare the two organizations.

### The Asia-Pacific Economic Cooperation

The Asia-Pacific Economic Cooperation (APEC) forum established in 1989 is a 21 country member organization perceived as the pre-eminent economic forum in the Asia-Pacific region. APEC's purpose is, "to facilitate economic growth and prosperity in the region, with the vision of creating a seamless regional economy."<sup>122</sup> APEC aims to achieve these objectives through trade and investment liberalization, business facilitation and economic and technical cooperation.<sup>123</sup> Member countries include: Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong-China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States, and Vietnam.<sup>124</sup> APEC economies and stakeholders want to make doing business throughout the region cheaper, faster, and easier. Ultimately, APEC would like to increase its favorable business in the Asia Pacific region by 25% in 2015.<sup>125</sup> Interestingly China, the most prominent trade partner in the Asia-Pacific region is not a member of APEC.

### The World Trade Organization

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between its 157 member nations.<sup>126</sup> Established in 1995, the WTO's goal is to help producers of goods and services, exporters, and importers conduct their business fairly and equitably across the globe.<sup>127</sup>

China's involvement with ASEAN, TPP, APEC, and WTO

Of the three largest multinational organizations committed to peaceful economic growth and prosperity in the Asia Pacific region, China is a member of ASEAN +3, is not involved with the TTP, does not belong to APEC but became a member of the WTO in 2001. Most countries like the United States have bi-lateral trade agreements with China. On January 11, 2013 the Congressional U.S.-China Economic and Security Review Commission announced the trade deficit between the United States and China had increased more than \$18 billion from a year ago. A staggering number considering the trade deficit for the United States in November 2012 stood at \$291 billion.<sup>128</sup> The top export product from the United States, agriculture, account for nearly 33% of all exports. Conversely, the United States import of computer and electrical products accounted for over 50% of all imports. But, China's appetite for natural resources, especially coal continues to grow at a significant rate.

China is the world's largest coal producer and the world's largest coal consumer.<sup>129</sup> According to the U.S. Energy Information Administration China is expected to burn 50% of the world's coal production in 2013. Even though China has the world's 3<sup>rd</sup> largest coal reserves, ranked behind the United States and then Russia, China is expected to increase its coal imports.<sup>130</sup> Increased China coal imports are due to its fragmented industry's outdated equipment, transportation network constraints in the coal rich north and west, poor safety practices, water scarcities in coal mining regions, and inefficiencies associated with small geographically dispersed locally government owned mines.<sup>131</sup> As international coal market prices drop, China's internal coal prices continue to increase.<sup>132</sup> To become more self-reliant, China's Five Year Plan envisions a "massive consolidation of the domestic industry through mergers and acquisitions" as well as an investment in

new technologies for coal liquefaction and gasification.<sup>133</sup> Competition for natural resources that escalates into conflict is not the only element of historical resonance for the interwar period.

### Similarities

Examining the approach of the United States during the interwar period and from today reveals several similarities. First, US interests of security, economic prosperity, and a respect for values have remained the same for last 90 years. Wilson's proposals for a peaceful rules based post war world order were, "the removal of economic barriers between nations, the promise of self-determination for those oppressed minorities, and a world organization that would provide a system of collective security for all nations."<sup>134</sup> These are interests are eerily similar to the interests stated in the 2010 Nation Security Strategy. Obama proposes a rule based world order concerned with, "The security of the United States, it's citizens, and U.S. allies and partners; a strong innovative and growing U.S. economy in an open international economic system that promotes opportunity and prosperity; respect for universal values at home and around the world, and an international order advanced by U.S. leadership that promotes peace, security, and opportunity through stronger cooperation to meet global challenges."<sup>135</sup> Second, both approaches tried to set security conditions via the use of treaties and income generating plans to stimulate economic growth. At the end of World War I and during the interwar period, the United States concluded war was costly. Not only did the Four, Five, Nine, and London Conference Treaties promote non-involvement but also restricted costly ship building. Also, the Dawes Plan, the Young Plan, and the Smoot Hawley Tariff were all attempts to generate income for the United States. Today, the United States has treaties with Japan, South Korea, and Australia that commit U.S.

Forces. Those three countries are also within the top ten trading partners of the United States. And lastly, economic growth enables military expansion but the converse is also true. A growing economy means government and business have an increased amount of capital to invest. But a shrinking economy or anemically growing economy means a contraction in available investment spending. During the interwar period, the Great Depression caused the United States to focus on domestic issues and relegate security and defense to the back ground. The same can be said today. With the concern over the national debt issue The United States is cutting defense spending by over 46%.

### Differences

After examining the United States approaches between the interwar period and today one notes differences as well. First, the United States is more focused on building partner capacity today both economically and militarily to promote her interests. In the past where the United States was comfortable to be the leader of the pack, today the United States is more focused on consensus or getting others to take the lead. For example, during the interwar period, the United States spearheaded the effort to restructure and refinance German war reparations. Today, the United States is focused on helping others to help America. For example, today in the Asia Pacific, the United States is focused on groups like ASEAN, APEC, the TTP, and WTO to get other nations and organizations to lead the charge for economic vitality and growth. Second, the interwar period policies were based on Isolationism and non-involvement. Today's policies are based on US global leadership and engagement. America's policies during the interwar period can best be described by Stanley Baldwin, Great Britain's Lord President of the Council and a leader in the cabinet, who said in 1932, "you will get nothing out of Washington but words, big words, but only words."<sup>136</sup> Today, the United

States is actively involved in the Pacific. For the first time, Obama visited ASEAN and Clinton visited the region twice. These three visits were more than any other United States senior leader visits in over 50 years. Lastly, during the interwar period where isolationism and non-involvement ruled the day, the United States used tariffs, such as the Smoot-Hawley tariff to try and protect the American economy. Today, the United States still uses import taxes but has developed numerous free trade agreements. The United States has free trade agreements with 17 countries including Australia and they have proved to be one of the best ways to open up foreign markets to U.S. exporters.<sup>137</sup> “Trade Agreements reduce barriers to U.S. exports, protect U.S. interests and enhance the rule of law in the FTA partner country.”<sup>138</sup> The United States is also in the process of negotiating a regional free Trade agreement via the Trans-Pacific Partnership, with Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore and Vietnam to spur economic growth.

#### Insights and Cautions

After analyzing the operational design aspects of the interwar period and today, one can determine cautions as the United States continues to shift toward the Asia Pacific region. First, economic hard times drive any nation, in this case the United States towards isolationism. Unfortunately, a strictly domestic focus coupled with international non-involvement creates a power vacuum on the world stage that will get filled by other nations. During the interwar period, because the United States ignored Japan in the Asia Pacific region as a rising power, America ended going to war with Japan during World War II. Today, as the United States focuses on the national debt problem, the tendency will be to want to focus more domestically and ignore China in the Asia Pacific region. To do so would be to allow China to grow stronger militarily,

economically, and politically in the region without regard to U.S. interests. Ignoring China and those nations in the Asia Pacific region could ultimately lead to military conflict. Second, international debt between nations sets up reciprocity of obligation or shared dependence of nations. During the interwar period Germany's default on war reparations meant Britain, Italy, and France defaulted on loan payments to the United States. Also, the quantity of the debt matters. If it's \$100 it's the debtor's problem. If it's billions of dollars it's the lender's problem. For example, during the interwar period, the United States, as the lender, tried to restructure Germany's debt via the Dawes and Young Plan. Today, the United States just keeps refinancing the debt limit and sells more and more bonds indebting America to China. And lastly, vagueness in defense treaty language gives the United States flexibility but foments a sense of mistrust with our Allies. During the interwar period the Four Power Treaty, the Five Power Treaty and the Kellogg-Braind Act merely called for consultation. Today, the 1954 Manila Pact with Thailand and the 1951 Mutual Defense Treaty between the United States and the Republic of the Philippines do not specifically commit U.S. forces in the defense of those two countries. Both the Philippines and Thailand must wonder if the United States will stay true to its word if China attacks or claims some of its disputed territory.

#### Imperatives

After examining the operation design aspects of the interwar period of 1919-1933 and the United States' current shift to Pacific three imperatives come to light. First, security is inextricably linked to a nation's economy. Therefore, the stronger a nation's economy is, the stronger the nation's ability to dedicate resources to defend itself, her allies, and project power. Second, the United States must be an engaged global leader cognizant of other cultures in the region to successfully promote her interests. Failure

to do so creates a power vacuum other nations, not necessarily aligned with U.S. interests, will fill. And, failure to understand a nation's culture is a failure to truly understand the environment and will lead to abject failure when attempting to change the strategic environment. Lastly, it is imperative to prevent an arms race in the region. Not an arms race with China, but an arms race between other nations in the region. A conventional arms race in the region could ultimately lead to conflict with each other and with China.

### Conclusion

Comparing Wilson's 14 points to Obama's four enduring interests in the 2010 National Security Strategy one can conclude the fundamental interests of the United States have not changed for the last 90 years. During the interwar period of 1919-1933, the United States instituted policies of non-involvement, disarmament, and isolationism. America discounted and ignored a rising Japan in the Pacific. Today, China exhibits many of the same rising power qualities that Japan did during the interwar period. To successfully shape the rise of China, the United States should not only heed the mistakes she made during the interwar period but also understand the nation's security is inextricably linked to America's economy, that America must be an educated and engage global leader, and that even disarmament can precipitate an arms race. America has a choice and thus far appears to be choosing engagement and cooperation, coupled with significant military involvement. The next few years will record whether we, as the region fears, have the "staying power" to follow through on today's words. Failure to heed these cautions and imperatives in concert with Asia, like Obama stated, "will largely define whether the century ahead will be marked by conflict or cooperation, needless suffering or human progress."<sup>139</sup>

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