

Collective Deterrence with Weaponized Interdependence: How Democracies Can Counter China’s Economic Coercion

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Introduction

I address issues about the implication of interdependence in maintaining peace and stability in East Asia. Let us start with the idea of collective deterrence with weaponized recognized interdependence. Deterrence is the keyword for the international security studies coined by Thomas Schelling that is the symbol of 20th-century international studies.¹ It is the keyword for explaining almost everything and how we can keep this long peace during the second half of the 20th century and possibly until today in the 21st century.

The second is the concept of interdependence, which is coined by Robert Keohane and Joseph Nye during the 1970s to describe the increasing complexity of the international political economy.² This is also a keyword for the liberal theory of international relations. During the second half of the 20th century if we have a globalization and complex interdependency in the world economy then possibly the 21st century should have been filled with permanent peace among nations. That was the hope of the 20th century especially in the field of international political economy.

In the 21st century, we have to make some modifications to that idea. First, for the deterrence I add collective one. Because usually difference is provided by great power, in that

1 Thomas Schelling, *Arms and Influence (with a New Preface and Afterword)* (New Haven: Yale University Press, 2008).

2 Robert Keohane and Joseph S. Nye, Jr., *Power and Interdependence (4th Edition)* (New York: Pearson, 2011).

sense, it is a kind of unilateral strategy. But I add collective which is some kind of uniqueness in 21st century in terms of economic security. In order to maintain economic security, we have to forge a kind of collective form of deterrence. That's my first main idea for this paper.

The second is that interdependence is no longer a buzzword for maintaining international peace. Instead, it can be a source of huge conflict. That is a paradoxical outcome of the economic interdependence. And in order to identify the uniqueness of the interdependency 21st century I add weaponized one. Today globalization is no longer a kind of secret path towards peace and prosperity.

Instead, it could be a dangerous source of first economic coercion and second possibly further militarized conflict. This is the kind of new mood of the 21st century in terms of international security as well as international political economy: collective deterrence with weaponized interdependence.

Of this paper, the subtitle indicates how democracies can counter China's economic coercion. This is a serious problem. Today many discussions indicate that China could be a problem for maintaining East Asian peace in particular world peace in general given its huge economic might in the globalized market as well as its increasing military power to compete with the United States. As in this subtitle, I hope I can introduce some noble ideas on how to make a cooperative endeavor among democracies in order to shape the behavior of China. Let me be clear that my discussion is not about how to contain China's rise. Instead, this is a proposal to coexist with China which has more prudent and more peaceful behavior with democracies surrounding the nation.

Weaponized Interdependence: A Conceptual Clarification

In the 21st century, one of the big shifts in terms of the security dialogue especially among democracies is that China emerged as a shared security concern. In the United States' national security statement, China is the only competitor in its security realm. In Japan, the newly published national security paper also indicates that China is a grave possible challenge to Japan's security. And for the first time, I think since the democratization the new government in South Korea specifically indicates that China could be a potential or possibly real threat to South Korean security as well. In that sense in East Asia, China has now become a shared security concern reality. That perception is shared by three important democracies South Korea, Japan, and the United States.

Most of the time, it is usually that North Korea is the common security problem. But despite North Korea's growing threat, most of the achievements at the Camp David Summit in the summer meeting among U. S. President Joe Biden, Japanese Prime Minister Kishida Fumio and South Korean President Yoon Suk Yeol were driven more by the addition of China as shared security concerns rather than a sole focused on North Korea. Now three democracies extend their threat perception including China's military as well as economic coercion. The addition of

China as a driver for trilateral coordination marks a notable shift in the dynamics of cooperation among not only three countries but also democracies of European unions with Australia or New Zealand.

All of those important democracies now share the same security concerns, especially in the economic realm. For them the real question is: How to shape the behavior of coercive Chinese economic power? In all probability China's defense of its core interests will continue to generate coercive behavior. This is the core problem. Beijing's economic burden entails sudden stoppage of imports from a particular country reducing the Chinese tourists to target states' consumers, or any number of entry barriers based on country in terms of the health and safety standards. These are the examples of Chinese economic coercion.

No one democracy on its own can deal with and decouple fully from Chinese economic demand. It is simply impossible to decouple China since its scale is so huge. No democracy can survive in terms of economic prosperity without the Chinese market. Decoupling is a kind of myth so we need to have a more realistic strategy. Democracies are asymmetrically dependent on China in its trade balance. For example, China accounts for 23.9 percent of South Korea, 20.3 percent of Japan, 25.9 percent of Australia, and 30.9 percent United States in 2020 in terms of trade. Based on the statistics, I think decoupling is simply impossible.³

Since the year of Keohane and Nye who coined the term, economic interdependence is a kind of peacemaker. At that time economic interdependence means three things. First of all, Economic interdependence constrains the likelihood of violent conflict because it raises the costs of disruption and incentivizes the relevant actors to continue to cooperate. It is a source of cooperation. Second, economic interdependence empowers domestic actors within great powers and enriches rising powers and non-state actors which produce a diffusion effect in world policies so it can produce better conditions for development. Lastly, economic interdependence enables the United States as the indispensable economic hegemon with the most connection to be the central player in the global agenda and unlock innovation and sustainable growth. Economic interdependence assumes that the United States is a benevolent government so that prosperity, development, and globalization will be beneficial not only for the United States but also the rest of the world.

As we may know today, these ideas turn out to be naive. Many scholars today criticized China's behavior as weaponized interdependence. I think that is a kind of misnomer. Weaponized interdependence can be used only for the hegemon like the United States. First, weaponized interdependence is a condition under which an actor can exploit its position, not the size or the scale. It might be in an embedded network to gain a bargaining advantage over others in a contained system. That is the positional power. Second, states with political authority over central economic norms can weaponize networks that just its market-side networks to gather

³ Thomas J. Christensen, "Mutually Assured Disruption: Globalization, Security, and the Dangers of Decoupling," *World Politics* (2024), 75th Anniversary, Advanced Access <https://muse.jhu.edu/pub/1/article/918726/pdf>.

information or choke of economic information flows. If you use networked interdependence then you can literally kill an economy and discover and exploit vulnerability in terms of interdependency and compel bitter unwanted actions. It is based on network power, not the naked power. In that sense, the United States is the only actor in the world economy that can exercise so-called weaponized independence.

Figure 1 illustrates a conceptual map of the likelihood of the resort to weaponized interdependence. There are two conditions. The first one is whether hegemonic commitment is strong or weak. If the hegemonic commitment is strong then you do not have to use weaponized interdependence. Only when the hegemon is declining then there will be some opportunity as well as motivation for the hegemon to use this huge weapon. The second is the perception of security importance. If for the hegemons the discrete environment is perceived as benign, then once again you do not need to use weaponized interdependence. But if the security environment is threatening then you have once again an opportunity as well as the motivation to use that one. It is possible to make a clear conceptual distinction. First, minimal use of weaponized interdependence. That is the situation of the 20th century's U. S. commitment of liberal international order when its hegemonic power is strong and its international environment is not threatening. During the so-called unipolar moment, the United States did not feel they needed to use a kind of weaponized interdependence.

Figure 1. Likelihood of resort to weaponized interdependence

		Hegemonic Commitment	
		Strong	Weak
Perception of Security Environment	Benign	<i>Minimal Use</i>	<i>Stochastic Use</i>
	Threatening	<i>Modified Use</i>	<i>Routine Use</i>

Today the situation is totally different. Recall the rise of Trump as the president of the United States and how his administration tried to use weaponized independence. At the same time, many Americans feel that they are insecure especially due to the rising competitors like China or today Russia. Now it is a mature time for routine use of weaponizing interdependence because the U.S. commitment is weak and the international environment in terms of security is threatening them. That is why the United States now has the opportunity to use the weaponized

interdependence.⁴

Another important conceptual distinction needs to be made between asymmetric independence and weaponized interdependence. Many scholars as well as practitioners think that China used weaponized interdependence in favor of their interests. In order to use weaponized interdependence, it is necessary to identify the conditions as shown in Figure 2. The first one is about the target. If the target is the state, then we can say something about using interdependence in favor of their own interests. But if the target is economic actors, then they are totally different categories. And the second one is the use of what kind of channel they try to use in terms of interdependence.

Figure 2. Varieties of economic coercion

		Target	
		States	Economic Actors
Channel	Bilateral	<i>Asymmetric Interdependence</i>	<i>Market Power</i>
	Network	<i>Weaponized Interdependence</i>	<i>Points of Control</i>

If it is bilateral then we can identify asymmetric interdependence. If you use it with network then it is weaponizing interdependence. As a result, there are two different concepts. In asymmetric interdependence, the target state depends on access to the targeting state's economy making it vulnerable to a variety of forms of economic burden. China used this asymmetric interdependence. It is basically relying on its huge size, scope, and scale.

The United States has the potential to use weaponized interdependence in which the target state depends on access to the targeting state's network and raising the cost that it would have to bear for non-compliance. This is the network power of the United States.⁵

United States' security network is unmatched because of four characteristics.

First of all, the scale of the U. S. Network is incomparable to that of China as shown in

4 Michael Mastanduno, "Hegemony and Fear: The National Security Determinants of Weaponized Interdependence," Daniel W. Drezner, Henry Farrell, and Abraham L. Newman (eds.), *The Uses and Abuses of Weaponized Interdependence* (Washington, D. C.: Brookings Institution Press, 2021): 67-83.

5 Henry Farrell and Abraham L. Newman, "Weaponized Interdependence and Networked Coercion: A Research Agenda," Daniel W. Drezner, Henry Farrell, and Abraham L. Newman (eds.), *The Uses and Abuses of Weaponized Interdependence* (Washington, D. C.: Brookings Institution Press, 2021): 305-322.

Figures 3 and 4. Second, its capability is disproportionate within the network. Third, in terms of its centrality within the network as measured by a number of security ties, more than 70 countries are connected to the United States as a hub. And fourth, the structure of the network is measured by other countries' ties to the U. S. and each other is much more complex compared to that of China. The United States has the most powerful network that can be transferred to or used for so-called weaponized independence. These networked properties offer the United States extraordinary leverage and flexibility.

Now see China's network power. China has only one ally which is North Korea. The bilateral Chinese security network pales in comparison and has no structural holes. Although China's rapid growth in economic and military capability has grabbed the headlines, its comparatively constrained ability to benefit from network centrality has a stark disadvantage. China has some advantage in terms of asymmetric independence but it is not comparable to the United States in terms of weaponized independence.⁶

Figure 3. Network power of the United States

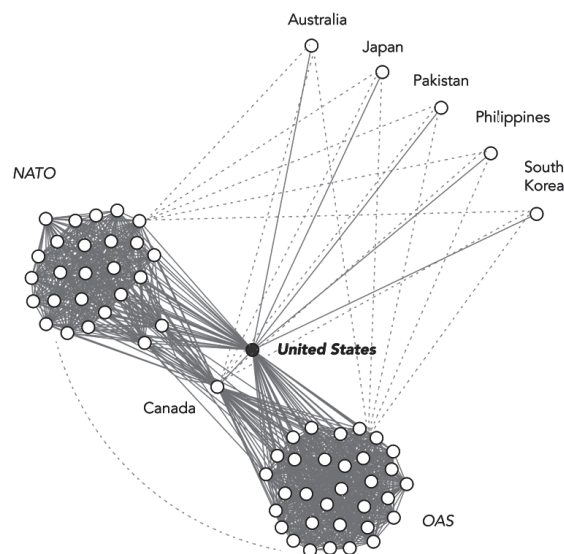
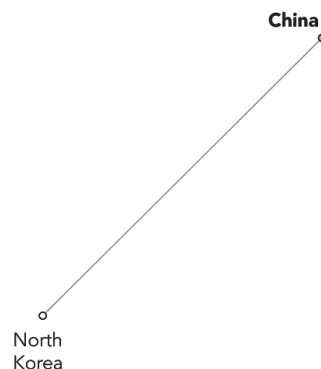


Figure 4. Network power of China



⁶ Michael Mastanduno, "Partner Politics: Russia, China, and the Challenge of Extending US Hegemony after the Cold War," *Security Studies* 28 (3) (2019): 479-504.

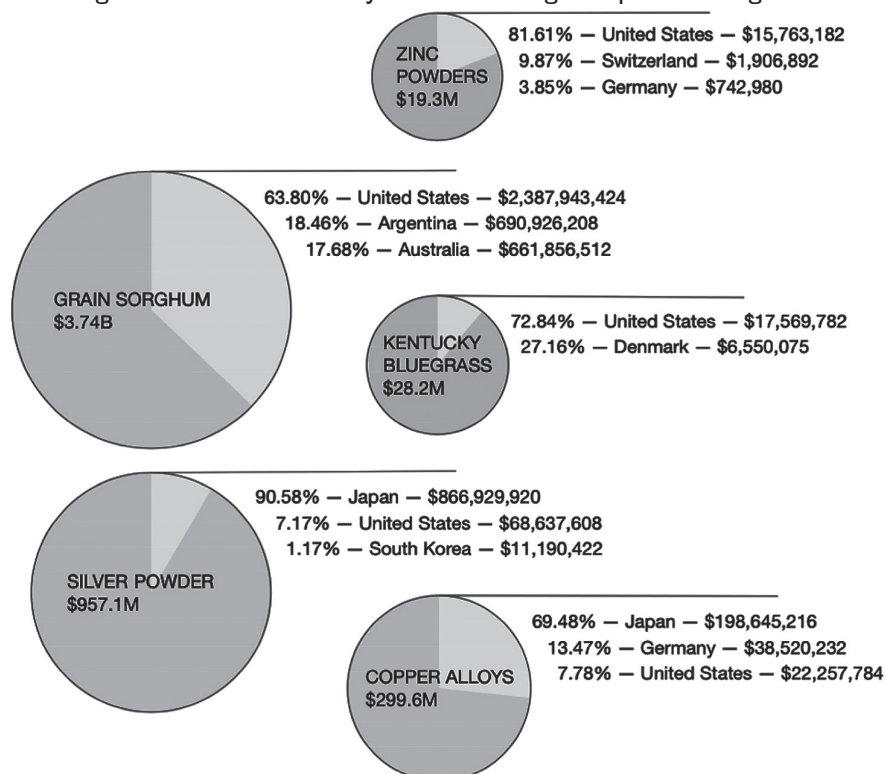
Collective Deterrence: A Strategic Cooperation of Democracies

We need to add one more on top of weaponized interdependence: Collective deterrence. First, democratic cooperation with the weaponized interdependence can produce a collective deterrence strategy that rests on the threat of multilateral response to counter economic coercion of China. For South Korea, Japan, Taiwan and even the United States if each nation acts alone then it cannot compete with China in terms of asymmetric interdependence. Only when they act in concert, they can have some deterrence power to shape the behavior of China. This collective deterrence must be a byproduct of like-minded countries like democracies Japan, South Korea Taiwan, Australia, or New Zealand.

The collective deterrence strategy uses the threat of punishment with retaliation by exploiting the network power to impose significant and unacceptable costs on China. If China attempts to coerce other economies, the key idea of deterrence is to make a thread and show the determination of the commitment to the punishment so that without using actual force democracies can deter the behavior or action of the target. This is based on the logic of non-action.

That is why deterrence is important to maintain peace and stability in East Asia. But this peace and stability is based on deterrence which is supported by collective power based on the networked bond. The collective of democracies can credibly signal that it will carry out the punishment if and when China acts against any of the states in the collective.⁷

Figure 5. Substitutability of China's high-dependence goods



⁷ Victor D. Cha, "Collective Resilience: Deterring China's Weaponization of Economic Interdependence," *International Security* 48 (1) (2023): 91-124.

The key question for this is how we can nurture the idea of solidarity across like-minded democracies. This is a daunting task because there is always a collective action dilemma. The good news for democracies is that China is highly dependent on some important industrial elements in democracies. The substitutability of high-demand goods is the choke point of China's economy. In this sense, a collective deterrence strategy must meet two criteria. First, the goods must have some strategic value, especially for Chinese industrialization. Second, the goods must have low substitutability.

The second one is important. As illustrated in Figure 5, for example, grain sorghum, which is the one element important in the field the manufacturing, United States secured 63 percent in the use of China, then Argentina 18 percent, and Australia 170 percent. More than 18 or 19 percent of this item has to be imported from these democracies. If we can coordinate the action of these democracies then we can secure the choke point of China. Of course, this is a difficult endeavor but if it is succeeded then we can make a counteract to deter the behavior of China. If China were unable to import these items from its top three or four suppliers and most of them from democracies, finding alternative sources could create significant transaction costs. This is the choke point of Chinese economies.

Figure 6. Unfavorable view of China among democracies

Record high negative ratings for China in most countries surveyed

% who have an **unfavorable** opinion of China

■ Most unfavorable ■ Least unfavorable

	'02	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'22-'23 change	
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Poland	-	34	-	42	54	41	41	32	41	43	52	44	42	29	37	34	-	-	55	67	▲12	
Canada	-	27	-	37	-	36	-	-	-	45	-	48	40	40	45	67	73	73	74	79	▲5	
France	-	42	41	51	72	60	59	49	60	58	53	49	61	52	54	62	70	66	68	72	▲4	
Israel	-	-	-	45	-	37	-	46	-	60	50	42	-	43	42	25	-	-	46	50	▲4	
Spain	-	21	38	43	56	41	38	39	46	47	55	50	56	43	48	53	63	57	63	66	▲3	
Sweden	-	-	-	40	-	-	-	-	-	-	-	-	59	49	52	70	85	80	83	85	▲2	
Netherlands	-	34	-	-	-	-	-	-	-	-	-	-	43	42	45	58	73	72	75	77	▲2	
Germany	-	37	33	54	68	63	61	59	67	64	64	60	60	53	54	56	71	71	74	76	▲2	
Australia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87	85	86	87	▲1	
U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79	76	82	83	▲1	
Greece	-	-	-	-	-	-	-	-	38	37	46	-	37	40	48	32	-	42	50	51	▲1	
Japan	42	-	71	67	84	69	69	61	84	93	91	89	86	83	78	85	86	88	87	87	0	
UK	-	16	14	27	36	29	35	26	35	31	38	37	44	37	35	55	74	63	69	69	0	
Hungary	-	-	-	-	-	-	-	-	-	-	-	-	44	45	47	37	-	-	52	50	▼2	
South Korea	31	-	-	42	49	54	56	-	-	50	42	37	-	61	60	63	75	77	80	77	▼3	
Italy	-	-	-	61	-	-	-	-	64	62	70	57	61	59	60	57	62	60	64	58	▼6	
																					'19-'23 change	
India	-	-	-	-	-	-	-	-	-	41*	39	32	36	41	-	46	-	-	-	67	▲21	
Brazil	-	-	-	-	-	-	34	37	39	28	44	36	-	25	33	27	-	-	-	48	▲21	
Mexico	-	-	-	41	38	43	31	46	36	33	38	34	-	23	27	22	-	-	-	33	▲11	
Argentina	-	-	-	31	31	24	28	-	-	22	30	26	-	26	27	24	-	-	-	34	▲10	
South Africa	-	-	-	-	51	-	-	-	-	43	40	34	43	32	38	35	-	-	-	40	▲5	
Kenya	-	-	-	15	-	14	10	21	-	13	16	22	23	21	17	25	-	-	-	23	▼2	
Nigeria	-	-	-	-	-	-	15	-	-	11	14	14	18	13	17	17	-	-	-	15	▼2	
Indonesia	-	25	31	30	34	34	37	28	-	24	25	22	-	36	32	36	-	-	-	25	▼11	

*2013 survey in India conducted through the winter of 2013 and 2014.
 Note: Statistically significant changes over time in bold. Prior to 2020, U.S. and Australia surveys were conducted by phone. See topline for results.
 Source: Spring 2023 Global Attitudes Survey, Q3b.
 "China's Approach to Foreign Policy Gets Largely Negative Reviews in 24-Country Survey"

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This is a viable strategy but it must be coordinated. In international relations, international coordination is one of the most difficult challenges. But there is a seed that may make a collective action of democracies possible. As shown in Figure 6, a public survey of the unfavorable view of China worldwide, most of the democracies now have the score of more than 65 percent. The highest one is even more than 75 percent. Large majority of the population across democracies now have a very unfavorable view of China. This is mainly due to the Chinese rampant and constant economic coercion. This can be the domestic foundation to forge foreign policy to counter the Chinese economic coercion among democracies. It is a kind of mature time point for policymakers in democracies to make some more effective coordination in order to deter Chinese economic coordination in a more concerted way.

Conclusion

To be clear, once again, my suggestion is not about fighting with China. it is also infeasible. Decoupling from China is impossible, I think. China has huge economic might. The only possible strategy or solution to change the behavior of China in a peaceful way is to have better cooperation among democracies in order to use weaponized interdependence as a collective deterrent power.

That may be in the near future feasible solution is to change some kind of security environment in East Asia so that we can coexist with China. Without the regime change in China, we can learn from this kind of collective difference experience that authoritarian countries and democracies can coexist. And that is a sort of solution to maintain peace in East Asia in the 21st century.

