Lee Kuan Yew School of Public Policy | Centre on Asia and Globalisation

Workshop Proceedings

CAG Workshop on "Rethinking Alliance Politics in Asia"

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Contents

Speaker and Discussants	Title/Topic	Proceedings/Feedback
Speaker: **Chin-Hao Huang**, Associate Professor and Co-Director, Centre on Asia and Globalisation, Lee Kuan Yew School of Public Policy	Welcome Remarks	**Chin-Hao Huang** The purpose of this workshop is to revisit and rethink alliance politics in Asia. The discussion will focus on how core concepts of alliance politics, specifically, burden-sharing, Moral Hazards, reverse Moral Hazards, credible commitments, and entrapment and abandonment, affect alliance relations and commitments. The recent developments in the security realm, not least with the announcement of the national security strategy and national defense strategy, have prompted profound changes in alliance relationships across the globe. This makes the revisiting of key alliances in Asia timely and meaningful. The workshop also places its emphasis on small states. They are important actors, not just price takers, that are being affected by great powers like US and China. The discussion thus explores the possibility of providing theoretical understanding of Asian perspectives on alliance politics in a rapidly changing global order. It seeks to examine how small states are adapting to the evolving reality and whether these states have agency. More importantly, what leadership role these states might expect moving forward in the context of alliance relations and commitments. Through country cases, this workshop will take a deep dive into how allies' views on alliance commitments and threat perceptions may be changing vis-à-vis the United States in light of the recent developments in regional security and order in Asia. The discussion is expected to be conversational and dynamic. Each session will begin with two assigned lead discussants offering critiques and observations of the concept papers, followed by further discussion and input. It will conclude with the authors' feedback and thoughts on the paper revision in response to the inputs. Building on the concept notes and the discussion, the workshop expects concrete output by the end of the day.

Discussants: **Miguel Gomez,** Senior Research Fellow, Lee Kuan Yew School of Public Policy **Iain Henry,** Senior Lecturer, Australian National University Authors: **Brian Blankenship**, Assistant Professor, University of Miami **Songying Fang**, Professor, Shanghai Jiao Tong University	Session 1	Comments from Discussants **Miguel Gomez** *Comments on Blankenship's paper* The first two papers are well placed in the program as they set the overall tone of the workshop and the project at large. They examined the alliance politics from the perspective of the United States. Brian's paper highlights the dual challenge facing the United States of countering China's rise and maintaining regional military supremacy amid its own turn toward protectionism. The paper discusses a few key questions revolving around the shifting alliance dynamics. One key question is how regional partners maintain room for maneuver amid evolving US demands. Heightened demands on allies' self-sufficiency are linked to expectations of preferential economic treatment for the United States and greater economic and political distance from China. Another issue is whether Washington is willing to pursue high-risk policies despite the awkward position imposed on partners, or whether internal political and economic priorities now outweigh allies' considerations. The paper underscores that US assurances of support to allies do not guarantee that partners will adopt or implement a harder stance toward China. Allies face significant disincentives, including their proximity to the front lines of a potential conflict, the disproportionate exposure to human and material costs, and the practical difficulty of achieving the objectives sought. These factors collectively constrain allies' willingness to escalate against China despite US expectations. In highlighting these issues, the paper opens up three further questions that warrant consideration in future research and related analyses. • Whether the United States views the potential strain on allies as a genuine trade-off or prioritizes its own interests regardless.

- Options available to allies to accommodate US demands without incurring strategic or diplomatic costs. For example, the Philippines' approach focuses on strengthening existing capabilities while accommodating US demands.
- China's regional conduct and the limits of current alliance structures, given the prevalence of grey zone operations that evade traditional military responses.

The paper concludes with two potential lines of inquiry: how external factors may constrain Moral Hazard, and how to measure the possibility of such hazards occurring, while also highlighting three key considerations for further attention.

- Whether the United States and its allies share a common understanding of the nature of threats. Prior workshops on cyber conflict revealed significant perceptual gaps between Western and regional perspectives.
- Emerging domains like cyber and AI challenge conventional notions of Moral Hazard, as patterns of Chinese and regional behavior indicate that these spaces remain highly contested.
- "Agreed competition" in cyberspace presents the possibility of escalation or allies' involvement, and the adoption of AI and autonomous systems further increases potential instability in regional security.

Comments on Fang's paper

Fang's paper examines the shift in US alliance thinking, from preserving the regional status quo to accepting greater risks to reshape it in pursuit of perceived strategic benefit, even at the cost of regional stability or frictions with its allies. This paper complements Blakenship's paper by highlighting that the US signals expected alignment from allies without coercion, leaving the consequences of non-compliance undefined. This subsequently raises a couple of questions.

- Whether allies can meet US expectations while protecting their own interests, using alternative structures such as minilaterals and strategic partnerships to mitigate pressure.

- The uniqueness and complexity of the Indo-Pacific limit the validity of NATO lessons from Western Europe and invite further analysis of regional alliance dynamics.

Iain Henry

Both papers are excellent and raise important questions. Blankenship's paper highlights contemporary economic pressures, with Trump 2.0's protectionism creating strain on alliances, while Fang's paper reflects on historical US leverage in Asia. While the current circumstances diverge markedly from the past, much analysis elsewhere simplistically applies historical frameworks without accounting for the radically changed starting conditions.

Comments on Blankenship's paper

Framing US policy as uniquely recent under Trump simplifies a longer trajectory. The Australian case illustrates contested motivations: following calls for an inquiry into COVID-19 origins in 2020, China imposed economic penalties. Despite rhetorical supports, these "allied" or "like-minded" countries in fact increased their exports to China, effectively replacing Australia's trade. The first Trump administration had declassified a document revealing the existence of an NSC-level strategy to counter Chinese economic coercion, which was not implemented successfully. This highlights the difficulty of applying predominantly military tools to economic contexts.

These issues predate Trump 1.0, as US has a longer history of unpredictability. A historical parallel exists with the post-Vietnam period when US intentions were difficult to anticipate. At present, this uncertainty persists and generates allies' concerns about entrapment and abandonment, complicating decision-making and obscuring which risk should take priority.

Alliances in Asia are often interpreted through the lens of the Monroe asymmetric alliances model. This leads to perceptions that these US allies contribute little militarily. This reflects a European-

style understanding of alliances, emphasizing formal structures such as integrated armies, divisions, or fighter wings, which does fully align with the alliance dynamics in the region. The power-projection capacity of US allies in Asia is often overlooked in discussions of asymmetric alliances. Reporting indicates that the second Trump administration applied pressure on Japan and Australia, yet neither has made public commitments, complicating the measuring issues.

Comments on Fang's paper

The second paper demonstrates that even a concept as seemingly straightforward as "Moral Hazard reversed" can generate multiple, competing definitions. Key questions arise for the workshop: what constitutes "Moral Hazard reversed," can it be identified in practice, and how can it be measured given limited visibility behind closed-door arrangements? While public statements provide some evidence, much of the relevant activity is opaque, reminiscent of Cold War-era classified commitments, such as Japan permitting US base use under unspecified contingencies. This raises important questions about current U.S. expectations and the difficulty of assessing them.

The discussion raises the question of allies' roles in maintaining the balance of power, highlighting the risks of "buck-passing" dynamics. Alliances may place one state in a position to bear disproportionate costs while advancing another's strategic objectives, a dynamic evident in historical European analogies. This is evident in reactions to events such as the Pelosi visit to Taiwan, which was widely viewed in the region as an unnecessary provocation.

<u>Additional Comments</u>

Danny Quah

A key question concerns whether US policies toward China, rising protectionism, and the disruption of transatlantic alliances reflect a unifying strategic logic or constitute discrete lines of action. Blankenship's paper links China policy and protectionism, but it remains unclear whether these,

together with tensions affecting traditional North Atlantic partners, are driven by a coherent underlying rationale. If the international system is to respond effectively or engage the current US administration strategically, it is necessary to assess what motivates these simultaneous policy tracks.

While historical explanations such as ideological competition and hegemonic rivalry help explain US approaches to China, it is less evident how these logics extend to protectionism and to strains within longstanding alliances. Moreover, recent domestic developments in the United States suggest that these shifts may not be reducible to conventional "America First" narratives alone. Clarifying the assumptions underpinning this interpretation is therefore essential for any strategic response.

Chin-Hao Huang

It is useful to examine the broader motivations linking current U.S. policy strands and their implications for alliance reconfiguration in the region. Fang's paper points out that the existing status quo no longer serves US interests, particularly in relation to China. From this perspective, disruptions to established arrangements, whether through tariffs, revised alliance expectations, or sharper strategic positioning, reflect an effort to reshape the regional order in ways more favorable to the US.

Jonathan Chu

A further point emphasizes the centrality of domestic political change in shaping US external behavior. The most consequential shift is identified as the movement from a multi-veto system characterized by robust institutional checks and balances toward a more personalistic concentration of executive authority. Political science literature over the past decades suggests that such a shift typically produces greater policy volatility, reduced credibility of commitments, and increased variance in international conduct. On this view, the issue is not simply "MAGA" ideology, but the weakening of institutional constraints that previously moderated executive preferences. Many of the observed outcomes like coercive economic measures are consistent with established expectations regarding personalized rule. The omission of this domestic dimension therefore leaves a significant gap in the analysis.

Fang Songying

The discussion emphasizes that the analytical issue is not whether the United States is treated as a unitary actor or reduced to the preferences of an individual leader. The core question, as raised earlier, concerns internal coherence: how a single decision-maker can pursue policies that appear mutually contradictory. Domestic politics is relevant, but it does not by itself answer the concern about inconsistency across multiple policy strands.

Jonathan Chu

A theoretical addition concerns the implications of moving analytically from the state to the individual. Institutional models emphasize that checks and balances shape state behavior. Under a system with robust checks and balances, inconsistent or illogical policy combinations are more likely to be filtered through institutional processes, whether through bureaucratic review, congressional debate, or inter-branch contestation. By contrast, under more personalistic rule, individual preferences, cognitive biases, or ideological commitments are less constrained institutionally and may translate more directly into foreign policy.

Brian Blankenship

A further challenge concerns periodization: it is difficult to determine when a shift toward more personalistic politics began, and how far it explains observed patterns of foreign policy inconsistency. Acknowledging that the U.S. president possesses significant autonomy in foreign policy can account for substantial variation in outcomes, but it remains unclear how recent or distinct the current phase is relative to earlier periods of expanded executive authority.

Jaehan Park

One question on Blankenship's paper: How do cheap-riding and moral hazard differ substantively from traditional bandwagoning, and why is moral hazard used as the framing rather than

bandwagoning? While these phenomena can be interpreted as moral hazard or bandwagoning, they also reflect a system created by the United States. In East Asia, the US alliance architecture was designed to contain China, regulate Japan, and maintain American influence, while constraining allies' independent actions. Historically, few states balanced against China due to its relative power, producing patterns of bandwagoning largely structured by the United States rather than by regional agency. The current US effort to alter these arrangements represents a modification of a system originally established by the United States, rather than a product of lesser powers' independent decisions.

Jiyoung Ko

Question for Fang concerns the degree of confidence small allies can have in US backing when they take risks on the US's behalf. Credible assurance may be harder to guarantee than to promise, as the US has incentives to avoid creating trouble in the region, and if risky actions by small allies go wrong, the US can shift responsibility to them and disengage. The THAAD deployment illustrates this: after installation, South Korea faced severe economic retaliation from China, yet the US did not intervene. Likewise, Japan's recent comments on potential intervention in a Taiwan contingency, even with likely prior consultation with the US and domestic political considerations, generated confrontation with China without clear US support. Such incidents, observed over time, could erode other allies' confidence in US backing when taking risks.

A related question for Brian concerns whether the reversal of moral hazard would be easier. The US could have greater confidence in alliance support, as it can coerce allies, and most confrontations occur outside US territory, potentially making reversal of moral hazard more feasible.

Jonathan Chu

A further point considers whether weaker or client states actually want visible US support in these situations. Overt backing could potentially worsen the situation despite the relationship with allies.

This raises the question of what constitutes an optimal US strategy, as in some cases active intervention might exacerbate tensions or prompt escalation in ways that allies do not desire.

Miguel Gomez

It is important to consider what individual allies actually want or expect from US behavior in these circumstances. Assumptions that all allies simply expect the US to intervene whenever a crisis arises are misleading. The Philippines provides a nuanced example. While valuing the alliance, the current administration has sought to avoid provoking further Chinese aggression and has, in recent years, resisted a greater US presence or operations on its territory. Although this stance may have frustrated some in the US, it reflects the Philippines' perspective that reliance on the US does not imply a desire for constant US involvement. This highlights the need to account for differences in allies' expectations rather than assuming uniform demand for US action as a measure of credibility or commitment.

Chin-Hao Huang

There are varying levels of comfort among US allies regarding the degree of US involvement in their security, which raises questions about how reverse moral hazard operates in practice. Fang's definition of reverse moral hazard is particularly thought-provoking. Unlike conventional moral hazard, which focuses on the patron state's concern that junior allies may inadvertently entrap it into unwanted conflict, reverse moral hazard concerns the patron state's willingness to tolerate and even implicitly encourage greater risks from its junior allies.

In this framework, junior allies are given greater latitude to assume riskier behaviors, with the expectation that they will increase military capabilities and contribute to burden sharing in ways that ultimately serve the patron state's strategic objectives, particularly containing China. This contrasts with past approaches in which the US maintained tight control over Japan, South Korea, and other smaller allies to prevent entrapment. Defining reverse moral hazard in this context provides a means to measure whether junior allies are assuming greater responsibilities and acting in line with the

implicit encouragement of the patron state. Clarity on the ultimate objectives, why the US seeks burden sharing, is crucial to operationalizing this concept.

Iain Henry

Empirical evidence from Asia, particularly as discussed in Powerplay by Victor Cha, suggests caution in extrapolating theoretical expectations of moral hazard. Historical experience indicates that the US often felt it could not fully control its allies or sufficiently mitigate the risks of classic moral hazard. Consequently, the empirical record of US management of moral hazard in Asia may be less clear-cut than the literature implies, and reliance on a limited or potentially biased subset of cases risks producing misleading conclusions.

Jiyoung Ko

Building on Fang's point, the Corridor example illustrates that smaller allies historically were not status quo powers. In the current Asia-Pacific context, however, smaller states are effectively status quo powers. This raises the question of whether the US itself remains a status quo power. If, as Fang suggests, the US is departing from the status quo, the precise nature of its interests in the region requires clarification. Unlike in the Americas, the US does not appear to seek territorial gains in Asia-Pacific, prompting further reflection on whether its behavior constitutes a deviation from the status quo or reflects an alternative set of objectives.

Jaehan Park

The discussion emphasized the need to view US actions in East Asia in context. While recent US policies have caused disruptions, they are partly understandable given the longstanding provision of public goods and the constraints imposed on other countries' foreign policy autonomy. In many cases, US actions reflect the interests of regional states as well.
Operational responsibilities in South Korea illustrate the costs of autonomy. Achieving a self-sustaining defense would require a roughly one-third increase in spending. Without the US, regional

security would be significantly more difficult, expensive, and dangerous, even under a Trump administration. The point is that US involvement remains crucial for stability, and the challenges should be assessed with this perspective.

Arthur Shin

An alternative explanation for the limited applicability of traditional moral hazard arguments in Asia is the growing importance of domestic politics and audience costs among junior partners. Compared to the post-World War II period, institutional structures were weaker in accommodating such domestic constraints. The rise of more personalistic regimes in the US, combined with these changes in junior partners, may help explain the increasing relevance of reverse moral hazard over traditional moral hazard concerns.

Chin-Hao Huang

Three questions arise for the authors to consider in responding to the comments.

- First, how can the United States persuade its Asian allies to shoulder greater risks when credible commitments and assurances are weakened, and US policies are inconsistent?
- Second, why should the United States assume that regional allies share the same threat perceptions, given that they pursue complex strategic objectives, such as diversification, omni-enmeshment, and regional balancing?
- Third, if burden sharing is to increase and junior partners are expected to assume more risk and enhance their defenses, is the United States prepared to relinquish some degree of control over these allies?

Authors' response

Brian Blankenship

Quah's question on coherence prompted a discussion of the perceived contradictions in US foreign policy. The three elements, namely China's rise, protectionism, and disrupted transatlantic relations, reflect two competing impulses. One is a traditional great power competition logic, which has structured US foreign policy for the past decade, arguably since the pivot to Asia. The other is a set of domestic political considerations, which are less coherent but reflect a perception that the post-Cold War order, particularly over the past thirty years, has not served US interests optimally. The visible costs of maintaining the order, alongside events such as the Iraq war, the China shock, and trade grievances, have generated an anti–status quo bias among parts of the public and segments of both major political parties. These impulses sometimes align but often conflict.

Another issue is US understanding of its allies' preferences. Actions intended for reassurance, such as the Pelosi visit, have often failed, raising questions about whether structural incentives limit US insight into allies' views or whether there is a more rigid, one-track approach to reassurance.

On moral hazard and alliance burden sharing, the US faces two questions: how to convince allies to assume greater risks, and why it assumes that allies share similar threat perceptions. The discussion suggests that the US assumes leverage over allies because China's power implies a high perceived threat, and thus US influence can shape risk-taking. While this assumption has some validity, it does not always align with actual risk-taking behavior. For the second question, it seems that many observers in the US generally assume that allies' interests overlap with that of US.

Fang Songying

Reverse moral hazard occurs when the US allows or encourages its allies to assume greater risks, effectively outsourcing responsibilities while expecting support in return. This contrasts with traditional moral hazard, where the patron state fears entrapment by junior allies. Ko provides a

		rigorous definition, emphasizing that reverse moral hazard reflects the US taking more liberty in its actions while expecting allied support. This complements the broader perspective that the US is less concerned with entrapment and more focused on leveraging the balance of military power in the region. Allies are encouraged to expand military spending and capabilities, taking on roles that advance US strategic objectives, consistent with Ken Waltz's argument about internal balancing and the redistribution of power among states. US actions are a best response to these changed preferences. Game-theoretically, urging allies to take risks does not necessarily achieve the desired outcome, such as constraining China, but reflects the strategy deemed optimal under current preferences. Status quo objectives relate to maintaining US primacy and influence in Asia rather than territorial ambitions. Reverse moral hazard involves allowing allies more freedom while implicitly encouraging them to take on greater risks, rather than tightly constraining their behavior to avoid entrapment. Ko's focus on ally behavior and internal balancing complements this perspective. Allies often lack viable alternatives, making reliance on the US a default option, as seen in South Korea's focus on North Korea. Perceptions of US leverage influence behavior: even if policymakers misjudge the situation, allies recognize US centrality in regional security. Domestic politics in allied states reinforce this influence, with public opinion and elite attitudes in South Korea, Japan, and the Philippines remaining favorable toward the US. Measuring reverse moral hazard remains challenging because internal deliberations are opaque. Only observable behavior can be assessed, with attention to whether allies are responding to implicit encouragement or taking on greater responsibilities in line with US expectations. Clear definitional parameters allow assessment of burden-sharing and whether allies increase risk-taking consistent with US strategic aims.

Discussants: **Kei Koga**, Associate Professor, Nanyang Technological University **Jiyoung Ko**, Associate Professor, Korea University Authors: **Miguel Gomez,** Senior Research Fellow, Lee Kuan Yew School of Public Policy **Iain Henry,** Senior Lecturer, Australia National University	Session 2	Comments from Discussants **Jiyoung Ko** *Comments on Henry's paper* In Henry's paper, reverse moral hazard is framed as a situation in which smaller allies can influence the behavior of a larger alliance partner. This is theoretically plausible, but it raises an important question regarding mechanism: through what channels can small allies meaningfully shape US policy? The paper addresses this primarily through the politics of military basing, which provides a concrete institutional lever. However, when the Australian case is situated within the broader US alliance architecture in Asia-Pacific, the limits of this mechanism become apparent. The US maintains multiple bases across the region. If one ally adjusts access in an attempt to influence US behavior, Washington may retain alternative operational routes. This potentially constrains the extent to which smaller allies can materially alter US strategic conduct. The broader question therefore remains: under what structural conditions can small allies meaningfully increase or decrease great power behavior in a reverse moral hazard dynamic? Further historical context on Australia's concerns about entrapment would strengthen the analysis. While "full knowledge and concurrence" provides a formal principle governing base use, it would be useful to trace how Australian debates over entrapment have evolved and how shifts in the strategic environment have shaped contemporary interpretations of that principle. The paper identifies hawkish and dovish constituencies within Australian domestic politics. Greater clarification of how the balance between these groups has evolved over time, and where it currently stands, would help explain the domestic foundations of alliance management.

		Comparatively, similar debates over alliance scope are visible in South Korea, where clarification of what the ally can and cannot do has also become salient. Situating the Australian case within this broader regional context would help assess whether this represents a distinctive example or part of a wider trend among US allies. Finally, while clarifying alliance scope enhances domestic legitimacy and policy coherence, strategic ambiguity can sometimes strengthen deterrence. Greater precision regarding Australia's role may increase predictability for external factors such as China. It is therefore worth considering whether increased clarity, while politically stabilizing domestically, could under certain conditions weaken deterrence externally. *Comments on Gomez's paper* This paper broadens the analytical lens by demonstrating that smaller states pursue diversification strategies alongside alliance management. While much of the workshop has focused on smaller allies' relationships with the US, this paper highlights that managing the US relationship is only one dimension of strategy. Smaller states can simultaneously diversify their strategic, security, and economic portfolios by cultivating additional partnerships. The Philippines' efforts to expand strategic partnerships illustrate this approach. However, it remains unclear how far such partnerships address the Philippines' underlying structural vulnerabilities. Strategic partnerships may contribute to long-term internal balancing by facilitating access to technology, defense cooperation, or supply chain resilience. Yet their utility for external balancing appears more limited. As acknowledged, these arrangements are typically loose, lacking the legal commitments and institutional depth of formal alliances. In a crisis scenario, they may therefore provide less reliable support than treaty-based alliances. Further clarification would also be helpful regarding how the US perceives these diversification efforts. Greater attention to US perceptions would strengthen the analysis of alliance dynamics.

Finally, incorporating a discussion of moral hazard within the Southeast Asian context could add analytical depth. Diversification strategies may alter incentives within alliance relationships, potentially mitigating or reshaping both traditional and reverse moral hazard dynamics.

Kei Koga

Comments on Gomez's paper

Gomez's paper appears to argue that strategic partnerships were developed to supplement the US–Philippines alliance in response to emerging grey-zone operations. However, the chronological and causal relationship underpinning this claim could be more clearly established. In practice, China's expanding grey-zone activities in the South China Sea prompted the Philippines to pursue multiple international responses simultaneously.

This broader pattern suggests that strategic partnerships may not have emerged primarily from perceived alliance ineffectiveness, but rather from China's encroachment and the need for a comprehensive response across diplomatic, legal, and security domains. Clarifying whether alliance limitations were a direct trigger, or whether partnerships formed part of a wider hedging strategy, would strengthen the causal argument. A more precise sequencing of events and motivations would help establish whether strategic partnerships functioned as supplementation, diversification, or parallel policy instruments.

It is not entirely clear whether (and how) "strategic partnership" status itself improves the Philippines' capacity to counter China's grey-zone operations. Also, if the mechanism is essentially "arming" or external capacity provision, it may overlap with existing alliance logics such as offshore balancing and military assistance.

At present, the paper relies primarily on Wilkins' definition of "strategic partnership." Yet there has already been substantial debate over conceptualization, especially whether strategic

		partnerships are generalizable as a category. Without clearer boundary conditions, the definition risks becoming overly expansive. A more in-depth engagement with the more recent conceptual and typological literature would strengthen the argument by clarifying: (a) what makes a partnership "strategic," (b) what differentiates it from routine security cooperation or alignment, and (c) what observable indicators the paper uses to code and compare cases. The paper suggests that March 2011 is a key trigger point for the Philippines' strategic shift. But the largest shock in this period is often seen as the 2012 Scarborough Shoal incident. If 2011 is central, the paper should explain why that event is identified as the trigger. The paper also contends that strategic partnerships are goal-driven rather than threat-driven. However, the empirical basis for this distinction could be more clearly demonstrated. An examination of the timing, sequencing, and substantive content of partnership development suggests that threat perceptions may have played a significant role. *Comments on Henry's paper* This paper offers an important contribution by shifting attention from traditional moral hazard in alliances to the concept of reverse moral hazard, in which a smaller ally may encourage or enable a larger partner to pursue more assertive or belligerent policies. In the context of the US–Australia alliance, the central question is whether Australia's provision of access to key facilities, particularly Pine Gap and Naval Communication Station Harold E. Holt, has facilitated or emboldened US behavior. Despite historical analysis, ambiguity persists as to whether FK&C provides Australia with the right to refuse US requests, rendering the principle closely connected to ongoing debates about sovereignty and alliance control. The paper argues that, over time, the US has increasingly entrapped Australia, a dynamic that is presented as becoming more pronounced in the context of the second Trump administration. This

framing raises broader questions about how alliance institutional arrangements shape risk distribution and decision-making autonomy.

Pine Gap was established in 1967. It would be useful to explore why this particular year was significant. At the time, the UK was contemplating retrenchment from Southeast Asia, while the UJS was deeply engaged in the Vietnam War. Given that Australia granted the United States substantial operational options, one might ask whether Australia sought to "lock in" a long-term US presence in the region by facilitating such an arrangement. While it may be difficult to fully reconstruct the original motivations, situating the establishment of Pine Gap within this strategic context may shed light on the subsequent evolution of the US-Australia alliance.

The paper presents persuasive evidence that the United States has sought to lock in Australia's commitment to its global strategy through security agreements in a contemporary era. However, it is less clear whether this has actually translated into increased US belligerence. Moreover, it remains debatable whether the United States has in fact become more "belligerent," as some analysts argue that the second Trump administration has instead emphasized "spheres of influence" and prioritization of strategic commitments. In this sense, the causal linkage between Australia's provision of bases and US belligerence remains under-specified, and it is not entirely clear how this relationship can be empirically demonstrated with the current evidence. Clarifying this causal pathway would considerably strengthen the theoretical contribution of the paper.

<u>Additional Comments</u>

Fang Songying

It would be helpful to clarify Australia's threat perception and how it has evolved over the past few administrations.

Barbora Valockova

One question regarding Gomez's paper on strategic partnerships held by the Philippines: whether there is broad consensus domestically on their objectives and implementation? Grey-zone operations present significant challenges for conventional alliance mechanisms, suggesting that, if well designed, these partnerships may provide practical utility in addressing such threats. Further elaboration on how these partnerships function operationally to manage grey-zone activities would strengthen the analysis.

Chin-Hao Huang

Further questions concern Australia's domestic politics and strategic posture. While the paper highlights the hawkish faction's critiques of the Full Knowledge and Concurrence (FK&C) model, less is said about opposing groups. Understanding how more dovish or moderate factions perceive FK&C, and whether their concerns converge with the hawks' in seeing the model as increasingly unfit for purpose, would provide a fuller picture of domestic reception across party lines.

The paper could also expand on the implications of AUKUS, particularly Australia's sanctioned development of nuclear-powered submarines. Framed through the lens of reverse moral hazard, Australia's decisions regarding AUKUS illustrate increased willingness to assume risk, raising questions about how FK&C principles operate in this new context and whether parallels exist with prior alliance arrangements.

Gomez's paper, like Koga's, underscores evolving strategic norms in Tokyo and Manila, highlighting a shift toward expanding bilateral, multilateral, and unilateral security cooperation beyond reliance on the United States. This hedge-oriented approach reflects concerns over the credibility of US commitments, prompting diversification of strategic partnerships. Clarifying differences in how Japan and the Philippines pursue such strategies and whether they are driven primarily by fears of abandonment or entrapment would strengthen the argument.

Finally, recent Philippine actions, including Marcos' remarks on Taiwan contingencies and the clarification of EDCA agreements, demonstrate how the Philippines seeks to manage alliance obligations while avoiding escalation with China. Using moral hazard frameworks could shed light on the balance between risk-taking and caution in these strategic decisions.

Follow-up questions were raised about whether, from the Philippines perspective, American support would be sufficient. And is there a whole-of-government approach in setting out a national security strategy in a more multi-faceted way that puts strategic partnership in context alongside trade alliances and partnerships?

Brian Blankenship

Further questions concern operational constraints on US military base access and allied control during wartime. Ex ante restrictions, such as limiting the use of aircraft or ships, are difficult to enforce, leaving host states reliant on ex post measures to influence US behaviors. Understanding the effectiveness of these constraints is essential, particularly when the concern is the initial use of facilities that might draw allies into conflict. Historical instances illustrate variation in host influence. For instance, during the 1973 Yom Kippur War, only Portugal permitted US vessels to refuel en route to Israel, suggesting that operational leverage is highly context dependent. This raises questions about whether US assumptions that peacetime access will carry over into wartime reflect insufficient strategic foresight or recognition of practical limits.

These dynamics have broader implications for moral hazard and reverse moral hazard. Even if internal intentions are opaque, allied perceptions, both elite and public, shape behaviors. Observers' beliefs about US or Chinese actions influence strategic decision-making regardless of actual policy motives. Clarifying how smaller states can meaningfully constrain or signal to a larger ally is therefore crucial to understanding alliance management and risk-taking in high-stakes situations.

Jonathan Chu

Further reflection considers how states perceive their own status relative to the United States and other regional actors, in a social-psychological sense, and how this perception shapes alliance behaviors. In East Asia, states like Japan and South Korea appear to frame their actions partly through comparisons with regional peers, influencing how they interact with the US.

By contrast, Australia's reference network seems less defined. It may not engage in frequent peer comparisons within the region, instead viewing the US primarily as an external, dominant actor. This distinction could shape how Australia approaches alliance commitments, risk-taking, and strategic hedging. Understanding the role of perceived status and social comparison may therefore provide additional insight into how allied states calibrate behaviors toward the US and their regional counterparts.

Arthur Shin

A key issue raised in Gomez's paper is the lack of clarity around operational implications, such as dark vessel detection, and how these affect broader security calculations. One empirically observable case that may illustrate these dynamics is arms transfers. These transfers represent clear strategic partnerships with shared purposes and contribute to deterrence, even though they remain non-binding. While they are largely threat-driven rather than goal-driven, they also carry positive economic implications for the Philippines. Comparing patterns of arms imports before and after the South China Sea incidents reveals notable diversification, supporting Gomez's argument that the Philippines is moving beyond exclusive reliance on the US while reinforcing its security posture through alternative partnerships.

Danny Quah

Considering that Australia has not been shy when America went to war in other parts of the world, with Australian soldiers killed in Vietnam, Iraq, and Afghanistan, how would that square with

regard to the thoughtfulness and the nuance on what happened and what Americans might potentially do in Australia, considering that Australia has sacrificed so much to help the US?

Authors' response

Iain Henry

Henry also raised concerns about a potential "reverse moral hazard," where countries might either embolden their allies or avoid investing sufficiently in their own capabilities. He noted that while there may be a theoretical distinction here, it remains underdeveloped. Australia, in particular, has not fully thought through how it would manage such a situation, leaving ambiguity in how it might respond if such dynamics arise. Broader questions also remain about how the US manages its alliances.

In the United States, there is a tendency to assume that access available in peacetime will also be available during a crisis. This suggests either that little thought has been given to the issue, or that there is a belief that others cannot—or will not—deny the US such access. During the Yom Kippur War, for example, only Portugal allowed US vessels bound for Israel to refuel. While some believe the US would back down if countries refused access, it is equally plausible that it would not. Iain also reflected on discussions during the JFK administration, where an officer advocated taking a firm "high noon" stance on the assumption that allies would follow. Similarly, Walter Robinson, then Assistant Secretary of State, spoke about the possibility of using bases in Japan for a one-shot strike. He further drew on historical case studies, including the Mayaguez incident just before the fall of Saigon, during which the US used bases in Thailand despite protests from Bangkok. In his memoirs, President Ford wrote dismissively about "not giving a damn about Thailand's sensibilities." Henry Kissinger initially hesitated to use Thai bases without permission, but later justified the decision by arguing that while civilians might oppose it, the military would support it, allowing the US to proceed without serious consequences. Given that the US was able to act this

		way then, it is plausible that it could do so again in the future, potentially "chain-ganging" its allies into a conflict. In Australia, the "hawks" tend to adopt more hardline positions and often operate with a constrained view of Australian agency, assuming limited room for independent decision-making. When this framing is accepted, policy recommendations tend to follow a predictable, pro-alliance direction, with Australia's loyalty to the US seen as largely reciprocal. "Doves," on the other hand, tend to favor a more nuanced approach, particularly under Labor governments. Positions that were once considered "soft" are now increasingly framed in terms of deterrence and reassurance. Iain noted a shift in the current government's posture away from a more conservative stance toward a subtler approach that emphasizes deterrence over outright confrontation. Consequently, there is less appetite to antagonize China. Regarding Australia's threat perception, Iain argued that it remains ambiguous and underdeveloped. He described it as somewhat "vibes-based," reflecting a general sense of unease without a clear articulation of the threat itself. While Australia appears concerned, it lacks clarity about what exactly it fears. One possibility is anxiety over a potential US withdrawal from the region, which could leave partners to fend for themselves. However, Iain suggested a deeper concern: Australians may underestimate the likelihood of war between the US and China and have given even less thought to what such a conflict would look like. With AUKUS, Australia may have reduced its future bargaining space and freedom of maneuver by concentrating too heavily on a single strategic partnership, thereby increasing dependence on the US. For some, this is not problematic—they believe the US will remain reliable and that China is unlikely to seriously challenge it, making war improbable. However, a growing number of hawks are beginning to consider what Australia would need to do on the eve of a conflict.

Australia has also never faced a situation where it might be asked to host US forces in the same way as Japan or South Korea. This makes it important for Australia to begin thinking seriously about such a scenario, including the extent to which it would be willing to support US operations.

Historically, Australia's support for US operations overseas has come at relatively low cost compared to what a direct conflict involving Australia might entail. If one considers a high-intensity conflict scenario, Australia itself could become a target—for example, as part of an effort to disrupt US capabilities in the region during the opening stages of a war. While such risks may remain secondary unless Australia is directly attacked, they are nonetheless important considerations within a broader strategic context.

Miguel Gomez

Gomez agreed with the comments raised by Koga and noted that he would work on improving the paper's chronological structure. He also highlighted a broad consensus on the Philippines' approach toward the United States, particularly regarding the need to modernize the Armed Forces of the Philippines. However, Gomez emphasized that the acquisition of defense assets varies and is often shaped by domestic considerations, requiring a degree of internal balancing. On framing and changes in import patterns, he agreed that this is a useful approach. He added that a wider range of military assets could be examined, as this would better reflect diversification in response to evolving threat perceptions.

Addressing Chu's question on perceptions of the US, Gomez noted that while such perceptions are important to the Philippines, they are unlikely to be openly discussed. The Philippines has historically viewed itself as a "little brother" to the United States and has participated in many US-led operations, including in Korea, Vietnam, and the Global War on Terror—until domestic political constraints emerged. This historical pattern remains significant.

		In response to Huang's question, Gomez outlined two possible trajectories: one following a diversification logic, and another involving alternative diversification strategies. Ultimately, he argued that any Taiwan contingency would almost inevitably involve the Philippines, making it difficult for the country to avoid entanglement. The government's attempts to appease multiple sides highlight the tension between strategic realities and political considerations, an area that warrants further examination. Regarding Valockova's question on consensus and strategic partnerships, he noted that there is a relatively strong consensus within the defense establishment on the need for modernization. He could not recall an instance where the Philippines rejected offers of additional assets or resources for this purpose. However, the more sensitive issue arises when foreign military forces are physically present on Philippine soil. This remains a separate and politically delicate matter shaped by domestic concerns. On how the US perceives the Philippines' diversification efforts, Gomez observed that there has been no clear signal of approval or disapproval. The US may be either supportive or indifferent, but it has not been particularly vocal, suggesting that, for now, ambiguity works in the Philippines' favor. Strategic partnerships help address internal balancing and organizational needs, but it is unlikely that any Philippine administration would assume these partnerships could substitute for the US. The Philippines has consistently maintained that the US remains a crucial partner. At the same time, this does not preclude engagement with other partners to strengthen domestic capabilities. There are ongoing discussions about acquiring additional aircraft from South Korea and submarines from France. There is also emerging interest in new partnerships, such as with Ukraine, particularly in areas like autonomous systems technology to enhance defense capabilities. These developments suggest that the Philippines is willing to expand and diversify its capabilities, while still relying on the US as a central pillar. Gomez further noted that although the Philippines has not explicitly expressed distrust in US assurances, there is a growing recognition that reliance on American commitments cannot be absolute. He referenced his *War on the Rocks* article, arguing that trust becomes fragile when the

		US begins to dismantle the institutional and administrative structures that sustain alliances. This creates a potential strategic risk for the Philippines, though it is not in its immediate interest to voice such concerns publicly. He also emphasized that strategic partnerships should align with the Philippines' broader objectives, even if their relative importance is not always explicitly assessed. Implementation remains a key challenge, particularly given that ultimate authority over foreign policy rests with the President. As a result, continuity across administrations cannot be guaranteed. Finally, Gomez observed that public engagement with foreign policy in the Philippines is limited, with most debates confined to elite circles. While there are strongly negative public perceptions of China, it remains unclear whether these sentiments will translate into a deeper awareness of the risks of strategic entanglement or significantly influence foreign policy decisions.
Discussants: **Brian Blankenship**, Assistant Professor, University of Miami **Songying Fang**, Professor, Shanghai Jiao Tong University	Session 3	Comments from Discussants **Brian Blakenship** *Comments on Ko's paper* Ko's paper examines the extent to which "reverse moral hazard" exists within the US–South Korea alliance. It argues that South Korean leaders are not particularly concerned that their support might embolden the United States to undertake risky actions. The paper also carefully distinguishes between risky behavior driven by inherent risk tolerance—or even recklessness—on the part of the US, and risky behavior that arises from moral hazard. While these may appear similar in practice, they are analytically distinct. Blankenship raises several overarching questions related to South Korea's efforts to limit the geographic scope of the alliance. Drawing on Ko's work, he notes that South Korean policymakers

Authors: **Kei Koga**, Associate Professor, Nanyang Technological University **Jiyoung Ko**, Associate Professor, Korea University		have increasingly adopted a highly restricted geographic focus. This raises important questions about whether such an approach is acceptable to American policymakers, and more broadly, what kind of alliance the United States seeks with South Korea, as well as how it intends to derive value from that alliance. He highlights a key tension: on the one hand, South Korea may expect reduced US support if it limits its geographic commitments; on the other hand, it aspires to be seen as a model ally. Ko is particularly interested in how these two positions can be reconciled. This tension is especially relevant in the context of issues such as Taiwan, and more broadly in considering how a geographically constrained alliance can function at a time when the US is increasingly focused beyond the Korean Peninsula. Blankenship also raises a related concern regarding moral hazard and risk-taking behavior. Specifically, he asks whether South Korea might worry that increased self-reliance in defense could paradoxically enable the US to scale back its commitments and redirect its attention elsewhere. In this sense, the US appears to be sending mixed signals—encouraging greater burden-sharing while simultaneously maintaining its alliance commitments. *Comments on Koga's paper* Blankenship finds Koga's paper to be a useful and concise analysis of the evolution of the alliance since the end of the Cold War. One additional point of interest he raises is the apparent weakening of Track 1 and Track 2 ties in recent years, which could be explored further. He also suggests expanding the discussion of "Plan B" and "Plan C," which are only briefly addressed in the paper. If the status quo represents Plan A, and Plans B and C involve variations in

Japan's defense policy, then a more systematic analysis of how Japanese leaders perceive their interests—and the extent to which China is seen as a threat to those interests—would be valuable.

In particular, Plan B, which centers on the rise of minilateral, or new coalition networks, raises key questions: with whom would Japan partner, and to what end? Could these partnerships realistically substitute for what the US currently provides? Addressing these questions would help clarify Japan's strategic priorities and regional needs.

This discussion also sheds light on how Japan defines its interests. If those interests are relatively narrow and defensible, Japan may not require a great power ally. However, if its interests are broader and more complex, then reliance on such an ally may remain necessary.

A similar line of inquiry applies to Plan C, which envisions a softer approach toward China. Here, Ko questions what assumptions are being made about China's intentions, whether its objectives can be satisfied through concessions, and what those concessions might entail. He also raises the issue of how far Japan would be willing to go in offering such concessions in exchange for rapprochement.

Songying Fang

Both papers highlight the concept of "agency" in South Korea and Japan, emphasizing their pursuit of self-interest and self-reliance. Notably, there is little discussion of regime type, such as autocracy versus democracy. Additionally, despite both countries being in asymmetric alliances, the United States remains the dominant partner.

At the same time, both South Korea and Japan demonstrate a consistent pattern of adaptation in response to shifts in US foreign policy. Rather than passively accepting alliance dynamics, they actively adjust their policies to maximize benefits within existing constraints. Moreover, both countries have gone beyond simple adaptation. In recent years, they have also sought to take advantage of perceived strains in their relationships with the US. These moments created

		opportunities to strengthen their own defense capabilities and reclaim elements of strategic autonomy. This stands in contrast to the common external perception that US allies lack agency and merely follow Washington's lead. A key difference between the two papers lies in threat perception. In Ko's paper, South Korea's threat perception is clearly articulated and largely centered on North Korea, with China as a secondary concern. The primacy of the North Korean threat shapes South Korea's broader strategic outlook, including its emphasis on self-reliance and its reluctance to extend support to the US in scenarios such as a Taiwan contingency. In contrast, Japan's threat perception appears less clearly defined in Koga's paper. While territorial disputes are mentioned as one element, the broader hierarchy of threats facing Japan is not as explicitly articulated. This creates some ambiguity regarding how Japan prioritizes its strategic concerns. A second difference concerns the broader direction of each country's strategic trajectory. In the South Korean case, there is an indication that public opinion supports maintaining the alliance with the US even in the event of Korean unification, which raises questions about the long-term purpose of the alliance. In Japan's case, there appears to be greater tension. On the one hand, Japan is deepening its alignment with the US; on the other hand, there is an emerging discourse—particularly in light of China's rise—about the sustainability of this alignment. Kei's suggestion that the alliance could potentially weaken or even unravel was therefore somewhat surprising. A third difference is the relative absence of discussion on multilateral or minilateral arrangements in the South Korean paper. Unlike Japan and the Philippines, which are increasingly exploring broader networks of partners, South Korea's focus remains largely on its bilateral alliance with the US.

		Questions to Jiyoung Ko Given these observations, one question is what alternative networks or partnerships South Korea might pursue if US credibility were to come into question. What role could such networks realistically play? Additionally, South Korea's position on supporting the US in a Taiwan contingency may be more contingent on domestic political leadership. For instance, previous administrations appeared to adopt a broader interpretation of alliance commitments. To what extent is this position shaped by presidential preferences? Finally, she raised a question pertaining to nuclear weapons. How do South Koreans reconcile the belief that nuclear acquisition could enhance security with the risks of mutual destruction? *Questions to Kei Koga* A key point of clarification is Kei's argument that the US–Japan alliance is dependent on US policy. What would this imply in a scenario where US power declines and it no longer maintains primacy? This also ties back to Japan's threat perception. Why should threat perception be so closely linked to US policy, rather than driving independent efforts to strengthen Japan's own defense capabilities?

Additional Comments

Jiyoung Ko

Ko asked Koga how a "soft landing" with China would look for Japan in practical terms. Drawing on the South Korean case—where there is relatively strong public support for acquiring nuclear weapons, she also questioned what public sentiment in Japan looks like. In the context of Scenario B or C, she asked whether there is any realistic possibility that Japan might consider nuclearization.

Barbora Valockova

Valockova also directed a question towards Koga about Scenario B, where Japan can no longer treat the US–Japan alliance as a constant strategic variable. She asked how this "strategic variable" should be operationalized in order to explain variation in Japan's policy choices. Additionally, she raised questions about alliance credibility and whether convergence based on shared or traditional values still holds explanatory power.

Iain Henry

Henry raised concerns about whether Japanese policymakers might worry about the United States moving away from the One-China policy. He noted that, from a policymaker's perspective, there could be concern that US actions might unintentionally increase the likelihood of confrontation in the region.

Chin-Hao Huang

Huang found it useful to map domestic policy developments and shifts in Japan's defense posture in recent years. He asked whether these changes could be more explicitly linked to perceptions of US security commitments, particularly in light of concerns about declining credibility and support. He further questioned the sources of domestic resistance: is it primarily rooted in constitutional

constraints on Japan's involvement in security affairs, or in the defense guidelines introduced under Shinzo Abe, which require reinterpretation to enable a more active self-defense role? In this context, he asked whether these adjustments are sufficient to overcome constitutional limitations, or whether the constitutional debate itself is shaped more fundamentally by public opinion.

He also pointed to China's rapid rise as a significant factor influencing Japan's strategic recalibration. He suggested that Koga could more clearly connect these external dynamics to changes in domestic security legislation and defense guidelines, particularly in terms of how Japan is responding to perceived shifts in US reliability.

Regarding Ko's paper, he liked the clear analytical distinction in her definition of moral hazard and found the argument both logical and well-structured. However, he noted that while North Korea is rightly identified as South Korea's central security concern, the paper does not fully explore the possibility of South Korea cooperating with China on this issue. He suggested this as a potentially fruitful avenue for further analysis, particularly in understanding South Korea's pursuit of greater agency and self-reliance.

He also raised the question of whether there has been any consideration within South Korea of working with Japan as a potential partner in addressing the North Korean threat, and if not, why.

Brian Blakenship

Blakenship asked about the prospects for the transfer of operational control (OPCON). Specifically, he questioned whether Ko believes this transition will occur, whether it could take place during the tenure of leaders such as President Trump or President Lee, and what the implications would be for the alliance once the transfer is completed.

Blakenship also wanted to raise a point for Koga to consider. He highlighted the link between US national security and defense strategies in the Indo-Pacific. He noted that the goal of a "free and open Indo-Pacific" reflects a long-standing US foreign policy tradition, dating back to John Hay, while a

balance-of-power principle, associated with Nicholas Spilman, stresses preventing any single power from dominating the region.

He argued that the National Security Strategy sets the overarching goal of a free and open order, while the National Defense Strategy seeks to balance this with the practical need for regional pluralism. Though this may seem like a tension, he sees the strategies as broadly consistent. He also raised concerns about how the US might respond if China achieved regional dominance, noting policymakers often avoid addressing this directly.

Danny Quah

Danny commented on Jiyoung's discussion of American unilateralism, noting that it highlighted how countries respond to US actions. He referenced South Korea's substantial investment commitments to the United States (e.g., USD 500 billion) and questioned whether similar expectations might be placed on countries like Japan or Malaysia.

He observed that many in these countries view such commitments as distortions of optimal economic decision-making, but also as a means of maintaining access to and favor with an increasingly protectionist United States. In this sense, such pressures may also incentivize countries like South Korea to increase defense spending and enhance their own autonomy.

Quah concluded by asking whether there are forms of American unilateralism that might be more acceptable from the perspective of US allies. For many countries, he noted, such actions would typically be seen as inappropriate and as infringements on national sovereignty.

Jonathan Chu

To what extent does demographic change factor into national security planning? From a public policy perspective, this factor often seems overlooked in traditional national security frameworks. If

advances in technology allow fewer people to control more systems and capabilities, does this potentially increased risk?

Authors' response

Jiyoung Ko

South Korea has consistently sought to limit the geographic scope of its alliance with the United States, reflecting a long-standing strategic preference. While the United States has pushed for South Korea to take on a broader role beyond the Korean Peninsula, particularly as Washington's focus shifts toward China, Seoul has remained cautious. This divergence stems from a fundamental difference in priorities: the United States is increasingly concerned with managing China's rise, whereas South Korea continues to view North Korea as its most immediate and existential threat.

This asymmetry has allowed South Korea to justify maintaining a more limited alliance scope. By emphasizing the need to manage the North Korean threat, Seoul positions itself as enabling the United States to focus on larger strategic challenges elsewhere. However, this does not mean that South Korea refuses to support the United States altogether. Rather, it adopts a calibrated approach. Instead, providing support where necessary but seeking to minimize risks and avoid deeper entanglement in conflicts beyond the peninsula.

This cautious strategy is not new. Historically, South Korea has sought to constrain its level of involvement in US-led operations. During the Vietnam War, for example, domestic concerns about troop deployment led policymakers to negotiate limits on their participation, shifting toward non-combat and reconstruction roles. This reflects a broader pattern in South Korean strategy: engagement is acceptable, but only under controlled and carefully negotiated conditions.

A key driver of this approach is the persistent security dilemma posed by North Korea. South Korean policymakers remain concerned that deploying forces elsewhere could create vulnerabilities on the

peninsula, increasing the risk of opportunistic aggression from the North. As a result, there is an inherent tension within the alliance, with South Korea continually seeking ways to justify limiting its external commitments while maintaining a strong deterrent posture at home.

Although South Korea is not opposed to multilateral or minilateral cooperation, such arrangements remain secondary to the bilateral alliance with the United States. The dominance of the North Korean threat in South Korean strategic thinking means that broader security networks are seen as less immediately relevant to its core defense needs. Nevertheless, South Korea has pursued diversification in non-military areas, including economic partnerships and diplomatic initiatives—such as strengthening ties with countries like Singapore. These efforts demonstrate a degree of strategic flexibility, but they do not fundamentally alter South Korea's reliance on the United States as its primary security partner.

She added that demographic challenges have not yet been fully incorporated into national security planning. However, South Korea, along with many other countries, has begun seeking to optimize weapons systems that do not rely heavily on human control. As population size is expected to decline over the next decade, the use of AI is increasingly being considered as a potential solution. This shift raises important strategic questions about the interaction between technology and manpower in future defense planning. Moreover, South Korea is not alone in facing this demographic pressure. China is experiencing similar trends, which could have broader implications for regional security dynamics.

Kei Koga

Koga acknowledged the comments raised and agreed on the need to further develop the discussion of "Plan B" and "Plan C." He explained that, historically, Japanese security thinking did not seriously consider alternatives to the US–Japan alliance. The dominant approach was to strengthen the alliance while gradually enhancing Japan's own defense capabilities. However, growing

uncertainty surrounding US commitment has pushed Japanese policymakers to begin thinking more seriously about contingency options.

Plan B is not intended to replace the US alliance but rather to supplement it. It involves building networks with like-minded countries to enhance cooperation in areas such as intelligence sharing, technology, and defense coordination. These minilateral or multilateral arrangements are designed to strengthen Japan's security posture in the event of weakening US commitment. However, Koga emphasized that such frameworks cannot fully substitute for the role of the United States and should instead be understood as complementary.

Plan C, by contrast, is far more speculative and politically sensitive. It involves the possibility of a "soft landing" with China through limited concessions, confidence-building measures, and diplomatic engagement. Koga stressed that this is not an active policy option but rather a theoretical scenario that might only be considered under conditions of severe US retrenchment. Even then, it would be extremely difficult to implement given domestic political constraints and the broader strategic implications.

On the issue of nuclearization, Koga noted that while Japan could theoretically pursue nuclear weapons, this would remain a last resort. There are significant practical, political, and normative barriers, including technological requirements, domestic opposition, and international repercussions. Moreover, nuclear weapons would not necessarily address Japan's full spectrum of security challenges, particularly in relation to grey-zone tactics or maritime disputes. In fact, nuclearization could exacerbate regional tensions, potentially encouraging further military escalation by China, especially in contested areas such as the East China Sea.

Koga further clarified that Japan's threat perception extends beyond immediate military risks. While territorial disputes with China are important, Japan's broader concern lies in the erosion of the rules-based international order. Japan has benefited greatly from this system, through free trade,

		US security guarantees, and global stability; as well as views China's rise as a challenge not only in military terms but also in governance norms and international standards. As a result, Japan's strategy is not solely focused on deterrence but also on preserving and reinforcing this broader order. Initiatives such as the Free and Open Indo-Pacific and the cultivation of partnerships with like-minded countries reflect this approach. These efforts align with Plan B, as they aim to build overlapping networks that can sustain both security and economic benefits even amid uncertainty about US leadership. There is a growing concern in Japan that if China reshapes the current international order, it could directly threaten Japanese interests. This has led Japan to pursue a more proactive diplomatic and political strategy, working with partners to uphold shared principles. Regarding Taiwan, Koga explained that Japan's position remains closely aligned with that of the United States. While Japan formally adheres to the One-China policy, its response to a Taiwan contingency would depend heavily on US actions. If the United States were to intervene, Japan could interpret the situation as a threat to its own survival and respond accordingly. However, if the United States chose not to act, Japan would likely exercise restraint. In practical terms, Japan lacks both the capability and the strategic intention to defend Taiwan independently, meaning its actions remain closely tied to US policy. This highlights both Japan's dependence on and uncertainty about the alliance. Koga also pointed out that alliance credibility is shaped by two distinct factors: US capabilities and US commitment. During the Obama and Biden administrations, Japan generally did not question US commitment but concerns about relative declines in US capabilities persisted. In contrast, under the Trump administration, ambiguity and inconsistency in US foreign policy raised doubts about both commitment and strategic direction. This has reinforced Japan's perceived need to expand its own defense capabilities to compensate for potential gaps in US power and credibility. Despite these concerns, Koga emphasized that Japan's strategic adjustments do not represent a fundamental break from the alliance. Instead, they reflect efforts to strengthen self-defense within

		the alliance framework and alongside like-minded partners. There have been ongoing discussions about division of labor, responses to grey-zone scenarios, and the acquisition of new capabilities. While legislative frameworks have been established, implementation remains uneven and continues to face domestic constraints. Domestic politics pose a significant challenge. Any decision to act in a crisis would require political consensus, which is not guaranteed. Public opposition could emerge if involvement in a conflict is perceived as unnecessary or overly risky, potentially leading to protests and political divisions within the Diet. This creates an additional layer of uncertainty in Japan's strategic decision-making. Koga raised questions about the consistency and reliability of US strategic planning. While official documents such as national defense strategies suggest continuity, their practical significance depends heavily on presidential priorities. Under Trump, for instance, there was uncertainty about how seriously such documents were taken or implemented. This unpredictability reinforces the need for Japan to consider alternative scenarios, including Plans B and C, even if they remain unlikely or undesirable. Finally, demographic challenges further complicate Japan's defense planning. Declining population and recruitment difficulties have pushed Japan to invest in advanced technologies, including automation and artificial intelligence, as a way to offset manpower shortages. While these technologies may enhance long-term capabilities, they also introduce new risks, such as faster decision-making processes and potential issues like groupthink, which could increase the likelihood of miscalculation. However, the full impact of this is unclear. Overall, Koga emphasized that while there is continuity in Japan's alliance-based strategy, growing uncertainty about US reliability has forced policymakers to think more seriously about fallback options. Even if these alternatives are not immediately actionable, their increasing consideration reflects a shifting strategic mindset in Japan.

Note on Attribution

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Credibility, Bargaining, and Moral Hazard in the United States' Asian Alliances

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Prepared for the "Rethinking Alliance Politics in Asia" Workshop, Lee Kuan Yew School of Public Policy, National University of Singapore, February 13, 2026

This paper aims to evaluate the sources of strength and strain in the United States' alliances in Asia, with particular emphasis on U.S.-China competition and the American tilt toward economic protectionism. The paper concludes with a discussion of the prevalence of moral hazard risks in U.S. alliances in Asia, and the difficulties of evaluating them, along with suggestions for future research. The paper primarily focuses on the United States' treaty allies in the region, as they are generally the states that have the most reason to expect wartime support. But the discussion should apply to informal partners the extent they hope and expect that the United States will defend them.

U.S. Alliances in Asia: Sources of Change, Strain, and Opportunity

By far, the development that has shaped the credibility of U.S. alliances in Asia the most is the rise of China. On the one hand, the United States has reacted to China's rise by seeking to turn its attention toward Asia. Successive American administrations have spoken of "rebalancing" U.S. commitments in favor of prioritizing those in Asia—though the extent of the "rebalance" has been limited in practice.[2]

On the other hand, however, China's rise has eroded U.S. military dominance in the region, raising questions both about the United States' ability to win a war with China and its willingness to run the risk of such a war. In large part, this reflects the difficulty of fighting a peer competitor across long distances.[3] But it also reflects the combination of the Western Pacific's unique geography and the specific capabilities that China has invested in to contest U.S. power projection. Air and naval power would be central in any U.S.-China conflict, yet the United States' ability to operate its assets will be severely constrained by China's array of air defense systems, anti-ship missiles, and surface-to-surface missiles that can strike U.S. air bases.[4]

The second key development that has strained U.S. alliances is the rising tide of protectionism in Washington. The United States' turn away from free trade began in the mid-2010s, with its refusal

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[2] Robert D. Blackwill and Richard Fontaine, *Lost Decade: The US Pivot to Asia and the Rise of Chinese Power* (Oxford University Press, 2024).

[3] Kenneth Ewart Boulding, *Conflict And Defense: A General Theory* (Harper & Row, 1962); John J. Mearsheimer, *The Tragedy of Great Power Politics* (W.W. Norton, 2001).

[4] Evan Braden Montgomery, "Contested Primacy in the Western Pacific: China's Rise and the Future of U.S. Power Projection," *International Security* 38, no. 4 (2014): 4; Stephen D. Biddle and Ivan Oelrich, "Future Warfare in the Western Pacific: Chinese Antiaccess/Area Denial, U.S. AirSea Battle, and Command of the Commons in East Asia," *International Security* 41, no. 1 (2016): 1; Jonathan D. Caverley and Peter Dombrowski, "Cruising for a Bruising: Maritime Competition in an Anti-Access Age," *Security Studies* 29, no. 4 (2020): 671–700.

to join the Trans-Pacific Partnership Agreement. It continued through the Trump I and Biden administrations, with the former raising U.S. tariff levels and the latter heavily incentivizing firms operating within the United States, particularly in key industries such as semiconductors and renewable energy.[5] But this trend accelerated dramatically in 2025, with President Donald Trump imposing high across-the-board tariffs on most of the globe.

This, in turn, has strained U.S. alliances given how central economic competition has become in the broader context of U.S.-China competition. China is the largest trading partner of more countries than any other state in the world, particularly in Asia, and its economy remains closely interdependent with that of the United States.[6] This sets the U.S.-China rivalry apart from that of the United States and Soviet Union during the Cold War, as the latter was far more marginal to global trade.

China's importance in global trade constrains both the U.S. and its allies' freedom of action when it comes to dealing with Beijing. Given China's ability to inflict targeted economic pain, particularly due to its centrality in the production of rare earth metals, Beijing can punish trade partners which act contrary to its preferences. It has demonstrated this ability not only through the 2025 trade war with the United States, but also in its export restrictions on rare earths amidst its dispute with Japan over the Senkaku/Diaoyu Islands in 2010 and its sanctions on South Korea in response to its hosting U.S. Terminal High Altitude Area Defense (THAAD) systems in 2016-2017.

This raises questions both about the United States' willingness to defend its allies' interests and about allies' willingness to partner with Washington despite the threat of economic punishment. Moreover, these challenges are likely to be exacerbated to the extent the United States erects barriers on trade with its allies, which risks deepening their dependence on China.

This deepening economic dilemma—where allies are squeezed between fears of U.S. protectionism and Chinese economic (and possibly military) coercion—provides the backdrop for U.S. alliances in Asia. Despite the strain caused by its own trade policies, Washington has not softened its requests; rather, it has continued to make a variety of demands from its allies.

What Does the United States Want from its Asian Allies?

In general, the evidence suggests that the United States has a few specific desires from its Asian allies, though the intensity of these desires is not uniform among U.S. decision-makers nor is it consistent across time.

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[5] Edward Alden, "Biden's 'America First' Policies Threaten Rift With Europe," *Foreign Policy*, December 5, 2022, https://foreignpolicy.com/2022/12/05/biden-ira-chips-act-america-first-europe-eu-cars-ev-economic-policy/; Edward Alden, "Biden's Turn Against Trade Makes It Hard to Win Friends," *Foreign Policy*, June 22, 2023, https://foreignpolicy.com/2023/06/22/biden-end-free-trade-ustr-economy-fta-wto-protectionism-geopolitics/.
[6] Ambassador Mark A. Green, "China Is the Top Trading Partner to More Than 120 Countries," *Wilson Center*, January 17, 2023, https://www.wilsoncenter.org/blog-post/china-top-trading-partner-more-120-countries; Roland Rajah and Ahmed Albayrak, "China versus America on Global Trade," *Lowy Institute*, January 2025, https://interactives.lowyinstitute.org/features/china-versus-america-on-global-trade/.

The first objective is defense burden-sharing. The United States' foremost desire is that allies in the region become more capable of relieving U.S. defense burdens, both through host-nation support for U.S. military presence and by developing the capabilities necessary to defend themselves and respond to regional contingencies. Of particular interest is Taiwan; American policymakers have recently demanded greater clarity from its regional allies as to what role they would play if China invaded the island.[7]

The second is concessions in their economic relationships with the United States. Most notably, this has entailed demands that allies open their markets to more U.S. exports and push their firms to invest in the United States, even as the United States raises its own trade barriers.

Third is concessions on their economic relationships with China. Specifically, there is evidence that American policymakers have pressured U.S. allies and partners to reduce their overall levels of trade with China.[8] U.S. leaders have put particular emphasis on exports of advanced technology, especially around semiconductors.[9] Of the three objectives, this is the most in flux, however, as the United States' own economic relationship with China has varied considerably within the last year.

These objectives are hardly unique to U.S. alliances in Asia, however, whether historically or at present. The United States has put similar pressure on NATO allies when it comes to trade and burden-sharing.[10] Similarly, the United States and its allies endured bitter disputes over these same issues throughout the Cold War.[11]

The challenge for the United States, as always, is that these objectives often run at cross purposes. In the short-term, to the extent Washington makes it more difficult for allies to export to the U.S. market, its allies will naturally look for alternative outlets—including China. Over the long-term, encouraging allies to become more capable of defending themselves and their regions poses problems for the United States' ability to secure its other objectives. Aligning with the United States is useful to the extent that it allows allies to meet their security needs in a way that would have otherwise been impossible or expensive. This value, in turn, gives the United States leverage

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[7] Demetri Sevastopulo, "US Demands to Know What Allies Would Do in Event of War over Taiwan," US Foreign Policy, *Financial Times*, July 13, 2025, https://www.ft.com/content/41e272e4-5b25-47ee-807c-2b57c1316fe4.
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[9] Jennifer Lind and Michael Mastanduno, "Hard Then, Harder Now: CoCom's Lessons and the Challenge of Crafting Effective Export Controls Against China," *Texas National Security Review* 8, no. 4 (2025): 8–33.
[10] Suzanne Lynch et al., "The U.S. Wants Europe to Stand up to China. Europe Says: Not so Fast.," *Politico*, March 8, 2023, https://www.politico.com/news/2023/03/08/us-europe-china-00086204; Jeanna Smialek, "Europe Made Major Trade Concessions to Trump. How Did That Happen?," World, *The New York Times*, July 29, 2025, https://www.nytimes.com/2025/07/29/world/europe/europe-trump-trade-concessions-analysis.html.
[11] Michael Mastanduno, *Economic Containment: CoCom and the Politics of East-West Trade*, in *Economic Containment* (Cornell University Press, 1992); Michael Mastanduno, "System Maker and Privilege Taker: U.S. Power and the International Political Economy," *World Politics* 61, no. 1 (2009): 1; Brian Blankenship, *The Burden-Sharing Dilemma: Coercive Diplomacy in US Alliance Politics* (Cornell University Press, 2023).

to seek policy concessions from its allies, whether because they wish to shore up the alliance proactively or because it makes its protection conditional on those concessions. But for allies which become capable of defending themselves without the United States, this leverage erodes.[12] To be sure, not all allies are capable of becoming so self-sufficient, and this is likely particularly true in Asia, given the magnitude of China's rise.[13] Moreover, even for capable allies, the prospect of U.S. abandonment may still be a potent bargaining chip. But greater burden-sharing will tend to reduce U.S. leverage on the margin.

How Severe is Moral Hazard in the United States' Asian Alliances?

The central idea in moral hazard arguments as they relate to alliances is that being assured of wartime support by an ally gives a state license to take risks in the knowledge that it will not have to bear the full cost of those risks.[14] As Barry Posen argues, these risks can take two forms: "cheap riding"—underinvesting in self-defense—and "risky driving"—behaving provocatively in a way that risks conflict with third parties.[15]

The challenge with these arguments is twofold. The first is that they imply a level of allied confidence in the alliance that is often not true in practice. The difficulties of successfully reassuring allies that the United States will defend them are well-known. British Defense Minister Denis Healey, for example, famously quipped that "it takes only five percent credibility of American retaliation to deter the Russians but ninety-five percent credibility to reassure the Europeans."[16]

While the existence of an alliance treaty may act as a signal of signatories' interest in defending each other and create reputational incentives for honoring them, it offers no guarantee of wartime assistance.[17] Indeed, alliance treaties, including those of the United States, always include flexible language that gives members legal cover for avoiding involvement and does not specify what, if any, military support those members need to provide in wartime.[18] This is even more true when it comes to wars initiated by allies, as members can and often do make any wartime support conditional upon it not having been started by the ally.[19]

Second, even to the extent that allies are confident that the United States will defend them, they will in many cases still hesitate to throw caution to the wind for the simple reason that they are

[12] Blankenship, *The Burden-Sharing Dilemma*.
[13] Brian Blankenship, "Managing the Dilemmas of Alliance Burden Sharing," *The Washington Quarterly* 47, no. 1 (2024): 41–61, https://doi.org/10.1080/0163660X.2024.2323898.
[14] Glenn H. Snyder, *Alliance Politics* (Cornell University Press, 1997); Brett V. Benson, *Constructing International Security: Alliances, Deterrence, and Moral Hazard* (Cambridge University Press, 2012).
[15] Barry R. Posen, *Restraint: A New Foundation for U.S. Grand Strategy* (Cornell University Press, 2014).
[16] Denis Healey, *Time of My Life* (Michael Joseph, 1989), 243.
[17] Avery Goldstein, "Discounting the Free Ride: Alliances and Security in the Postwar World," *International Organization* 49, no. 1 (1995): 39–71; James D. Morrow, "Alliances: Why Write Them Down?," *Annual Review of Political Science* 3 (2000): 63–83; Brett Ashley Leeds, "Alliance Reliability in Times of War: Explaining State Decisions to Violate Treaties," *International Organization* 57, no. 4 (2003): 801–27.
[18] Tongfi Kim, "Why Alliances Entangle But Seldom Entrap States," *Security Studies* 20, no. 3 (2011): 350–77; Dan Reiter, *Untied Hands: How States Avoid the Wrong Wars* (Cambridge University Press, 2025), chs. 5-6.
[19] Benson, *Constructing International Security: Alliances, Deterrence, and Moral Hazard*.

closer to the frontlines than Washington is. Even if the United States uses its forces on an ally's behalf, that ally is likely to suffer significant costs, particularly during the opening days of a war before Washington is able to mobilize and deploy its full strength.[20] As a result, to the extent allies face a severe external threat, they are likely to invest in their own self-defense not only as a hedge against abandonment, but as a first line of defense. West Germany during the Cold War, for example, fielded half a million forces and invested substantially in defense despite hosting around 250,000 American soldiers—by far the most of any American ally during peacetime.[21] Likewise, such allies will tend not to behave in a reckless way that might start a costly conflict.[22] In sum, then, arguments that focus on moral hazard in alliances tend to err in suggesting that allies with some assurance of protection will be highly risk acceptant.

There are, of course, cases in which allies behave contrary to U.S. preferences. These, however, are often those cases where the ally would have behaved as such regardless of the alliance. In the case of post-Cold War Europe, for example, the threat posed by Russia was sufficiently benign that it is unlikely that most NATO members would have seen much need to invest in defense even in the absence of the alliance.

It is thus difficult to pinpoint what indicators would signal an absence of moral hazard dynamics for U.S. alliances in the region, whether they relate to "cheap riding" or "risky driving." For example, China's neighbors in East Asia did not substantially increase their defense spending as a share of their economies in the first quarter of the twenty-first century despite China's rise.[23] The same is true of the United States' treaty allies in Asia, as well as Taiwan, though the latter and Japan have recently begun increasing defense spending substantially. But it is far from clear to what extent the absence of military buildups by U.S. treaty allies reflects cheap riding as opposed to simply their assessments of the level of threat posed by Beijing and their ability to meet it.[24]

There is, however, another potential explanation for the seeming absence of a counterbalancing coalition aimed at China in East Asia. Namely, that investing in defense and building partnerships to constrain China's freedom of action is costly, risky, and inherently difficult.[25] Given the realities of geography, with many states in the region separated from China by water or great distance, those states may attempt to pass the buck of balancing China to others.[26] Moreover, any country that openly seeks to counterbalance or act against its preferences risks economic punishment, as

[20] Michael Howard, "Reassurance and Deterrence: Western Defense in the 1980s," *Foreign Affairs* 61, no. 2 (1982): 309–24; Evan Braden Montgomery, "Signals of Strength: Capability Demonstrations and Perceptions of Military Power," *Journal of Strategic Studies* 43, no. 2 (2020): 309–30; Brian Blankenship and Erik Lin-Greenberg, "Trivial Tripwires?: Military Capabilities and Alliance Reassurance," *Security Studies* 31, no. 1 (2022): 92–117.
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[23] David C. Kang, "Still Getting Asia Wrong: No 'Contain China' Coalition Exists," *The Washington Quarterly* 45, no. 4 (2022): 79–98, https://doi.org/10.1080/0163660X.2022.2148918.
[24] David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security* 27, no. 4 (2003): 57–85.
[25] Randall L. Schweller, *Unanswered Threats: Political Constraints on the Balance of Power* (Princeton University Press, 2006).
[26] Kelly A. Grieco and Jennifer Kavanagh, "The Elusive Indo-Pacific Coalition: Why Geography Matters," *The Washington Quarterly* 47, no. 1 (2024): 103–21, https://doi.org/10.1080/0163660X.2024.2326324.

happened to South Korea in the 2016-2017 THAAD dispute. Indeed, contrary to predictions about balancing coalitions inevitably forming to prevent the emergence of regional hegemons, there are plentiful examples of such coalitions failing to emerge throughout world history.[27] Thus, even if Asian states agreed in their perceptions that China posed a threat worthy of balancing, and even if the United States was not a security provider in the region, there would still be substantial risk of balancing failure.

Risky driving is likewise difficult to observe directly. The absence of wars initiated by allies itself does not prove that an ally was deterred from starting one; wars are rare, and deterrence is notoriously difficult to measure given the difficulty of proving the counterfactual.[28] Moral hazard can in principle be observed through actions short of war, such taking a harder position on disputes with third parties.[29] David Edelstein and Joshua Shifrinson argue that moral hazard tends to manifest itself in more subtle ways, with states gradually attempting to persuade their allies to affirm ever-more expansive conceptions of their goals and interests.[30] Nevertheless, in the absence of fine-grained evidence on decision-making, the difficulty of attributing any particular set of conduct to moral hazard remains intact. Moreover, it is difficult in practice to distinguish this more subtle form of moral hazard from the simple push and pull of bargaining and diplomacy.

Conclusion

The preceding discussion suggests a few implications for understanding moral hazard in alliances and further directions for study. The first is that moral hazard is likely to be constrained by factors outside of the alliance, such as an ally's perception of external threat. The literature has, for understandable reason, focused on dynamics within the alliance as the central drivers of moral hazard (or not). But there is good reason to think that this is only one piece of the puzzle. Future research should also take seriously the methodological problems that this poses for studying moral hazard, given that the presence of an alliance or the credibility of that alliance are downstream of factors that themselves drive or inhibit moral hazard, such as the external threat environment. The second is that observing moral hazard is inherently difficult. Beyond conflict initiation and defense spending, there are few universally accepted indicators of moral hazard in alliances. Developing such indicators could be a highly productive step forward for the literature. In their absence, debates over the frequency and prevalence of moral hazard often rest upon disagreements about how broadly or narrowly to define and measure it.[31]

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[27] Stuart J. Kaufman et al., eds., *The Balance of Power in World History* (Palgrave Macmillan, 2007).
[28] Richard Ned Lebow and Janice Gross Stein, "Deterrence: The Elusive Dependent Variable," *World Politics* 42, no. 3 (1990): 336–69, https://doi.org/10.2307/2010415.
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[30] David M. Edelstein and Joshua R. Itzkowitz Shifrinson, "It's a Trap! Security Commitments and the Risks of Entrapment," in *US Grand Strategy in the 21st Century: The Case for Restraint*, ed. A. Trevor Thrall and Benjamin H. Friedman (2018).
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Rethinking Alliance Politics in Asia

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1. From Restraint to Revision: Alliance Politics in Transition

The study of military alliances is a mature subfield within International Relations. Through qualitative, quantitative, and game-theoretic approaches, scholars have extensively investigated why alliances form, the functions they serve, and their potential for unintended consequences.

A core insight from this literature is that alliances are formed on shared interests and serve a primary function of deterrence, but they can also bring two unintended consequences: an escalation effect and an entrapment effect. The first is the **escalation effect**, a moral hazard problem, where the security guarantee itself emboldens an ally to adopt more provocative or risky policies. The second, and analytically distinct, risk is **entrapment**: even absent any such escalation, a patron state can find itself compelled by formal treaty obligation to defend an ally that has been attacked. This forces an intervention into a conflict that may not serve the patron's immediate interests. Fang el al. (2014) sought to complete this theoretical picture by formalizing a final, under-theorized countervailing dynamic: the **restraining effect** of alliances.

We argued that beyond creating the deterrence effect and the undesirable side effects of escalation and entrapment, alliances also create an internal political mechanism—consultation—that can actively moderate an ally's behavior. Specifically, in an asymmetric alliance, a powerful patron can leverage its superior influence not only to protect its smaller ally but also mitigate moral hazard problem, by discouraging behaviors that would unnecessarily activate alliance commitments.

The logic of our model can be applied to asymmetric alliances in Asia, such as the U.S.–Japan and U.S.–South Korea alliances, in which the United States, as the dominant partner, possesses both the incentives and the capacity to act as a stabilizing constraint on its smaller allies' actions. When replicated across the global alliance network uniquely maintained by the United States, this restraining function contributes to the maintenance of international stability, including the stability in Asia. Crucially, such restraint was not altruistic but incentive-compatible: in a highly globalized post–Cold War economy, the United States, the largest and most technologically advanced economy, had strong material and strategic reasons to preserve unimpeded global trade and avoid major disruptive conflicts.

This incentive structure, however, cannot be assumed to be permanent. In the context of intensifying U.S.–China rivalry, whether the United States continues to perceive a strong self-interest in sustaining a globalized system of unimpeded trade has become increasingly contested. As U.S. preferences over the international status quo evolve, the logic underpinning alliance restraint may weaken, while alternative alliance strategies may come to be seen as more effective. In particular, rather than treating stability as an overriding objective, Washington may increasingly view alliances as instruments for reshaping the balance of power—especially in response to China's rise in Asia—even if doing so entails higher risks of confrontation or instability.

In this context, stability should be understood not simply as the avoidance of conflict, but more specifically as the preservation of the existing regional and international status quo. During much of the post–Cold War period, U.S. alliance restraint was closely aligned with this objective: preventing escalation, managing disputes, and maintaining a stable distribution of power and economic relations in Asia that broadly favored U.S. interests. Restraint, in this sense, was instrumental rather than normative—it reflected a belief that preserving the status quo was the most effective way to sustain American primacy and the benefits of a globalized order.

As U.S.–China rivalry has intensified, however, this understanding of stability has become increasingly contested. From Washington's perspective, the status quo itself may no longer appear stable or sustainable if it permits China's continued accumulation of military, technological, and economic power. Under these conditions, strategies that tolerate greater short-term instability—including heightened tensions, more frequent crises, or increased pressure on allies—may come to be viewed as necessary to prevent a longer-term shift in the balance of power. The result is a subtle but consequential redefinition of stability: from preserving existing arrangements to actively reshaping them, even at the risk of increased confrontation. In this sense, what appears to allies as destabilizing behavior may be understood in Washington as a necessary adjustment to an increasingly unfavorable status quo.

2. Reverse Moral Hazard in Asymmetric Alliances

Some analysts therefore point to a potential reversal of the traditional alliance dynamic: instead of acting primarily as a source of restraint, the United States may send permissive signals or actively encourage allies to adopt more assertive, or even escalatory, postures toward perceived rivals. This interpretation is frequently invoked in discussions of the U.S. deployment of THAAD in South Korea, support for Philippine resupply missions to Second Thomas Shoal, the deepening of ties with Taiwan, and sustained diplomatic and military efforts to mobilize allies such as Japan and Australia. This pattern would suggest a distinct form of patron behavior in asymmetric alliances that, while theoretically plausible, has thus far received limited attention in the academic literature.

Under this new calculus, the United States—relatively insulated from the immediate costs of confrontation—may encourage frontline allies or partners in Asia to adopt firmer positions toward China. In such cases, these allies bear a disproportionate share of the risks associated with escalation, while Washington advances its objective of constraining Beijing's influence without directly engaging in a costly conflict.

Whether this shift in how the United States employs its alliances—toward potentially destabilizing rather than preserving the status quo—constitutes what might be termed *reverse moral hazard* ultimately depends on the preferences of the smaller ally. A frontline ally may interpret U.S. signals as an opportunity to confront China with credible backing and thus act in line with its own strategic preferences. Alternatively, the ally may not view escalation with China as being in its inherent self-interest, yet still adopt more confrontational behavior under certain conditions—most notably when it places greater weight on maintaining alliance ties with the United States than on the costs of provoking China. It is only in this latter scenario that the logic of reverse moral hazard applies: the smaller ally is effectively drawn into an unwanted confrontation by the incentives and expectations generated by its more powerful patron.

The mechanism underlying reverse moral hazard is therefore not coercion or explicit delegation, but a process of expectation formation and anticipatory alignment within asymmetric alliances. Smaller allies rarely require direct pressure to adjust their behavior. Instead, they infer the patron's strategic priorities from signals such as rhetorical encouragement, high-profile military cooperation, or the absence of restraining messages during moments of tension. When these signals indicate that the patron has become more tolerant of risk, allies may worry that continued caution or de-escalation could be interpreted by the patron as insufficient commitment to the alliance or unwillingness to share strategic burdens. Even if adopting a more assertive posture entails significant local risks, aligning with the patron's apparent strategic direction may therefore appear preferable to the reputational and relational costs of being seen as hesitant or unreliable. In this sense, reverse moral hazard does not operate through the patron dragging unwilling allies into conflict. Rather, smaller allies adjust their behavior proactively, not because they seek confrontation or expect guaranteed backing in a crisis, but because they fear that visible caution could weaken their standing within the alliance relationship.

The force of this reverse moral hazard mechanism is greatest in highly asymmetric alliances, where smaller allies are deeply dependent on the patron for security and therefore lack credible alternatives to alignment. In such relationships, the ally's sensitivity to patron signals is particularly acute: even ambiguous encouragement, symbolic reassurance, or the absence of restraint can exert substantial influence over the ally's policy choices. By contrast, where alliances are more symmetric, or where allies possess greater strategic autonomy, the pressure to anticipate and internalize patron preferences is attenuated.

The logic underlying reverse moral hazard is not unique to Asia or the current geopolitical moment; it resembles the classic dynamics of proxy conflict, in which a less powerful actor assumes the principal risks of confrontation while a stronger patron provides support from greater distance. What alliance politics adds to this model is a critical nuance: the patron state may be more eager to confront the adversary than the proxy itself. In this revised dynamic, the patron uses its political and strategic leverage over a smaller ally to encourage confrontation, with or without an explicit promise of full backing. In other words, the proxy may be less willing to escalate a conflict than the patron state driving the strategy.

This logic differs in important ways from existing alliance pathologies. Unlike entrapment, where an ally's unilateral actions drag a patron into conflict, reverse moral hazard originates with the patron's strategic incentives. Nor is it a simple case of proxy warfare, in which a smaller actor actively seeks confrontation with a patron's support. Instead, reverse moral hazard captures

a situation in which the patron's willingness to tolerate or encourage risk exceeds that of the ally itself, creating pressure on the smaller state to adopt policies it would otherwise avoid. This distinction matters analytically because it shifts attention away from ally opportunism and toward patron preference change as a driver of alliance instability.

3. Why and when the shift?

This reversal reflects a structural shifts in the balance of military power. Changes in the military balance over the past decade have made direct U.S.–China conflict increasingly costly and dangerous for the United States. This military shift is underpinned by a broader erosion of U.S. technological primacy. A 2023 study by Australian Strategic Policy Institute (ASPI) funded by the U.S. State Department found China holds a "stunning lead" in 37 of 44 critical emerging technology fields—including defense, space, and artificial intelligence—which form the foundation for next-generation military capabilities (Reuters, 2023). This contraction of the U.S. technological edge further incentivizes strategies that avoid direct, force-on-force conflict. China's development of long-range precision missiles, integrated air and naval defenses, and aircraft carriers has fundamentally altered the military balance in the seas surrounding Taiwan, Japan, and the Philippines, turning the region into a highly contested military environment. With U.S. military dominance no longer assured, direct confrontation now carries a greater risk of escalating in unpredictable and uncontrollable ways. Under such conditions, the United States faces strong incentives to pursue more indirect strategies, relying on allied and partner states as forward positions through which Chinese power can be probed, dispersed, and constrained without immediate large-scale U.S. involvement.

In the past, the United States largely provided a security umbrella in exchange for a range of strategic benefits, including basing access, forward deployment rights, diplomatic alignment, and broader support for the U.S.-led regional order—as exemplified by alliances with Japan and South Korea. Today, however, this relationship has shifted. Rather than serving primarily as protected beneficiaries of U.S. security guarantees, smaller allies are increasingly viewed as integral to U.S. security strategy itself, as Washington seeks to constrain China's military and economic power. The United States increasingly calling upon its allies to assume greater strategic and economic burdens in pursuit of shared—or at least aligned—objectives.

Identifying a clear threshold for this shift is not straightforward; it is better understood as a gradual learning process that has been perceived differently by various audiences. From a Chinese perspective, the Obama administration's "pivot to Asia" marked an initial—if still ambiguous—move toward greater reliance on alliances as instruments of strategic competition. Greater clarity emerged following the 2016 South China Sea arbitration ruling and the subsequent intensification of U.S. freedom of navigation operations. The Trump administration, despite its rhetorical skepticism toward alliances, escalated strategic pressure on China in ways that disrupted but did not reverse this trajectory. The Biden administration then systematized it, embedding the contest within a grand narrative of democracy versus autocracy and operationalizing it through new security structures like AUKUS and a revitalized Quad.

This fundamental recalibration of U.S. alliance dynamics is formally articulated in the 2022 National Security Strategy (NSS), which elevates alliance mobilization as central to strategic competition with China, "the most consequential geopolitical challenge" (White House, 2022).

The NSS declares that "our alliances and partnerships around the world are our most important strategic asset" and it explicitly calls on allies to share greater burdens, stating: "we will call on our allies... [to invest] in the type of capabilities... necessary to bolster deterrence in an increasingly confrontational world" (White House, 2022, p. 17). This official elevation of alliances from a stabilizing foundation to active, mobilized instruments of great power competition provides the theoretical underpinning for the observed operational shift from patron restraint toward encouraging allied assertiveness.

The war in Ukraine represents a pivotal episode in this broader learning process, one that has been interpreted clearly but divergently by different actors. For some observers in Asia, it demonstrates the potency of U.S.-led economic sanctions and the value of tight alliance cohesion in confronting a revisionist power. For others, it highlights the risks of serving as a frontline proxy, the limits of U.S. willingness to intervene directly. As a result, no single lesson has emerged. Instead, regional actors appear to draw selectively on the conflict in ways that reinforce pre-existing beliefs: allies emphasize the necessity of U.S. support, while non-aligned states—and China itself—stress the dangers of overreliance on U.S. commitments and the resilience of targeted economies.

4. Allies' Costs

This new alliance dynamic places growing strains on allied states. On the security front, allies must weigh their treaty commitments against the risk of becoming frontline battlegrounds in a potential U.S.–China conflict. They must continually assess whether U.S. encouragement of more assertive behavior is backed by credible guarantees of protection or instead reflects a strategy that leverages allies to constrain China without a commensurate commitment to full support should escalation spiral out of control.

Beyond security concerns, the economic costs to allies are substantial. Unlike the Soviet Union, whose economic ties with U.S. allies were limited, China is the largest trading partner for many U.S. allies, with their domestic industries and growth trajectories deeply embedded in Chinese supply chains and markets. For instance, in 2024 China was Japan's largest trading partner, accounting for 20.2 percent of Japan's total exports and imports combined (Ministry of Foreign Affairs of Japan 2025); China was also South Korea's largest trading partner, with bilateral trade constituting roughly 20 percent of South Korea's total trade (World Bank 2024); and China accounted for approximately 32 percent of Australia's total exports in 2023–24, making it by far Australia's largest export market (Australian Department of Foreign Affairs and Trade 2024). Military confrontation with China therefore carries significant economic trade-offs, requiring allies to forgo commercial opportunities and absorb disruptions to trade and investment. In this context, security and economics are inseparable. This dilemma is evident not only for Japan and South Korea, but also for countries such as the Philippines, whose economic ties to China coexist uneasily with security dependence on the United States. The costs are further magnified by China's capacity for targeted economic retaliation, as illustrated by sanctions imposed on South Korea following its deployment of THAAD, which estimated to be at least $7.5 billion in economic losses for South Korea (Kim 2020).

In the meantime, the functional purpose of U.S. alliances has expanded beyond traditional military cooperation to encompass economic coordination. U.S. policy increasingly mobilizes

alliances not only for collective defense but also for collective economic statecraft. Initiatives such as friend-shoring, technology controls, and investment screening are designed to restrict China's access to advanced technologies, capital, and strategic supply chains. The October 2022 U.S. export controls on advanced computing semiconductors and the CHIPS and Science Act are prime examples of this shift, both of which depend on allied cooperation to be effective (U.S. Department of Commerce 2022; CHIPS and Science Act 2022).

These measures intensify allies' dilemmas, forcing them to balance security assurances from Washington against deep and often indispensable economic ties with Beijing. As a result, the traditional alliance bargain has been reshaped. Whereas the United States once primarily exchanged security guarantees for basing access and diplomatic alignment, it now more frequently expects allies to absorb direct economic and strategic costs as part of a broader coalition aimed at constraining China's power across both military and economic domains.

These economic strains were already evident during the Trump administration, despite its overt skepticism toward alliances. Under the Biden administration, they have persisted under a more explicitly multilateral and values-based framing, shifting rhetorically from "America First" to a narrative of democracy versus autocracy, even as the underlying demands placed on allies have remained largely consistent.

The dynamics described above are particularly acute in Asia and differ in important respects from alliance politics in Europe. In the European context, especially following Russia's invasion of Ukraine, many frontline states actively seek a stronger and more confrontational U.S. role, viewing American leadership as indispensable to their own survival. In such cases, alliance risks often stem from fears of abandonment rather than unwanted escalation. By contrast, in Asia, U.S. allies tend to face a more complex calculus. While they rely on U.S. security guarantees, they are also deeply economically integrated with China and therefore more sensitive to the costs of sustained confrontation.

As a result, Asian allies may be more cautious than Washington about escalating tensions, even as the United States increasingly views pressure on China as strategically necessary. This asymmetry creates fertile ground for reverse moral hazard: the patron's strategic urgency can exceed that of the ally, generating pressure on smaller states to assume risks they would otherwise seek to avoid. The contrast highlights why alliance politics in Asia cannot be understood simply through analogies to NATO or Cold War Europe, and why shifts in U.S. preferences may have particularly destabilizing effects in regions where allies' economic and security interests are tightly entangled.

5. More than Commitment Problem for Allies

The preceding analysis suggests that the central challenge facing U.S. allies in Asia is not simply a commitment problem, as is commonly emphasized in discussions of contemporary geopolitics. On the surface, recent developments in U.S. foreign policy do appear to have undermined alliance credibility through inconsistency. The oscillation between the multilateral, alliance-centered approaches of the Obama and Biden administrations and the unilateral, transactional skepticism toward alliances under the Trump administration has fostered perceptions of American unreliability. Allies can no longer assume a steady and predictable U.S. commitment

grounded in shared values or long-term strategic patience. As a result, the U.S. security umbrella is increasingly viewed as conditional and instrumental, subject to the shifting winds of domestic political change.

Focusing exclusively on commitment inconsistency, however, obscures a deeper and more consequential challenge for US allies. While commitment problems are a perennial feature of alliance politics, the more fundamental issue for U.S. allies in the current era may be the possibility that American preferences themselves have changed. In particular, the United States may no longer view the preservation of the existing regional and international status quo as its overriding objective in competition with China. As argued above, shifts in the military balance and the broader economic–strategic environment have altered U.S. incentives, making strategies that tolerate—or even deliberately generate—greater instability appear more attractive than those centered on restraint. From this perspective, recent U.S. behavior toward allies reflects not merely wavering resolve, but a recalibration of strategic priorities in which alliances are increasingly treated as instruments for reshaping the balance of power rather than preserving existing arrangements.

This distinction matters because a change in preferences poses a more profound challenge for allies than a change in strategy. If the United States continues to value stability understood as the preservation of the status quo, then alliance tensions can, in principle, be mitigated through reassurance, clearer commitments, or improved consultation. If, however, Washington has come to view the status quo itself as unsustainable or undesirable, then no amount of reassurance can fully resolve allies' concerns. In such a world, allies that continue to prioritize stability face a qualitatively different task: not simply obtaining firmer guarantees from the United States, but persuading it that restraint and status quo preservation remain aligned with its long-term interests.

Absent such convergence in preferences, alliance politics in Asia may be characterized less by traditional problems of credibility or abandonment than by enduring divergence over the desired state of the regional order. Under these conditions, reverse moral hazard becomes not an anomaly but a structural feature of asymmetric alliances, as smaller allies are pressured—implicitly rather than coercively—to assume risks that serve a patron's revised strategic objectives. The future of peace and stability in Asia therefore hinges not only on the credibility of U.S. commitments, but on whether the United States and its allies continue to share a common understanding of what stability itself should mean.

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When "Ironclad" Isn't Enough: Complementing the U.S. Alliance Through Strategic Partnerships

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On the 89th anniversary of the Armed Forces of the Philippines (AFP), Philippine President Ferdinand Marcos Jr. cautioned that, *"the threats we (the Philippines) face today are no longer confined to our shores or to the traditional battlefield. They are now complex, multifaceted, and, at times, invisible"* (Marcos Jr., 2024). Although sobering, the president's observation accurately depicts the acute strategic environment the Philippines finds itself in. Facing a resurgent China vigorously asserting its claims in the region and a mercurial United States whose assurances increasingly ring hollow, the Philippines and its policy and military elites are pressed to guarantee the security and integrity of the country and its people. Despite this, its alliance with the United States continues to serve as the cornerstone of its national security policy. Built on the Mutual Defense Treaty (MDT) that entered into force in 1952 and further strengthened by the Visiting Forces Agreement (VFA) and the Enhanced Defense Cooperation Agreement (EDCA), this alliance has weathered significant shifts in the international order (e.g., the end of the Cold War) and domestic upheavals in both countries (e.g., the Duterte Administration in the Philippines). Nevertheless, the recent years has seen greater nuance in how the Philippines has approached the questions of alliance and partnership with the United States and other like minded countries both within and beyond the Indo-Pacific.

The evolving strategic environment has and continues to call into question the utility of traditional alliance structures (Bossack, 2020); this is especially pronounced in the case of the Philippines. Specifically, Chinese grey zone operations in the South China Sea limit the conditions with which U.S. defense obligations could be invoked. Further compounding the situation, growing public distrust towards China (Beltran, 2025a) alongside a simultaneous wariness of the current administration (Beltran, 2025b) may constrain Manila's policy options. Finally, the threat of a retreat by the United States stoked abandonment fears (Heydarian, 2025) and prompted a reassessment of how best to navigate this precarious security situation. These conditions, however, did not surface overnight, nor did these limit Manila's options for enhancing national security.

In light of the dynamic strategic environment, the Philippines has adopted a two-pronged approach to enhance its national security architecture. To start, the last decade has seen efforts to prioritize territorial defense and external security, an attempt to set aside paradigms that have remained in place over the last half century (De Castro, 2024). Yet in doing so, the Philippines must contend with material and diplomatic constraints that, if ignored, limits the scope of its aspirations. While this is partly addressed by continuously courting U.S. support, Manila has taken significant steps to expand its strategic partnerships with like-minded partners (Graham, 2025). Whereas other regional states appear to have adopted hedging strategies in the face of shifting geopolitical realities (Paul, 2018), the Philippines' approach to these strategic partnerships explicitly bucks this trend and sees these partnerships as a complement, not a

replacement, to their enduring alliance with the United States. As such, this concept note endeavors to surface the mechanism driving this divergent preference.

The expansion of its partnership networks should not be viewed as an attempt by Manila to hedge against possible U.S. recalcitrance. Whereas hedging explicitly involves balancing two opposing options to maximize a state's overall position, Manila's pursuit of strategic partnerships has value in and of itself. These partnerships provide or enhance the material and diplomatic capabilities that the current alliance may be insufficient to address, particularly in light of changes in the character of conflict in the twenty-first century. Grey zone operations, in particular, exploit the gaps within legacy alliances that limit their overall utility. Furthermore, these non-binding relationships provide the parties involved with much needed flexibility to pursue their shared interests while potentially minimizing the corresponding risks. Functionally, this course of action corresponds with Philippines' identity as a security consumer and aligns with its strategic culture that acknowledges the importance of external partners as a bulwark for the country's defense - reducing friction and increasing the appeal of these engagements. This expansion, however, is not without its risks.

Increased capability could potentially prompt actions by Manila that China might perceive as destabilizing. Furthermore, this potential augmentation of capabilities does not inherently guarantee longevity, despite the keen interests of relevant domestic and foreign stakeholders. Specifically, the brevity of Philippine presidencies (i.e., a single six-year term) and domestic pressures may lead to shifts in foreign policy that could derail these engagements. Consequently, strategic gains from these policy choices remain to be seen and may not survive when challenged.

The Philippine Security Environment

The Philippine's precarious strategic posture stems from its geographic features, economic realities, and institutional pathologies that contribute to the underlying strategic culture which partially informs its policy choices (De Castro, 2014). Consisting of approximately 7,600 islands, its archipelagic feature introduces significant challenges to defending its territory. Historically, this resulted in weak centralized governance that partially limited the emergence of a martial tradition during its pre-colonial period and allowed militarily superior foreign powers to effectively suppress resistance throughout its history. Economically, failed or sub-par attempts at economic reform and the persistence of rent-seeking political dynasties limited the resources available to develop an adequate military; prompting constantly recurring guns versus butter debates across multiple administrations. Finally, the prevailing political culture subjects defense policies to the self-serving interests of political elites, who often support relevant policies only when aligned with individual or familial interests. Furthermore, the country's geographic features encouraged a prevalent, but erroneous, assumption amongst political elites that the maritime environment serves as a bulwark against foreign aggression. This has resulted in the perception that the armed forces serves mainly as a *"constabulary force engaged in asymmetric or low-intensity conflicts"* (De Castro, 2024, p.101). These conditions have fostered a defense establishment that is dependent on political elites, possesses constrained material resources, and is tasked

with securing a territory characterized by significant geographical challenges. Unsurprisingly, the decision to rely on external powers, such as the United States, for security is a defining feature of Philippine defense policy.

Following the end of the Second World War and its independence, the United States became the primary guarantor of the Philippines' external security. This was formally established through the Mutual Defense Treaty that came into force on 27 August 1952; committing both parties to each other's defense. Given the aforementioned conditions, this resulted in the Philippines focusing its efforts on internal security given the threat posed by a slew of insurgencies that emerged due to enduring socio-economic and religious cleavages in Philippine society. This gave institutions such as the Philippine Army primacy while relegating the Navy and Air Force to supporting roles and led to the erosion of endemic territorial defense capabilities as the U.S. continued presence addressed this gap. Even with the eventual closure of U.S. bases in the early 1990s, the continued military support offered by the United States and prevailing internal security concerns stymied attempts at modernization and the development of territorial defense capabilities[1]. Nevertheless, the evolving dispute with China over territory in the South China Sea served as the necessary catalyst to move the Philippine defense establishment out of this stupor.

Tension on the High Seas

On 2 March 2011, Chinese patrol vessels harassed a Philippine maritime survey ship that was conducting natural gas exploration activities in the Reed Bank (also known as Recto Bank), an area situated within the Philippines' Exclusive Economic Zone (EEZ) (Storey, 2011). Despite subsequent diplomatic protests, Beijing continued to insist on its claims over this section of the Philippines' EEZ. Following this incident, then Philippine President Benigno Aquino III recognized the need to expand territorial defense capabilities which required the sustained modernization of the armed forces and a shift in strategy and doctrine to prioritize external over internal security (Barta & Larano, 2011; De Castro, 2024). A cornerstone of this program is the strengthening of the Philippine's security ties with the United States and other partners. With respect to the former, this resulted in the formalization of the EDCA in 2014 which permitted the United States to preposition military assets in the country and allowed for the rotating presence of U.S. personnel. In effect, the Aquino Administration adopted a strategy of hard balancing against China in which partnerships played a significant role and facilitated internal balancing (i.e., military modernization efforts) through arms transfers and weapons sales (De Castro, 2024). This position remains in place, albeit with a brief hiatus during the Duterte Administration[2], with the present Marcos Administration continuing this balancing policy (De

[1] This process that eventually led to the distinct strategic culture of the Philippines can be further unpacked..

[2] The Duterte Administration attempted to pivot towards an appeasement strategy towards China given the president's hostility and bias against the United States. Nevertheless, this approach failed to (1) temper Chinese behavior or (2) alter attempts by defense technocrats to maintain existing ties with the United States. The Duterte Administration eventually returned to limited attempts at balancing later in its tenure (Winger, 2021; De Castro, 2022).

Castro, 2024). Nevertheless, Chinese provocation continues[3]; challenging the utility of the U.S.-Philippines alliance and leading to a noticeable increase in strategic partnerships with regional and extra-regional states during the present Marcos Administration. These developments, however, should not be seen as an attempt by the Philippines to downgrade its longstanding relationship with the United States. As noted by President Marcos (Cepeda, 2022), *"I do not see a future for the Philippines that does not include the United States"*. Instead, the pursuit of strategic partnerships is a consequence of both the character of the conflict confronting the Philippines and the inherent limitations associated with an excessive reliance on U.S. security guarantees.

The twenty-first century is witness to the rise of grey zone operations ranging from Europe to the Indo-Pacific. For our purpose, grey zone operations could be viewed as *"carefully planned campaign(s) operating in the space between traditional diplomacy and overt military aggression"* (Gannon et al, 2024, p. 232). Framed thusly, actors operate below the threshold of armed conflict with less fear of punitive action, as their activities exploit gaps and ambiguities in international law (Bossack, 2020; Jordan, 2020). This phenomenon exists as a result of permissive environments such as cyberspace that allows a great degree of ambiguity that erodes attempts at attribution and subsequent punishment as well as loopholes within legal instruments that leave such actions, and their consequences, open to interpretation. In the case of the dispute between China and the Philippines, the former's use of operations in and through cyberspace as well as non-military assets in the South China Sea (i.e., maritime militia and coast guards) have made it challenging for the Philippines to deter China against further provocations[4] (Gutierrez, 2025).

Broadly, these operations effectively diminishes the utility of existing alliances by increasing the costs (e.g., escalating conflict risk) for victim states that might invoke alliance commitments without a compelling justification. Although attempts have been made by both the United States and the Philippines to address these gaps, most notably through the U.S.- Philippines Bilateral Defense Guidelines (Department of War, 2023), it is not a panacea for these issues. Furthermore, U.S. national interests (Shidore, 2025) and legalities concerning territorial claims (Ku, 2016) may also serve as an impediment to the Philippines' security interests. Consequently, the Philippines needs to pursue a course of action that allows it to develop or acquire capabilities to better defend against threats from the grey zone and to respond to these without relying exclusively on the United States for support. At the same time, such choices must be made while mitigating the risk of further destabilizing the security environment.

Strategic Partnerships: A Flexible Option

Having to adapt to evolving security conditions while maintaining a degree of flexibility in its commitments, Manila, in recent years, continues to pursue and nurture strategic partnerships with countries such as Australia, South Korea, Canada, and Ukraine. Treated as a species of

[3] With actions below the threshold of armed conflict that limit the options available through the alliance with the U.S.
[4] The employment by the Philippines of "Assertive Transparency" has yet to yield any positive gains.

alignment, strategic partnerships are seen as *"structured collaborations between states…to respond to security challenges more effectively than could be achieved in isolation"* (Wilkins, 2012, p. 67). As Wilkins (2012) observes, this form of alignment possesses characteristics that, when evaluated against the Philippines' needs and preferences, justifies its continued broadening of partnership networks.

First, strategic partnerships are grounded on a shared purpose or *system principle* rather than an explicit task such as deterrence. This shared belief is necessary to maintain these engagements and to mitigate the risk of defection by one or both parties (Walt, 1997). With respect to this, Manila's partnerships are informed by a common desire to preserve the rules-based international order and an awareness by the parties that this is under threat. This is echoed jointly by both Canberra and Manila, for example, in emphasizing that, *"in declaring this Strategic Partnership, we reaffirm our shared interests in building prosperity and preserving peace in the Indo-Pacific. We recognise that stability in the region is anchored on respect for national sovereignty and shaped by long-standing agreed rules and norms, based on international law…"* (Australian Government Department of Foreign Affairs and Trade, 2023).

Second, these partnerships tend to be goal- rather than threat-driven. While strategic partnerships may encompass issues beyond security; these may relate indirectly to developing capabilities that meet the security needs of one or both parties. We see this at work in the language used by Manila's established and emergent partners as they highlight capacity building to address these emergent threats. For instance, the Philippines' partnership with Canada involves the acquisition of Dark Vessel Detection (DVD) systems which purportedly could be used to enforce fishing regulations. However, these same systems could also be employed to track Chinese vessels in contested waters that routinely disable their Automatic Identification Systems (AIS) (Gill, 2025). More pointedly, nascent cooperation with Ukraine has led to the possibility of it providing the Philippines with expertise in drone development and operation, following lessons learned during the ongoing Russia-Ukraine War (Reyes, 2025). This is especially relevant given the Philippines' stated interest in unmanned systems to complement its defensive arsenal[5].

Third, strategic partnerships are often informal (i.e., non-binding) and are thought to have low commitment costs as opposed to formal alliances that bind the parties to specific courses of action. Considering the Philippines' interest in maintaining both its security and regional stability (National Security Council, 2023), strategic partnerships afford it a degree of flexibility. The non-binding nature of these partnerships mitigate the risk of entanglement that could prove detrimental to its interests. With respect to its dispute with China, the acquisition of capabilities and diplomatic support necessary for the enforcement of its claims must be carefully balanced against the inherent risk of escalation. Moreover, the informality of these partnerships could mitigate growing threat perceptions in Beijing, which might, at the very least, perceive them as less provocative.

[5] Besides acquiring drones from foreign suppliers, the Philippines has begun efforts to develop these platforms domestically with the aid of strategic partners.

Finally, strategic partnerships often reflect an economic dimension to them. While this characterized the multidimensional nature of these relationships, this provides additional benefits that encourage participation. For the Philippines, such an arrangement could address both its economic and security requirements, mitigating persistent resource constraints and potentially making these engagements more acceptable to a domestic population wary of increased foreign power presence.

Altogether, Manila's pursuit of strategic partnerships functions to meet its needs for external and internal balancing vis-a-vis China; all the while adhering to its enduring policy preferences. In terms of its material needs, these engagements allow it to acquire and field capabilities to meet the growing threat without relying exclusively on the United States whose national interests may constrain its actions. Furthermore, its non-binding nature grants parties a degree of flexibility to grow or scale back engagements as the situation allows to minimize provoking Beijing. Finally, these partnerships do not supplant the existing U.S. alliance but, rather, complements it by providing other venues of material and diplomatic support that Manila would require to advance its security interests.

Potential Consequences

It would, however, be a mistake to assume that Manila's attempts to expand its network of partnerships will not have adverse effects on itself and the region. While strategic partnerships are packaged as being less threatening, the capabilities that this grants the Philippines' armed forces may unintentionally raise alarm bells in Beijing. As Baquisal (2025) argues, the recently announced Comprehensive Archipelagic Defense Concept (CADC), which advocates for the dispersal of Philippine assets across the islands and the development of Anti-Access/Area-Denial (A2/D2) capabilities, could be interpreted either as a direct threat to Chinese assets in the contested waters or as an enabler for U.S. operations during a Taiwanese contingency. The strategic partnerships the Philippines currently pursues would grant it capabilities to better execute the CADC which, in turn, could be seen as destabilizing (Jervis, 1978). This development has been partly realized through the deployment of advanced U.S. missile systems in recent years (Robles, 2025).

Furthermore, the presence of these partnerships do not guarantee effective integration of these capabilities within the armed forces. As the literature (Posen, 1984; Biddle, 2004; Horowitz, 2010) consistently argues, enduring organizational pathologies can prove detrimental to attempts at changing established doctrine and strategy. For the Philippines, the dominance of the Army as the senior service has consistently hampered attempts to develop the capabilities of both the Navy and the Air Force, critical to achieving the goal of territorial defense. Tangentially, there is also the risk that Manila may overstretch itself as it attempts to maintain this plurality of relationships. Given pressing issues other than security, Manila may be hard pressed to allocate resources to maintain these partnerships.

Lastly, domestic conditions may make it challenging for the current and subsequent administrations to maintain these efforts. Distrust towards the Marcos Administration following

high-profile corruption scandals may fracture public support and weaken efforts to sustain these partnerships. Similarly, wariness with the presence of foreign forces on Philippine soil may lead to protests in certain sectors. This is a regular feature of the U.S. - Philippine relationship and may also bleed into others as well following the establishment of reciprocal access agreements with partners.

While its pursuit of strategic partnerships can be seen to reflect the preferences embedded within its strategic culture instead of an abrupt shift, its success and longevity cannot be guaranteed. As the geopolitical environment within and outside the region remains in flux, external shocks may push for a reassessment of its policy choices that may, in turn, encourage long-term transformation in strategic culture (Lantis, 2002). The recent publication of the United States' National Defense Strategy (Department of War, 2026), while appearing to reassure allies of continued support, may simply be window dressing for the United States' ongoing efforts to distance itself from commitments beyond its hemisphere. Nevertheless, it is only prudent that Manila continue to find the best possible solutions in defense of the country's national security and its broader strategic interests.

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Australia, the U.S., and moral hazard reversed today

Paper for "Rethinking Alliance Politics in Asia," 13 February 2026.

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Scholars and policymakers have wondered whether alliances between great and small powers can embolden the latter to act in dangerous ways that increase the likelihood of war, the alliance's activation, and entrapment of the great power. This idea is often expressed as moral hazard, which manifests when the smaller ally takes "belligerent action because … [its ally] has promised to provide military support…in conflict."[1] Benson defines moral hazard as "when an actor is enticed to behave aggressively because it is insulated from the risks of its actions."[2]

Some studies have shown that smaller powers can influence larger allies away from military action, towards restraint, during a crisis.[3] But little work has been done on the other side of this coin: the possibility that the words, policies or actions of smaller powers might encourage, or enable, their larger ally to conduct belligerent action. This paper investigates such a possibility with reference to the American alliance with Australia, and conflict with China. Specifically, I consider the possible risks posed by military base access today. Can a smaller state like Australia deliberately or inadvertently encourage a larger ally, like the U.S., towards belligerent action by providing access to bases on Australian soil? Conversely, can a smaller ally mitigate the chain-ganging risks posed by the possibility of their larger ally using the smaller power's soil without permission?[4]

To explore these questions, I first consider the history of how Canberra managed the presence of U.S. intelligence installations on Australian soil during the Cold War. Though these facilities were shrouded in secrecy for decades, it is clear that "one of the most disturbing features of the American installations is the lack of political control exercised by the Australian Government over their establishment, operation and maintenance."[5] Next, I will explain how in recent years the mechanism developed to manage these installations while also ensuring Australian sovereignty—a policy known as "full knowledge and concurrence"—has been repurposed, and is now used to control the

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[1] Brett V. Benson, *Constructing International Security: alliances, deterrence, and moral hazard*, Cambridge University Press, 2012, p.3.
[2] Benson, *Constructing International Security,* pp.2-3
[3] Iain D. Henry, "What Allies Want: Reconsidering Loyalty, Reliability, and Alliance Interdependence," *International Security*, Vol. 44 No. 4, 2020, pp.45-83.
[4] For reasons of brevity, I do not establish the feasibility of such a scenario in this paper. Some might dismiss such a scenario as preposterous, on the grounds that a state would never betray its ally in this way. However, the historical record clearly shows that the U.S. has previously used bases on an ally's soil without the ally's approval. See Christopher Lamb, *Belief systems and decision-making in the Mayaguez crisis*, University of Florida Press, 1989. See also Iain D. Henry, *Reliability and Interdependence*, Cornell University Press, 2022, Chapter 5, for U.S. thinking on using bases in Japan without Tokyo's approval.
[5] Desmond Ball, *A suitable piece of real estate: American installations in Australia*, Hale & Iremonger, 1980, p.153.

presence of U.S. combat capabilities such as bomber aircraft and Marines. Third, I will explore how escalating tensions in Northeast Asia, and the Australia-United Kingdom-United States (AUKUS) technology sharing agreement, have reinvigorated Cold War-era debates about Australian sovereignty, alliance risk, and joint planning.

Cold War history of Australia hosting U.S. personnel, but not combat platforms

Unlike other U.S. allies like Japan, Korea, the Philippines and Thailand, Australia does not have a long and established history of hosting U.S. military forces. Instead, throughout the Cold War Australia hosted several intelligence installations, which became known as the "joint facilities." The average Australian knows little about these intelligence-collection bases, which are located far away from Australia's main population centres. According to analysts, these facilities have evolved from their original Cold War-era functions of missile early warning, nuclear test detection, and intelligence collection, and now support more active military operations like missile defence and drone targeting operations.[6] One of the most important installation is known as the Joint Defense Facility Pine Gap, which is located in the sparsely populated centre of Australia. It is approximately 20 kilometres from Alice Springs (approximate population 28 000). The next closest significant population centre, Tennant Creek (population 3 000), is over 500km away. Another is the Naval Communication Station Harold E. Holt, known as North West Cape, in Western Australia. This facility transmits orders to U.S. and allied submarines via very low frequency transmissions.

Australia did not always know or understand what was happening at Pine Gap. When it was established in 1967, the then Minister for Defence said the facility "would not do 'anything of military significance.'"[7] The Australian Government has also been historically reticent to discuss Pine Gap or other facilities. Both Liberal and Labor Governments have adopted the view that "only the government is sufficiently mature and qualified to know the facts and discuss the issues."[8] Some Australian leaders have displayed a remarkable lack of curiosity about the role and importance of the facility. One Prime Minister remarked after leaving office: "I don't even know what Pine Gap is all about…I didn't ask about it."[9] For North West Cape, Australia was initially willing to cede control to America, with an exchange of notes recording that when the U.S. consulted Australia "on use of the station…consultation connoted no more than consultation and

[6] Essential texts on the joint facilities include Ball, *A suitable piece of real estate*, Jeffrey T. Richelson and Desmond Ball, *The ties that bind: intelligence cooperation between the UKUSA countries – the United Kingdom, the United States of America, Canada, Australia and New Zealand*, Allen & Unwin, 1985, Desmond Ball, *A base for debate: the US satellite station at Nurrungar*, Allen & Unwin, 1987. For more recent scholarship, see the many works of Richard Tanter.
[7] As quoted in Felicity Ruby, 'Silent Partners: US bases in Australia,' *Australian Foreign Affairs 8*.
[8] Ball, *A suitable piece of real estate*, p.24.
[9] Former Prime Minister John Gorton, as quoted in Ball, *A suitable piece of real estate*, p.23.

was not intended to establish control over use of the station nor to imply any Government of Australia design to restrict…use of the station."[10]

In 1973, North West Cape was not yet a joint facility, and was run by American forces. In October, once the Yom Kipper war broke out in the Middle East, the station was "put on alert and also used to communicate the general nuclear alert of 25 October to U.S. military forces in the Western Pacific and Indian Oceans – without Australia having been informed."[11] This was a point of discussion when Australian Defence Minister Barnard met U.S. Secretary of Defense James Schlesinger in January 1974. Schlesinger promised that Australia would be informed of similar actions in the future, and Barnard explained that his concern was to avoid "any possible debate in Australia about these bases…I want to get them accepted by the public and not a subject of debate."[12] An agreed statement issued by Barnard and Schlesinger announced that Northwest Cape would become a "joint facility."[13]

Gradually, Australian Governments began to assert a greater degree of sovereignty over the joint facilities, and provide greater public explanation, justification, and defence of their role. In 1984, Prime Minister Bob Hawke insisted that "all functions and activities require, and have, the full knowledge and concurrence of the Australian government."[14] A policy of full knowledge and concurrence, or FK&C, has been adopted and relied upon by Australian leaders ever since.

The exact phraseology, context and utilisation of FK&C has varied in the decades since its first use, and the reasons for this evolution are not perfectly clear. In 2006, the phrase was used in a way that implied it gave Australia the ability to determine how, precisely, the joint facilities were used by the United States. During discussion about possible military action against Iran, an Australian Senator asked the Department of Defence: "Could the government, if it chose to, prevent Pine Gap being used in an attack?" The Department responded that "all activities at Pine Gap occur with the full knowledge and concurrence of both parties," thus at least implying that Australia could veto Pine Gap's involvement in any attack.[15] But in 2007, Defence Minister Brendan Nelson described full knowledge and concurrence as "an expression of sovereignty, of a fundamental right to know what activities foreign governments conduct on our soil." This formulation emphasised "full knowledge" more than the "concurrence" aspect.[16]

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[10] As quoted in Ball, *A suitable piece of real estate*, p.51.
[11] Ball, *A suitable piece of real estate*, p.56.
[12] Memorandum of a Conversation, January 9, 1974, in *Foreign Relations of the United States*, 1969-1976, Volume E-12, Documents on East and Southeast Asia, 1973-1976, Document 45.
[13] For the text of the joint statement, see Department of Defence Press Release 202/74 of 10 January 1974.
[14] Hansard.
[15] Hansard.
[16] Hansard.

In 2010, FK&C evolved again. In an exchange of letters with the United States, Australia clarified that "'Concurrence' does not mean Australia approves every activity or tasking; rather, we approve the presence of a capability or function in Australia in support of its mutually agreed goals, based on our full and detailed understanding of that capability and the uses to which it can be put."[17] This raises the prospect that the U.S. could use an Australian-based capability, in a way which Washington considered to be "in support of…mutually agreed goals," without the specific manner of the capability's use being approved by Australia. It is not known why this very carefully scripted phrase was modified in this way. It could be that this change was required to enable some new type of activity, or that this new formulation was simply a better encapsulation how FK&C had historically worked: recall the 1963 exchange of notes, mentioned earlier, which stated that "consultation connoted no more than consultation."[18] Regardless of the 'why,' this evolution of FK&C has important consequences for U.S.-Australia relations, and the management of moral hazard, today.

Full knowledge and concurrence, and combat capabilities

In the past, interest in full knowledge and concurrence was limited mainly to security scholars and think-tankers. But more recently, developments in the U.S-Australia alliance have focused fresh attention on Australian sovereignty, the risks of hosting foreign forces, and moral hazard reversed. In 2011, Prime Minister Julia Gillard and President Barack Obama announced that Washington would deploy a Marine Rotational Force to Darwin. This force would initially number in the 200s, before increasing to 2 500 by 2016. Press reports noted that "The US Air Force will also be given more access to Australian bombing ranges and training facilities in remote areas of the Northern Territory."[19]

These deployments were later brought under the "legal, policy and financial framework" of *The Force Posture Agreement* [FPA] *between the Government of Australia and the Government of the United States of America*, signed on 12 August 2014.[20] This agreement, known as the FPA, states that "In recognition of Australian sovereign interests, the Parties shall consult in accordance with conditions and requirements under this Agreement. The Parties shall mutually determine conditions and requirements for consultation in Implementing Arrangements (IAs), including utilisation of existing bilateral dialogues." It also stated that "consultation shall ensure relevant

[17] Exchange of letters relating to Harold E. Holt Naval Communications Station, 8 November 2010.
[18] As quoted in Ball, *A suitable piece of real estate*, p.51.
[19] https://www.abc.net.au/news/2011-11-16/gillard2c-obama-announce-darwin-troop-deployment/3675596
[20] Joint Standing Committee on Treaties, Report 145, November 2014.

mutually determined activities are conducted in accordance with Australia's policy of Full Knowledge and Concurrence, where applicable."[21]

Thus, for the first known time, the concept of FK&C was applied to govern the presence of U.S. combat forces in Australia.[22] This was a remarkable departure from its historical use, which was limited to the joint facilities. Given that, in 2010, the idea of FK&C had evolved to explicitly note that "Concurrence does not mean that Australia approves every activity or tasking undertaken," this unique interlocking set of arrangements and understandings raised a new possibility: that U.S. forces in Australia might act in a way that had not been approved by the Australian Government—and is in fact contrary to the desires of the Australian Government—but still be in accordance with Australia's policy of "full knowledge and concurrence." Such tortured scenarios stretch the sensible use of the English language, but appear feasible.

One year after the FPA was signed, a U.S. defense official claimed in Senate testimony that the U.S. would soon make "an important shift in the way we posture our forces," and would "be placing additional Air Force assets in Australia as well, including B-1 bombers and surveillance aircraft." This comment caused a minor furore in Australia, as it came just one day after a U.S. newspaper had revealed that the U.S. Navy was planning to conduct a Freedom of Navigation exercise near Chinese-held islands in the South China Sea.[23]

These developments led some scholars to raise questions about how full knowledge and concurrence would operate when applied to physical military assets rather than intelligence facilities. Iain Henry argued that Australia's "careful definition of 'concurrence' will become problematic' if military operations were launched from Australian territory: "It will be impossible to claim that Canberra's concurrence to a US operation does not constitute approval."[24] In this case, the Australian Government rushed to deny the official's remarks, likely due to fear of damaging the Australia-China relationship.[25] One Australia Defence official, speaking off the record, said "there has

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[21] https://www.aph.gov.au/-/media/02_Parliamentary_Business/24_Committees/244_Joint_Committees/JSCT/2014/26August2014/force_posture_text.pdf

[22] U.S. combat forces, including B-52s, have been present on Australian soil at other times, but their presence was governed by different arrangements. For example, when in 1981 the Australian Prime Minister, Malcolm Fraser, announced that B-52s bombers would be staged in Australia for training and surveillance missions, it was emphasised that their use for other kinds of operations would require Canberra's "prior consent." See Vince Scappatura and Richard Tanter, *B-52s in Australia in 1979-1991 and the Nuclear Heterodoxy of Malcolm Fraser*, Nautilus Institute, 2025.

[23] This official allegedly "misspoke," and the written record of the committee hearing was amended. See Nick O'Malley, 'Pentagon clarifies statement on US bombers being sent to Australia,' *The Sydney Morning Herald*, 16 May 2015, and https://www.foreign.senate.gov/imo/media/doc/051315_Transcript_Safeguarding%20American%20Interests%20in%20the%20East%20and%20South%20China%20Seas.pdf

[24] Iain Henry, 'B-1 bombers in Australia: Red lines and green lights,' *The Interpreter*, 26 May 2015.

[25] Sam Roggeveen, 'America, China, and the limits of wordplay,' *The Interpreter*, 22 May 2015.

simply been no discussion with the Americans formally or informally about bloody B-1s…I think this guy was off the reservation."[26]

Similar questions about full knowledge and concurrence were raised again, in 2017, when a squadron of F-22 Raptor aircraft rotated through Royal Australian Air Force Base Tindal. Cam Hawker contrasted the Australian Government's lack of communication about this activity with the "strongly reasoned explanation" that was provided for the joint facilities in the 1980s.[27]

AUKUS, Taiwan, and the moral hazard of full knowledge and concurrence

Thus, concerns for Australian sovereignty within the Australia-U.S. alliance, and the connection to U.S.-China tensions, existed before the 2021 announcement of the Australia-United Kingdom-United States (AUKUS) arrangement. Under this agreement, the UK and US will assist Australia to obtain nuclear-powered but conventionally armed submarines. Critics—including a former Prime Minister—were quick to claim that AUKUS would "lock-in" Australia and oblige it to "act collectively in any military engagement by the US against China."[28] Significantly, some American rhetoric hinted at this logic: one senior U.S. official said AUKUS "binds decisively Australia to the United States and Great Britain for generations."[29] A former American official was even more explicit, saying that because of the AUKUS deal, "if there's a war, [Australia] will have to fight alongside [the] US."[30]

AUKUS—and the idea of an Australian commitment to defend Taiwan—brought public discussions of Australian entrapment fears to the fore. These ideas were reinforced when the Australian Defence Minister, in November 2021, said that "It would inconceivable that we wouldn't support the US in an action [to defend Taiwan] if the US chose to take that action."[31] Following a change of government in May 2022, and continued claims by retired U.S. officials that AUKUS would "make China's potential aggression against Taiwan a lot less appealing," in 2023 media reporting and speculation on AUKUS intensified. Journalists pressed the government on whether, as recompense for the AUKUS deal, Australia had secretly promised to help the U.S. defend Taiwan.[32] The new Defence Minister, Richard Marles, firmly denied these suggestions, insisting that no pre-

[26] John Garnaut and David Wroe, 'US official misspoke on B-1 bombers being based in Australia: Tony Abbott,' *The Sydney Morning Herald*, 15 May 2015.
[27] Cam Hawker, 'US signals to China from Darwin with F-22s,' *The Interpreter*, 16 Feb 2017.
[28] Paul Keating, 'This pact ties Australia to any US military engagement against China," *The Age*, 16 September 2001.
[29] Matthew Knott and Latika Bourke, 'Australia to acquire nuclear submarines as part of new AUKUS defence pact,' *The Sydney Morning Herald*, 16 September 2001.
[30] https://x.com/AaronFriedberg/status/1438652705778642947
[31] Troy Bramston, 'Taiwan defence a must: Dutton,' *The Australian*, 13 November 2021.
[32] Mallory Shellbourne, 'AUKUS Agreement Will Help Deter China from Taiwan Invasion, Says Former PACOM CO," *USNI News*, 30 March 2023.

commitment of Australian forces was provided to, or even sought by, Washington.[33] But speculation persisted as Kurt Campbell, former Deputy Secretary of State, claimed that Australian AUKUS submarines could have "enormous implications…including in cross-strait [i.e. Taiwan] scenarios."[34] Despite all these rumours, hints and hypothetical scenarios, the Australian Government was able to maintain the position that it had made no commitment to fight for Taiwan.

But in mid-2025, well-sourced media reporting revealed that the Trump administration was "pressing Japan and Australia to make clear what role they would play if the US and China went to war over Taiwan." Australia's response was that any such decision "will be made by the government of the day," and would not be decided in advance.[35] The fact that these questions were raised concurrent with a Pentagon review of AUKUS, intended to "make sure it is aligned with Trump's 'America first' agenda," increased speculation in Australia about an AUKUS-for-Taiwan *quid pro quo*.[36]

These revelations also prompted significant changes in Australia's political debate about the U.S. alliance. Previously, the 'hawkish' perspective saw little problem with Australia promising to assist in the defence of Taiwan, viewing such as pledge as either necessary for deterrence, or merely a reflection of reality. In contrast, the 'dovish' perspective displayed greater concern about the possibility of U.S. actions upsetting the cross-strait status quo, and precipitating conflict. For example, after Speaker Nancy Pelosi's visit to Taiwan in 2022, Australia's foreign minister called on "All parties…[to] consider how they best contribute to de-escalating the current tensions."[37]

But in mid 2025, even notable hawks began to voice new concerns about the possible risks associated with the U.S. alliance. One former government official, Michael Pezzullo, wrote that

> *it surely cannot be accepted that Australia as a sovereign nation would simply 'concur' with US combat forces operative during wartime from, or though, Australia, in the absence of the government of the day tacking active and specific decisions to allow this to occur…The policy of full knowledge and concurrence is not fit for this purpose.*

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[33] Georgia Hitch, 'No promise given to US to assist in potential Taiwan conflict in exchange for submarines, says Defence Minister Richard Marles,' *ABC News*, 19 March 2023.
[34] Andrew Greene, 'Australia's AUKUS submarines could be used to fight China in war over Taiwan, US official says," *ABC News*, 4 April 2024.
[35] Demetri Sevastopulo, 'US demands to know what allies would do in event of war over Taiwan,' *Financial Times*, 12 July 2025.
[36] Joseph Gedeon and Eleni Courea, 'Pentagon launches review of US-UK-Australia Aukus security alliance,' *The Guardian,* 12 June 2025.
[37] Andrew Tillet, 'Wong urges US, China to de-escalate tensions over Pelosi's Taiwan trip,' *The Australian Financial Review*, 3 August 2022.

Pezzullo argued that FK&C should be replaced by joint U.S.-Australia war planning, which he believes would "enlarge the space for Australia to advance and protect its own interests." In such planning, he argues that Australia "would have every right to avoid giving definitive political commitments about going to war," and would "signal that it reserves the right to exercise the 'power of decision' regarding going to war, and to set out its interests and conditions…The alternative is that in a future crisis…matters of war and peace that affected Australia…[would be] decided by the US. We need to be in the room, with a say in our own fate."[38] Elsewhere, Pezzullo make the case even more forcefully: "any Australian government that attempt to say that any such *combat* operations would be the subject of standing 'concurrence' under the FK&C model…would be guilty of compromising our sovereignty."[39]

Another prominent hawk and possible future prime minister, conservative Andrew Hastie, called for a

> *much more mature discussion about our relationship with the United States…we need to talk about operationalising the alliance, building guard rails for combat operations, and of course defining our sovereignty…We're not just a vassal state, we're an ally and a partner and I think it's time we had a good discussion about what that looks like.*

When an interviewer asked if Hastie was suggesting something "clearer" than the "concurrence agreement," he replied "I think so….we have this long standing relationship, but I think it's time we matured it and understood it better."[40]

Though it has taken a little over ten years, there is now a greater awareness that the 2014 Force Posture Agreement's reliance on the policy of full knowledge and concurrence is not fit-for-purpose in the current strategic situation.

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[38] Mike Pezzullo, 'We need to be in the room before the US takes us to war,' *The Australian*, 12 July 2025.
[39] James Curran, 'US forces make Australia a Chinese target. That raises a big question," *The Australian Financial Review*, 30 June 2025.
[40] Andrew Hastie interview with David Speers, *Insiders*, 22 June 2025.

Rethinking Alliance Politics in Asia: Evidence from South Korea

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In asymmetric alliances, conventional wisdom holds that the dominant patron fears entrapment by a potentially reckless client, while the weaker client fears abandonment by the patron. Yet recent U.S. foreign policy under President Trump raises the possibility of a reversal in this dynamic. U.S. behaviors such as new tarriff negotiations, operations in Venezuela, and renewed territorial claims toward Greenland signal a more assertive foreign policy posture under the second Trump administration. This trend raises a critical question for U.S. allies in the Asia-Pacific: do allies have to worry about their commitments to the United States may actually embolden Washington to take increasingly riskier action in the region? In this essay, I explore whether South Korea perceives a potential reversal of moral hazard in alliance politics, how it sees the ROK-U.S. alliance under renewed U.S. unilateralism, and how South Korea's posture toward the alliance has evolved in response to rapid shifts in U.S. foreign policy.

A Reversal in Moral Hazard?

To assess whether South Korea perceives a reversal of moral hazard in alliance politics, conceptual clarification is necessary. A reversal of moral hazard occurs when a patron engages in risky behavior precisely because it believes that its client will support its actions and absorb part of the associated costs. The concept should be distinghusihed from entrapment, a traditional term in alliance politics referring to "being dragged into a conflict over an ally's interests that one does not share or share only partially."[2] While moral hazard reversal indicates a distinct causal pathway through which entrapment may arise, entrapment can happen through other pathways independent of a patron's expectations about allied support.

These definitions imply several observable implications. If South Korea perceives a reversal of moral hazard, it should first view U.S. behavior as risky and as a potential source of escalation in the region. Moreover, South Korean discourse should explicitly suggest that U.S. risk-taking is enabled or amplified by allied support—Washington is emboldened because it believes that

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[2] Snyder, Glenn H. "The security dilemma in alliance politics." *World politics* 36, no. 4 (1984): 467.

alliance commitments reduce the expected costs of escalation. By contrast, if South Korea attributes U.S. risk-taking primarily to factors such as domestic politics, leadership style, or its independent strategic preferences, this would indicate little perception of moral hazard reversal. Finally, concern about reversal should be accompanied by discussions of how South Korea might restrain U.S. behavior ex ante—through consultation or institutionalized control mechanisms. If, instead, South Korean debates focus mainly on how to avoid being pulled into conflict after escalation begins, this would suggest that traditional entrapment, rather than moral hazard reversal, remains the dominant concern.

According to these criteria, there is relatively little evidence that South Korea perceives current U.S. behavior as a reversal of moral hazard in alliance politics, even though concerns about entrapment in the region have grown. While South Korean observers recognize that U.S. foreign policy has become more adventurous and destabilizing in other parts of the world, they do not necessarily view the United States as engaging in particularly risky or aggressive behavior in the Asia-Pacific. It is true that the United States has been pursuing a more aggressive economic policy in the region, and South Korea was also a target of the policy—In 2025, Washington imposed a 25 percent tariff on South Korean products, prompting Seoul to offer a $350 billion investment and energy-purchase package that ultimately reduced the tariff rate to 15 percent.[3] Yet, these patterns of geoeconomic pressure do not automatically translate into a South Korean perception that the United States is becoming a primary source of military escalation in the region.

First of all, for South Korea, North Korea remains the overriding security priority, and ironically, it is the Trump administration that has shown greater willingness to pursue a dialogue with Pyongyang than its predecessors. Although the two summits between President Trump and North Korean leader Kim Jong-un in 2018 and 2019 produced limited progress, President Trump has continued to express his willingness to pursue dialogue with North Korea. In August 2025, during a meeting with South Korean President Lee Jae-myung, Trump said he "look[s] forward to meeting with him [Kim Jong-un], and we'll make relations better."[4] He again indicated his interest in holding talks with North Korea in October 2025, stating that he hoped to have a meeting "in the not-too-distant future"[5]

In addition, when it comes to Taiwan, which is widely regarded as a regional flash point, a dominant assumption in South Korea is that the U.S. would *react* to potential Chinese military actions rather than preemptively take risky behaviors in the Taiwan Strait. South Korean domestic discussions, including think tank analyses and media commentaries, characterize the U.S. role as

[3] Hunnicutt, Treavor and Ju-min Park. "Trump says US will set 15% tariff on South Korean imports under new deal," *Reuters*. July 31, 2025. https://www.reuters.com/world/asia-pacific/trump-says-us-will-set-15-tariff-south-korean-imports-under-new-deal-2025-07-31

[4] Yeung, Jessie, Gawon Bae, Mitchell McCluskey. 2025. "Trump tells South Korean president he wants to meet North Korea's Kim Jong Un" *CNN*. August 26. https://edition.cnn.com/2025/08/25/asia/trump-south-north-korea-kim-jong-un-intl-hnk

[5] The Strait Times. 2025. "Trump says he won't meet North Korea's Kim during Asia trip." October 29, 2025. https://www.straitstimes.com/asia/east-asia/trump-says-he-wont-meet-north-koreas-kim-during-asia-trip

one of reactive intervention, following Chinese actions, such as maritime blockade or limited military operations, rather than as an initiator of escalation.[6]

Not only is there no clear perception that the U.S. is engaging in risky behavior in the region, but there is also little sense that any such risk-taking would be driven by Washington's confidence in allied support. Admittedly, once a conflict were to break out in the Taiwan Strait, assumed allied support could encourage the United States to adopt riskier escalation options. However, South Korean domestic discussions rarely focus on this dynamic. Instead, they are largely centered on the problem of entrapment—specifically, how South Korea can avoid being unwillingly drawn into a Taiwan contingency—rather than on how Seoul might proactively constrain potential U.S. risky behavior. For instance, South Korean lawmakers have explicitly raised alarms about a potential Taiwan Strait conflict, treating U.S. intervention as virtually a given and seeking to prevent South Korea from being dragged into such a contingency**.** During a Foreign Affairs Committee session in August 2025, several lawmakers voiced opposition to US Forces Korea's involvement in the Taiwan contingency, without raising the possibility of risky U.S. actions, and pressed the foreign minister to clarify the government's position on this issue.[7] Taken togther, the discussions so far indicate that South Korean domestic debates have centered on entrapment concerns rather than a reversal of moral hazard in alliance politics.

U.S. Unilateralism 2.0 and the U.S.-ROK alliance in South Korean Eyes

If a reversal of moral hazard is not a major driver, how does South Korea perceive the current trajectory of U.S. foreign policy? In South Korea, this trend has largely been interpreted through the lens of *America First* policy—what could be considered as *American unilateralism 2.0*. Unilateralism refers to a state's pursuit of a "self-centered" foreign policy, "using its own resources without the need of international support" and often disregarding established international norms.[8] From this perspective, the United States is seen as increasingly inclined to pursue its interests on its own terms. Importantly, U.S. unilateralism does not always require allied support, nor is such support the primary driver of U.S. decision-making. In this sense, unilateralism differs fundamentally from a reversal of moral hazard. Yet, unilateralism does not necessarily exclude the role of allies. While Washington may act unilaterally, it often leverages its power over allies to call

[6] For instance, see Lee, Sangkyu. 2026. "Strategic calculation of North Korea, China, and Russia in the event of the simultaneous occurrence of the Korean Peninsula crisis and the Taiwan crisis." Korea Institute for Defense Analyses. https://www.kida.re.kr/frt/board/frtNormalBoardDetail.do?sidx=3244&idx=97&depth=2; Yoon, Seokjung. 2025. "Taiwan Contigency Scenario and Japans' Security Guarantee: Anlysis and Implications." Institute of Foreign Affairs and National Security. https://www.ifans.go.kr/knda/ifans/kor/pblct/PblctView.do
Lee, Jeonggyu. 2025. "[Sejong Focus] The Impact of US Forces Korea's Strategic Flexibility on Korean Peninsula Security." Sejong Institute. https://www.sejong.org/web/boad/1/egoread.php?bd=1&seq=12467

[7] Kim, Jiheon, and Kim Jiyeon. 2025. "Cho Hyun, 'US Forces Korea must not discuss Taiwan intervention' directive met with "We will proceed accordingly" *Yeonhap News*. August 18. https://www.yna.co.kr/view/AKR20250818129751504

[8] Tago, Atsushi. 2017. "Multilaterlism, Bilateralism, and Unilateralism in Foreign Policy" https://oxfordre.com/politics/display/10.1093/acrefore/9780190228637.001.0001/acrefore-9780190228637-e-449

upon—or compel—them to contribute to U.S.-led initiatives, *ex-post*. Unilateralism itself is not new; U.S. allies experienced similar dynamics during the Bush administration in 2003. However, unilateralism 2.0. in the second Trump administration appears to exhibit distinct characteristics: more explicit and upfront demands for burden sharing, a sharper emphasis on U.S. interests through America First, and a more overtly hegemonic posture over its key spheres of influence amid intensified great-power competition with China.

This perception of renewed U.S. unilateralism has not necessarily undermined the foundations of the U.S.-ROK alliance, however. Unlike other allies in the region, the U.S.-ROK alliance has a very clearly defined regional purpose—deterring North Korean threats. Over the past two decades, South Korean perceptions of the alliance have converged in a remarkably consistent direction. Ironically, this convergence has been driven by North Korean nuclear threats, less by U.S. policy choices. Since North Korea successfully conducted its first nuclear test in 2006, its nuclear threats have emerged as South Korea's paramount security concerns. Given the lack of capabilities to defend itself against a nuclear-armed adversary, Seoul has strived to strengthen extended nuclear deterrence from the United States, and the alliance, especially U.S. nuclear umbrella, became the cornerstone of its security.

This strategic context is fully reflected how South Koreans perceive the U.S.-ROK alliance. According to the polls conducted by the Asan Institute for Policy Studies, in 2010, when North conducted two rounds of nuclear tests successfully in 2006 and 2009, 87% of the South Korean public agreed that U.S.-ROK alliance is necessary in the future.[9] This number only grew as North Korea deepened its nuclear weapons program. When it successfully tested its hydrogen bomb in 2017, which was its 6th and the last test so far, 95.6 percent of the public agreed that the U.S.-ROK alliance is necessary.[10] In 2025, 96 percent of the public expressed their support for the alliance.[11] The strong support for the alliance is bipartisan. For instance, in a poll conducted by Korean Institute of Unification, 96 percent of supporters of the conservative party (People Power Party) and 90 percent of supporters of the progressive party (Democratic Party) agreed that the alliance is necessary in the future.[12] Moreover, more than 80% of the respondents has consistently indicated that the alliance would remain necessary even after reunification.[13] These suggest the U.S.-ROK

[9] Asan Institute, 2010. "87% of South Koreans and 80% of Americans: "US-ROK alliance necessary in the future" https://asaninst.org/bbs/board.php?bo_table=s3_4_1_eng&page=2&sfl=wr_subject%7C%7Cwr_content&sop=and&stx=Roundtable&wr_id=29

[10] Asan Institute, 2025. *South Koreans and Their Neighbors*. https://asaninst.org/data/file/s1_6_1/f15af67c43af11afd7a990dc4f32fd2b_YCo2Hyhs_9e35fef668583e57244d7136e92300f4c9712d7f.pdf

[11] Ibid.

[12] Lee, Sangjin. Taeeun Min, Kwangil Yoon, and Bonsang Koo. *KINU Unification Survey 2021.* Korean Institute for National Unification. https://repo.kinu.or.kr/bitstream/2015.oak/12488/1/KINU%20Unification%20Survey%202021%20Executive%20Summary%20en%20210715.pdf

[13] Asan Institute, 2025.

alliance has become national consensus, less likely to be affected by changes in domestic and international circumstances.

While South Koreans overwhelmingly view the U.S.–ROK alliance as essential, this perception does not automatically translate into a belief in the credibility of U.S. security commitments. South Korean perception of the alliance credibility has generally fluctuated between 47 and 61 percent over the past 15 years, and it has affected more by specific US policies, compared to the perceived importance of the alliance.[14]

During the first Trump administration, credibility dropped sharply from 61.2 percent in 2017 to 55.4 percent in 2018 and hovered around 51 percent by 2020. This decline reflects a transactional view of the alliance and repeated demands for burden sharing. While credibility saw a modest recovery after the Trump administration was over—rising to 54 percent in 2023, this trend reversed following the start of the second Trump administration, with credibility falling to 48.9 percent in 2025.[15] This is likely to reflect not only renewed pressures on burden-sharing but also the revived prospect of U.S. troop withdrawals from South Korea. Historically, troop withdrawal threats have severely undermined alliance credibility. The Guam Doctrine under President Nixon, accompanied by significant troop reductions in South Korea, led Seoul to consider independent nuclear development during the Cold War—a dynamic that appears to be resurfacing today. In 2025, public support for nuclearization reached its record high of 76.2 percent.[16] In sum, renewed U.S. unilateralism does not necesrraily erode support for the alliance itself, but it does cast a long shadow over the credibility of U.S. commitments.

Responding to U.S. Unilateralism: Evolving South Korean Posture toward the Alliance

Under the U.S. unilateralism 2.0, South Korea's posture toward the alliance has been evolving. First, Seoul has shown transactional adaptation. The Lee Jae-Myung administration has treated the Second Trump administration's unilateralism as an opportunity. Instead of "resisting," South Korea has adopted a posture best summarized as "let's make a deal."[17]

This was most clearly reflected in the $350 billion investment package that South Korea promised to the United States during the tariff negotiation in 2025. The package includes $150 billion investment in U.S. shipbuilding industry under the slogan of Make American Shipbuilding Great Again (MASGA), which includes new building/expansion of shipyard capacity, workforce development, supply chain rebuilding, and MRO (maintenance, repair, overhaul) in the U.S. [18] Strategically, this allowed South Korea to leverage its comparative advantage as a leading global

[14] Ibid. The credibility was measured by asking if respondents think that the United States would use nuclear weapons in a North Korean nuclear attack against South Korea.
[15] Ibid.
[16] Asan Institute, 2025.
[17] Cha, Victor. 2025. "South Korea's Response to U.S. Demands: Miminize Risk, Maximize Reward" https://www.csis.org/analysis/south-koreas-response-us-demands-minimize-risk-maximize-reward#
[18] Shin, Hyehyun. 2025. "MASGA swayed Trump… Negotiation team: "Made the greatest contribution to tariff resolution" *The JoongAng*. July 31. https://www.joongang.co.kr/article/25355765

shipbuilder while gaining inside access to a highly protectionist U.S. market. [19]At the same time, it enhanced South Korea's value as an ally by tying Seoul directly to U.S. defense-industrial revitalization.

The transactional adaptation happened in other areas, too. Through the Lee-Trump summit in November 2025, South Korea was able to secure U.S. cooperation on South Korea's building nuclear-powered submarines. In a joint facts sheet announced after the summit, the United States explicitly signaled its "approval for the ROK to build nuclear-powered attack submarines," alongside its support expanding South Korea's authority over peaceful uranium enrichment and spent-fuel processing under the bilateral nuclear agreement.[20] Seoul has long viewed nuclear-powered submarines as "an essential strategic asset needed for stability and peace on the Korean peninsula," and it was able to secure U.S. cooperation by aligning this goal with Trump's alliance-as-exchange framework.[21] In short, while accommodating U.S. interests under unilateralism, South Korea has actively leveraged transactional bargaining to advance its own strategic and economic objectives.

Second, domestic discussions in South Korea have increasingly focused on clarifying and limiting the scope of alliance commitments, rather than actively pursuing strategic flexibility of the alliance. Since the end of the Cold War, the ROK-U.S. alliance has steadily expanded its geographic and functional scope under the banner of strategic flexibility, understood as the ability to deploy U.S. Forces Korea (USFK) and allied capabilities beyond the Korean Peninsula in response to regional contingencies.[22] However, as U.S. unilateralism 2.0 comes with new uncertainties, domestic discussions in South Korea have begun to reconsider strategic flexibility of the alliance and move toward refocusing on the Korean peninsula.

This concern is most evident in debates surrounding a Taiwan contingency. A growing segment of domestic discourse argues that South Korea should not get involved in such a scenario and instead focus on deterring North Korean threats.[23] Both foreign policy analysts and elites have advocated for creating "clearly established internal criteria" or "scenario-specific red lines," thereby setting clear thresholds for the scope of support for U.S. actions in such a scenario.[24] Lawmakers across the political spectrum also have raised the concerns about strategic flexibility. In a national

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[19] Martin, Timothy.W. and Soobin Kim. 2025. "The New Acronym Driving South Korea's Summit With Trump: MASGA." *The Wall Street Journal*. August 24. https://www.wsj.com/world/asia/the-new-acronym-driving-south-koreas-summit-with-trump-masga-aed1aad9

[20] Choi, Dongjun. 2025. "South Korea-US Fact Sheet Released… Lee: "Agreement on Nuclear-Powered Submarine Construction Secures Support for Expanded Uranium Enrichment Authority" *Newsis*. November 14. https://www.newsis.com/view/NISX20251113_0003401122

[21] Ibid.

[22] Lee, Sang-Hyun. 2006. "ROK-US Alliance and Strategic Flexibility: Issues and Prospects" Korean Journal of International Relations. 46(4): 155-178. DOI: 10.14731/kjir.2006.12.46.4.155

[23] Kim, Jungsup. 2025. "Taiwan dispute poses 'dual challenge' for South Korea… What countermeasures? [Reading the World]", *Hangyur*e, June 10. https://www.hani.co.kr/arti/opinion/column/1201898.html

[24] Choi, Changgeun. 2026. " Taiwan's contingency is South Korea's contingency, but South Korea must make a careful choice." *Shin Dong-A*. January 8. https://shindonga.donga.com/inter/article/all/13/6045412/1; Lee, Jeonggyu. 2025.

assembly discussion in 2025, for instance, a lawmaker explicitly noted that alliance modernization, which goes with strategic flexibility, should not be misconstrued as endorsing USFK involvement in a Taiwan conflict, and further argued that such a involvement should remain outside the formal agenda of ROK-U.S. summits.[25] In April 2025, a coalition of 21 lawmakers introduced a resolution urging the government to preemptively declare a clear policy of non-involvement in any Taiwan contingency, emphasizing that the focus of the alliance and USFK should remain on deterring North Korea.[26]

This preemptive scope clarification stands in sharp contrast to South Korea's approach during earlier episodes of U.S. unilateralism, such as the 2003 Iraq War. At that time, South Korea ultimately dispatched non-combatant forces and undertook a reconstruction mission, but did so without a deliberate effort to publicly define or limit the alliance's operational scope. The current emphasis on advance scope clarification suggests that in future cases of regional contingencies, including a Taiwan scenario, South Korea is more likely to seek a calibrated role, positned between full military support and outright refusal of any support.

Third, greater U.S. demands for burden sharing under U.S. unilateralism 2.0 have been reframed in South Korea as an opportunity to strengthen its own capabilities and expanding space for self-reliant defense. The new U.S. national defense strategy released in January 2026 explicitly states that "South Korea is capable of taking primary responsibility for deterring North Korea with critical but more limited US support," while Washington prioritizes deterring China.[27] This shift had already been foreshadowed in an interim National Defense Strategy guidance memo in March 2025.[28] Rather than triggering acute abandonment fear, such a shift has reinforced a perception in South Korea that this is the time for the country to acquire more capabilities for greater defense autonomy.

President Lee has articulated this idea explicitly. In his statement in September 2025, he emphasized the goal of building "a nation that will never again be invaded, a nation that does not depend on others," through enhanced national power, increased defense spending, military modernization, defense-industrial development, and expanded security diplomacy.[29] He further argued that South Korea must overcome "the submissive mindset that self-reliant defense is

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[25] Lee, Jaeho. 2025. "Lee Jae-myung administration: Would it intervene in a Taiwan contingency? Foreign Minister avoids giving clear answer on potential intervention" August 18. https://www.pressian.com/pages/articles/2025081818333914766?

[26] Kim, Youngshin. 2025. "Innovation Party's Kim Jun-hyung proposes resolution urging non-intervention in the event of a Taiwan contingency." *Yeonhap News*. April 29. https://www.yna.co.kr/view/AKR20250429067900001

[27] The Guardian. 2026. "Pengaton to Reduce its Role in Deterrence of North Korea" January 24. https://www.theguardian.com/world/2026/jan/24/north-korea-pentagon-to-reduce-role-deterrence

[28] The Washington Post. 2025. "Secret Pentagon Memo on China, Homeland has Geritage Fingerptins" March 29. https://www.washingtonpost.com/national-security/2025/03/29/secret-pentagon-memo-hegseth-heritage-foundation-china/

[29] Source: President Lee's Facebook post on robust self-reliant defense https://www.facebook.com/jaemyunglee/posts/pfbid02nVnQUpjGcHKWDprGUFnUZAFt95oZyDCV6HTkUq9NNJkSFBqfnH3RFrS3kMYMCb3Dl

impossible without foreign troops."[30] Consistent with this vision, the Lee government committed to raising defense spending to 3.5 percent of GDP, signaling a concrete move toward greater self-reliance.[31] It also seeks to retake wartime operational control(OPCON) before 2030.[32]

Importantly, this push for autonomy does not entail undermining the alliance. Rather, South Korea has pursued a dual-track strategy that couples bolstering self-reliant defense capabilities with reaffirming the centrality of the alliance. President Lee has consistently emphasized the importance of the ROK-US alliance, describing it as "ironclad" and crediting it as the foundation of South Korea's continued growth and development.[33] Following the release of the U.S. national defense strategy, Seoul reaffirmed that "US Forces Korea remained central to the alliance and would continue to deter North Korean aggression."[34] Moreover, South Korea's efforts to enhance its own capabilities are pursued within the alliance framework, including plans to acquire additional U.S. military equipment and gain U.S. support for building a nuclear-powered submarine.[35]

At the same time, domestic debates, particularly among conservative circles, have interpreted U.S. unilateralism 2.0 under the Trump administration as opening space to consider a nuclear option for the country as a long-term hedge. Public support for indigenous nuclear options has remained high in South Korea since North Korea's going nuclear, and discussions over the country's nuclear options have intensified alongside U.S. approval for nuclear-powered submarines, extending to discussions of nuclear latency.[36] In short, South Korea is responding to changes in U.S. foreign policy not by experiencing intensified abandonment fear from the alliance, but by seeking greater self-reliance in ways that complement, rather than replace, the ROK–U.S. alliance.

Taken together, these strategies suggest that South Korea's alliance posture has evolved across short-, medium-, and long-term horizons. In the short term, Seoul has shifted toward a more transactional mode of alliance management. In the medium term, it has moved away from expanding strategic flexibility toward clarifying the scope of the alliance. In the long term, South Korea has begun to recalibrate its reliance on the alliance by combining continued alliance commitment with greater self-reliant defense capabilities.

Although South Korea does not currently perceive U.S. behavior as constituting a reveral of moral hazard in alliance politics, the persistence of U.S. unilateralism means that such a possibility

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[30] Ibid.
[31] The White House. 2025. "Joint Fact Sheet on President Donald J. Trump's Meeting with President Lee Jae Myung. https://www.whitehouse.gov/fact-sheets/2025/11/joint-fact-sheet-on-president-donald-j-trumps-meeting-with-president-lee-jae-myung/
[32] Song, Sangho. 2025. "(News Focus) S.Korea eyes greater autonomy in alliance amid U.S. calls to bolster defense capabilities." *Yeonhap News*. December 25. https://en.yna.co.kr/view/AEN20251225000300315
[33] Reuters Connect. 2025. "South Korea's Lee praises Trump as peacemaker, calls for cooperation. August 26. https://www.reutersconnect.com/item/south-koreas-lee-praises-trump-as-peacemaker-calls-for-cooperation/dGFnOnJldXRlcnMuY29tLDIwMjU6bmV3c21sX1ZBOTU5NTI1MDgyMDI1UlAx?
[34] The Guardian. 2026.
[35] The White House. 2025.
[36] For instance, see Asan Institute, 2025. "Securing 'nuclear latency' is also one of our alternatives." https://asaninst.org/bbs/board.php?bo_table=s1_1&wr_id=537;

cannot be ruled out. Even if a reversal were to occur, however, it is unlikely to endanger the ROK–U.S. alliance itself. Instead, as discussed above, South Korea would likely respond by deepening transactional adaptation, constraining alliance scope, and further strengthening self-reliant defense, thereby expanding its space for strategic autonomy within the alliance framework.

The Future of Japan and US-Japan Alliance under Trump 2.0

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Introduction

Japan is now facing a strategic inflection point. The strategic balance in East Asia and the broader Indo-Pacific, where Japan has emphasized its importance under the banner of a "Free and Open Indo-Pacific (FOIP)," is shifting primarily due to the intensification of US-China strategic competition. Furthermore, the second Trump administration beginning in 2025 ("Trump 2.0") has heightened strategic uncertainty by reorienting US foreign policy. This shift includes the imposition of tariffs even on its close allies and partners; a move away from supporting a "rules-based" or "liberal international order"; and an increasing focus on the Western Hemisphere rather than the Indo-Pacific, suggesting a preference for a "sphere of influence" approach among great powers.

Against this backdrop, a certain question arises: how has Japan managed its relationship with the United States and the US-Japan alliance in the context of a rapidly evolving strategic environment in the Indo-Pacific? This paper argues that Japan's strategic shift occurred well before the emergence of the Trump administration in 2016, as Japan adopted a hedging strategy against the risk of US disengagement—or a reduction in its commitment to East Asian security—while continuing to balance against China. This strategic posture is unlikely to change in the near future. However, the new alliance dynamics introduced by Trump 2.0 compel Japan to rethink its long-term strategy, giving rise to "Plan B" as an optimal mid-term option (and potentially "Plan C" as a worst-case scenario).

In this short paper, I first examine the importance of the US-Japan alliance for Japan's diplomatic, economic, and security strategy, tracing the process through which the bilateral relationship was consolidated during the Cold War and post-Cold War periods. Second, I explain Japan's strategic shift that emerged around 2010 and the subsequent evolution of its strategic outlook, while noting that this shift did not translate into concrete policy changes due to domestic political turbulence. Finally, I analyze current debates surrounding the long-term trajectory of Japan's strategy and its alliance relationship with the United States.

1. Core of Japan's Diplomatic and Security Policy: US-Japan Alliance

Japan has long nurtured and deepened its relationship with the United States since the end of World War II. Following its defeat, Japan's military capabilities were constrained constitutionally, legally, politically, and socially—most notably by Article 9 of the Japanese Constitution, which was largely drafted by the United States during the occupation period.[1] With the emergence of the Cold War in Asia

[1] Article 9 of Japan's constitution states: "(i) Article 9. Aspiring sincerely to an international peace based on justice and order, 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. (ii) In order to accomplish the aim of the preceding paragraph,

in the late 1940s, particularly during the Korean War (1950–1953), Japan became increasingly embedded in the United States' global strategy to contain communism through the 1951 US–Japan Security Treaty, later revised in 1960. This treaty was fundamentally asymmetric: Japan provided military bases that enabled US power projection in Asia and beyond, while in return it relied on the United States for security protection in times of contingency.

For its part, Japan took advantage of this strategic arrangement to concentrate its resources primarily on socioeconomic development rather than military expansion, a strategy commonly referred to as the "Yoshida Doctrine." This doctrine originated in the policy thinking of Prime Minister Shigeru Yoshida in the 1950s. While Yoshida did not reject future military build-up in principle, he believed that Japan could not develop sufficient military capabilities without first achieving economic recovery and growth. Moreover, given that many Asian states remained deeply skeptical of Japan's military development and political ambitions, prioritizing economic reconstruction was well aligned with the regional strategic environment at the time. As strategic and economic cooperation between the United States and Japan deepened, the core principles of the Yoshida Doctrine endured, as the US-Japan alliance was further consolidated over the long term.

A new strategic development emerged in the post–Cold War era, particularly with the outbreak of the Gulf War. The international community, acting through the United Nations, agreed to intervene in Kuwait with coalition forces led by the United States. However, due to Japan's institutional constraints on the SDF, Japan contributed approximately US$13 billion in financial support without deploying SDF personnel. This response drew international criticism and was widely labeled as "checkbook diplomacy."

As the United States—Japan's foremost ally during the Cold War—began to articulate a new international order based on liberal values, underpinned by strong military and economic capabilities following its Cold War victory, the United States also exerted diplomatic pressure on Japan to make greater international contributions not only in economic but also in security terms. In response, Japan began adjusting to the new strategic environment of US unipolarity by gradually relaxing its institutional constraints on the SDF. This shift enabled Japan to participate more actively in international security cooperation and contribute to the construction of a new international order alongside the United States and its allies. These changes culminated in the enactment of the International Peace Cooperation Law in 1992 and the 1996 US-Japan Joint Declaration on Security, which redefined the raison d'être of the alliance.[2]

In developing a new strategic posture, Japan has also sought to nurture a regional architecture for stability by gradually adopting a more proactive approach. While maintaining the US-centered bilateral security alliance system—the so-called "hub-and-spoke" system—in the Asia-Pacific, Japan has simultaneously supported regional multilateralism. For example, Japan played a key role, together with Australia, in initiating the Asia-Pacific Economic Cooperation (APEC) forum to promote regional economic prosperity. Japan has also actively engaged with the Association of Southeast Asian Nations (ASEAN) to

land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized."

[2] Nevertheless, the international activities of the SDF have been strictly limited to non-combat roles, and SDF personnel can be deployed only to non-combat areas..

help establish new security dialogue mechanisms, most notably the ASEAN Regional Forum (ARF) in 1994.

In addition, Japan has consistently supported ASEAN-led multilateral institutions, including ASEAN+3 (China, Japan, and South Korea), the East Asia Summit, and the ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus). Through these efforts, Japan has envisioned the construction of a more stable regional security order based on multilateral cooperation and dialogue—largely led by ASEAN—while simultaneously ensuring strategic stability through the continued presence of US military power in East Asia.

In the post-9/11 period, as maintaining security stability increasingly required enhanced international cooperation to counter transnational terrorism, Japan began to strengthen its security ties with US allies and partners, particularly Australia. Notably, Australia became the first country—other than the United States—with which Japan issued a Joint Declaration on Security Cooperation in 2007, the culmination of a series of diplomatic and defense dialogues conducted since the late 1990s.

Furthermore, under the first Abe administration, Japan sought to establish the Quadrilateral Security Dialogue (QSD) with the United States, Australia, and India in order to enhance security cooperation and maintain regional balance in a broader East Asia. While this initiative did not initially receive strong support from Australia and India because of its potential provocation to China, and subsequently lost diplomatic momentum following leadership changes in both Japan and the United States—from Abe to Fukuda and from Bush to Obama, respectively—Japan's broader objective of strengthening strategic ties with regional partners remained unchanged.

In this context, the US-Japan alliance remains the constant anchor of Japan's strategic posture. Having played a pivotal role in maintaining the regional balance of power in East Asia during both the Cold War and post–Cold War eras, the alliance has become deeply embedded in the global and regional strategies of both the United States and Japan. These enduring strategic and psychological ties have bound the two countries together for more than 70 years.

2. Rise of China and the Gradual Shift in the US–Japan Alliance

This core pillar of Japan's strategy, however, has always rested on a set of underlying assumptions. During the Cold War, Japan's central assumption was the United States' resolve to counter the Soviet Union, which rendered Japan's geostrategic location in East Asia strategically indispensable. Although alliance dilemmas and miscommunications were persistent—making alliance management at times difficult, as illustrated by US negotiations with Europe and the Soviet Union over the deployment of intermediate-range nuclear forces in the 1980s, neglecting its implication toward Asia (i.e. strategic missile placement in the trans-Ural region)—the overall US strategic posture nonetheless provided Japan with leverage in its negotiations with Washington.

In the post-Cold War period, the United States continued to function as the pivotal strategic stabilizer in East Asia due to its unmatched military and economic capabilities relative to regional states. As the United States sought to construct a new international order at the global level, its allies and partners became increasingly important strategic assets—not only for sustaining that order but also for

checking and preventing the emergence of any regional hegemon. Given Japan's superior economic and defense capabilities in East Asia during the 1990s, no regional state was able to rival the US-Japan alliance.

This assumption was increasingly challenged in the 2000s, particularly in the aftermath of the 2008 Global Financial Crisis (GFC). During this period, the primacy of the United States, and the US-Japan alliance in East Asia, began to erode, largely due to a consequential structural factor: the rise of China. From Japan's perspective, several strategic trends suggested that the regional environment was becoming less favorable throughout the 2000s.

First, the United States became deeply engaged in the "long wars" in Afghanistan and Iraq, shifting its strategic attention toward the Middle East and away from East Asia. Second, China's growing military capabilities—combined with a lack of transparency—generated increasing concern in Japan. Particularly, China's expanding naval activities in the southwestern maritime areas, including the Miyako Strait, became more pronounced, suggesting ambitions to extend its power-projection capabilities. In addition, in 2005, China's defense budget exceeded Japan's for the first time since the end of the Cold War. Third, China's economic and diplomatic influence in East Asia, especially in Southeast Asia, rose rapidly. This trend can be traced back to the 1997 Asian Financial Crisis, during which China enhanced its regional standing by refraining from devaluing the renminbi, while the United States played a relatively limited role in crisis mitigation, viewing the turmoil as a consequence of flawed Asian development models that required fundamental restructuring. Fourth, China began to employ fait accompli tactics to extract resources along the disputed maritime boundary in the East China Sea. Although bilateral discussions continued, China proceeded with resource extraction activities without consulting Japan.

To be sure, Japan sought to strengthen the US-Japan alliance as much as possible during the 2000s. Under the leadership of Prime Minister Junichiro Koizumi, Japan became the first country to support US military action in Afghanistan following the September 11 attacks. In 2005, Japan and the United States began to elevate their strategic cooperation to the global level through the US-Japan Security Consultative Committee (the "2+2"), expanding cooperation to include the reconstruction of Afghanistan and Iraq, humanitarian assistance and disaster relief, and non-proliferation. In the mid-2000s, Japan also closely coordinated its policy with the United States on North Korea's nuclear and missile development through the Six-Party Talks.

However, the alliance also experienced periods of stagnation due to Japan's domestic political turmoil, particularly the transition of political power from the long-ruling Liberal Democratic Party (LDP) to the Democratic Party of Japan (DPJ). Although the DPJ sought to present alternatives to LDP governance, it struggled to do so effectively due to its limited experience in policy implementation. This, in turn, generated uncertainty in alliance management, as illustrated by Prime Minister Yukio Hatoyama's attempt to relocate US forces in Okinawa.

In this context, the GFC reinforced perceptions that China was rising while the United States was in relative decline. At the same time, China became increasingly assertive in the maritime domain after 2008, particularly in the East and South China Seas. For Japan, 2010 marked a critical turning point, as China employed paramilitary forces to expand its presence in the waters surrounding the Senkaku Islands (the Diaoyu Islands in China). Furthermore, in 2012, the Japanese government "nationalized" the islands in response to a proposal by Tokyo Governor Ishihara Shintaro, a conservative politician, who had

advocated constructing a lighthouse and deploying SDF personnel to the Senkaku Islands. China, however, interpreted Japan's move as an attempt to alter the status quo, prompting a more determined effort to increase its maritime presence around the Senkaku Islands and across the East China Sea. In response to these developments, the United States reaffirmed that the Senkaku Islands, which are administered by Japan, fall under Article V of the US-Japan Security Treaty, contributing to further strengthening of the alliance.

Nevertheless, it became increasingly clear to Japan that the strategic environment was changing. Although the United States continued to reassure Japan of its defense commitments through the US-Japan alliance, China was no longer effectively deterred by either US presence or the alliance itself. With expanding material capabilities and the growing use of unconventional tactics, China has succeeded in establishing a "new normal" in the East China Sea, particularly around the Senkaku Islands. In response, Japan began to view this trend with greater urgency and seriousness. Rather than relying solely on the United States for its defense, Japan moved to strengthen its own defense capabilities while simultaneously deepening security ties with "like-minded" states that share similar strategic perspectives and threat perceptions.

Notably, the 2010 National Defense Program Guidelines (NDPG) signaled a shift in Japan's defense posture in response to China's growing assertiveness. Although this shift was subtle, it indicated that Japan no longer relied exclusively on the "Basic Defense Force Concept," established in 1976, which emphasized maintaining minimum defense capabilities to prevent the emergence of a power vacuum. Instead, the 2010 NDPG introduced a new operational concept, "dynamic defense," designed to enable the more active allocation and utilization of defense assets, as well as the visible demonstration of force for deterrence purposes, although the concept was soon taken over by others, such as the "Dynamic Joint Defense Force" in 2014 and "Multi-Domain Defense Force" in 2019.

Since 2010, Japan has further developed its defense doctrine and capabilities through a series of significant policy initiatives. These include the adoption of Japan's first National Security Strategy in 2013; the enactment of security legislation in 2015 that relaxed constitutional constraints on the exercise of the right to collective self-defense; and the decision to acquire "counterstrike" capabilities, such as Tomahawk missiles from the United States. In addition, Japan has substantially increased its defense budget to 2 percent, breaking with the long-standing political constraint of keeping defense spending at approximately 1 percent of GDP in 2022. In other words, given a relative decline of US commitment, influence, and power, Japan began to take more defense responsibilities by relaxing its security constraints.

At the same time, Japan began to strengthen its strategic ties with regional states in East Asia and beyond. While this process had already been underway with Australia and India, it accelerated particularly under the second Abe administration. Most notably, in 2016 the Abe administration launched the FOIP strategy, aiming to build a broader coalition—especially with the United States, Australia, and India—by revitalizing the Quadrilateral framework (the Quad). However, as regional criticism emerged that FOIP implied strategic rivalry rather than cooperation, Japan increasingly emphasized its order-building dimension, framing FOIP as an initiative grounded in the liberal international order that had been constructed and sustained by the United States and its allies, including Japan, since the Cold War. In this context, Japan highlighted the importance of regional multilateralism in

the Indo-Pacific, particularly ASEAN-led institutions, as a means of broadening diplomatic support for shaping a regional order that was becoming increasingly influenced by China.

3. Trump 2.0 and Beyond: Emergence of "Plan B"

In 2025, the second Trump administration was inaugurated, marking a visible shift in US foreign policy orientation. Although President Trump's slogan, "America First," remains unchanged, its policy implementation has become far more president-centered than during the first Trump administration. As a result, it is Trump himself, rather than the administration as an institutional collective, who is increasingly able to effect decisive shifts in foreign policy.

To be sure, political institutions such as the Department of State and the Department of Defense (now the Department of War) retain the capacity to navigate and constrain presidential foreign-policy decision-making. However, Trump has significantly weakened these institutions by reducing staff numbers and prioritizing the appointment of personnel loyal to the president. In this sense, the direction of US foreign policy has become highly uncertain.

With regard to US alliances and partnerships, which are traditionally regarded as strategic assets in Washington's global strategy, Trump has instead characterized them as free riders that have long exploited US resources. Consequently, echoing the approach advocated during the first Trump administration, the United States has renewed its push for greater burden-sharing, most visibly by emphasizing increases in allies' defense spending as a key metric of contribution. At the same time, as the Trump administration has clarified its geostrategic priorities—placing the Western Hemisphere first, followed by the Indo-Pacific (with China as the primary focus)—in the 2025 National Security Strategy and the 2026 National Defense Strategy, US allies have responded in markedly different ways.

For Japan, this US maneuver is not entirely surprising. Given its ongoing efforts to expand defense capabilities and budgets, as well as to diversify security ties with like-minded states in the Indo-Pacific and beyond, Japan has sought to maintain the strategic posture it cultivated throughout the 2010s. Still, there are three factors that must be managed carefully.

The first is the growing uncertainty surrounding the long-term direction of US foreign policy. It is plausible that, after Trump steps down, the United States may revert to a foreign-policy orientation more closely aligned with traditional principles, including an emphasis on liberal values, while maintaining certain areas of continuity. However, Japan cannot continually recalibrate its foreign policy in response to changes in the US presidency, as doing so would undermine its policy consistency and credibility. In this sense, Japan can no longer treat US foreign policy and the US-Japan alliance as a constant; instead, it must increasingly regard it as a strategic variable.

The second factor is the weakening of institutional ties between Japan and the United States at both Track-1 and Track-2 levels. These linkages have long been cultivated across governmental and societal domains, creating multiple channels of communication that function as stabilizers when political leaders are not personally aligned. However, through bureaucratic restructuring and the deliberate distancing of think-tank networks from government decision-making, the Trump administration has created a new policy environment that erodes the effectiveness of these long-standing relationships. As

a result, bilateral relations have become increasingly dependent on leadership-level interactions, rendering the alliance more personalized and potentially more fragile.

The third factor is a potential shift in US global strategy. Under the current Trump administration, homeland security and the Indo-Pacific (with China as the central focus) have been elevated as core strategic priorities. To some extent, this represents a clearer articulation of US strategic focus than in previous NSS, which were often criticized for presenting a "laundry list" of objectives rather than clear priorities. At the same time, however, this prioritization, if insufficiently nuanced, risks sending problematic signals to US allies and partners. While an emphasis on mutual interests and spheres of influence may be logically consistent from US perspective, it also implies that allies and partners cannot necessarily expect US commitments when their defense does not align with what the United States defines as vital national interests. In short, US credibility becomes more unstable than before.

Today, political, diplomatic, economic, and institutional linkages that the United States and its allies have cultivated make it difficult to abruptly abrogate alliances or partnerships outright. However, given the considerations discussed above, such outcomes are no longer entirely inconceivable, particularly in the long term. As a result, Japan has begun to debate the future configuration of international politics and its own strategic options within it. Broadly, three directions are under consideration: greater reliance on self-help; the expansion of coalition-based cooperation with like-minded states and selected partners in the Global South; and the continued strengthening of ties with the United States—an option that can no longer be taken for granted.

In the short term, Japan has no viable alternative to the US-Japan alliance, which remains the cornerstone of its security and defense strategy. In the longer term, however, if the current trend continues, the alliance will be increasingly unlikely to function as the exclusive center of Japan's strategic posture; instead, it is more likely to become one component within a broader and more diversified strategy. For such diversification to be credible, Japan has begun to contemplate alternative options under the assumption that the United States may no longer be fully reliable in defending Japan or sustaining regional order.

In this sense, "Plan B" entails the creation of new coalition networks—military, economic, and diplomatic—that both resist China's assertiveness and territorial encroachment while selectively accommodating China in areas where cooperation remains possible. By contrast, "Plan C" represents a contingency in which the US-Japan alliance becomes ineffective or is substantially weakened. In such a scenario, Japan would be compelled to pursue a form of "soft landing" in its relationship with China in order to mitigate strategic vulnerability. This remains a worst-case scenario—one that Japan has long sought to avoid contemplating—but under current conditions, it might no longer be entirely excluded from strategic planning.