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CAUTIOUS PEACE: STRATEGY AND CIRCUMSTANCE
IN ASIA-PACIFIC SECURITY

James L. Lacy



July 1995

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FOREWORD

The Institute for Defense Analyses periodically conducts self-initiated surveys and “state of play” assessments of major areas of strategic interest to U.S. defense planners and policy makers. The purpose is to assist DoD in anticipating and formulating responses to changes in the evolving national security environment, while ensuring that IDA’s total research program keeps pace with the Department’s changing needs.

This paper reflects one such assessment. It is concerned with the Asia-Pacific security environment and America’s roles in it—in the near term of the next several years and over the course of the decade or so beyond.

The paper was developed within IDA’s Strategy, Forces & Resources Division with funding support from IDA’s Central Research Program. It was not commissioned by the U.S. Government and its publication by IDA in no way implies U.S. Government endorsement of the paper’s contents.

The analysis should be of interest to Department of Defense officials charged with translating national security strategy into specific policies, programs, and operational plans in the Asia-Pacific region, and to DoD planners and decision-makers concerned with functional areas of national strategy and security policy—nonproliferation, arms control and confidence-building, technology cooperation, security assistance, force planning, basing and access, etc.—for whom the Asia-Pacific represents an important theater of opportunity and challenge.

IDA is a federally funded research and development center established to assist the Office of the Secretary of Defense, the Joint Staff, the Unified Commands, and Defense Agencies in addressing important national security issues. IDA also conducts related research for other government agencies on national problems for which the Institute’s skills and expertise are especially suited.

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SUMMARY

This paper was prepared as part of an IDA-initiated assessment of security issues and developments in the Asia-Pacific region. It examines the conditions of security, alliance, and forward presence in which U.S. military forces may operate in the region's near and distant future.

The analysis identifies seven priority areas for U.S. regional defense policy and planning in the near term of the next several years:

- Preparing for *Korean reunification*, to include advanced planning for possibilities of a chaotic north-south merger, the positions the United States will take and promote in establishing the strategic/military conditions for a reunified Korea, and the complex alterations in U.S. military force structure that will be triggered by reunification.
- Refining *U.S. security policy toward China*, to include drawing firm "lines in the sand," where appropriate, in the face of Chinese expansionism, and "trilateralizing" U.S. security interactions with China through the inclusion of Japan.
- Development of a *concept of U.S. "strategic engagement"* in the Asia-Pacific to better clarify U.S. strategic interests and purposes in regional security, responsibility-sharing with countries in the region, and the criteria the U.S. will employ in determining whether and how to intervene militarily in disputes and developments.
- Broadening *U.S. regional security strategy and defense policy* for the region to take better into account the region's (and China's) southern perimeters, the roles in power balances and alignments to be played by medium-sized powers, and the opportunities presented by indigenous security alignments.
- Development of viable *long-term multilateral security consultation, coordination and cooperation in the Asia-Pacific*, to include U.S. efforts to better focus the region's existing security forum (the ASEAN Regional Forum), perfecting and promoting U.S.-initiated "trilateral" security discussions involving multiple subsets of states in the region, and U.S. "piggy-backing" on emerging indigenous bilateral security relationships in the Asia-Pacific.
- Preparing and developing the terms of a *U.S.-China accord to prevent and manage dangerous military activities* involving the military forces of the two, and exploring possibilities to establish *multilateral agreements to constrain certain kinds of conventional arms acquisitions and build-ups* in the region.

- Reassessing and reconfiguring the forward-deployed military presence of the United States in the Asia-Pacific, with a view toward better employing concepts of “presence without forces” and “engagement without presence,” in addition to readjusting basing arrangements and broadening military access in the region.

I. INTRODUCTION

“In thinking about Asia, we must remember that security comes first.”

National Security Strategy of the United States, 1995

As part of our analytical support for DoD, IDA periodically conducts self-initiated “strategy and forces” assessments in areas of national security policy, operational doctrine, force planning, and support arrangements. The aims are to anticipate challenges and opportunities that lie ahead for U.S. security policy and forces, organize a way of thinking about them, stimulate and help focus discussion, and suggest benchmarks for policy and analysis.

This paper reflects one such assessment. It is concerned with the conditions of security, alliance, and forward presence in which U.S. military forces may operate in the Asia-Pacific region—in the near term of the next several years and over the longer haul of the decade or so beyond.

BACKGROUND

Our reasons for focusing on the Asia-Pacific region do not require much elaboration. Along with North America and Europe, East Asia is emerging as a third center of world power. On the economic front, the region will soon have about one-third of world Gross Domestic Product (GDP). What happens in the Asia-Pacific is increasingly important for the prosperity of both the global market economy and the U.S. economy.

History and geography, as well as abundant economic ties, connect the United States closely with the region’s security affairs. In the simple but cogent summary of U.S. national security strategy: “We are a Pacific nation. We have fought three wars there this century.... East Asia is a region of growing importance for U.S. security and prosperity.... [N]owhere ... is the need for U.S. engagement more evident.”¹

The American military investment in the region is considerable. The Asia-Pacific is one of two places in the world (the other is Europe) where the United States is committed to maintaining a substantial regularly deployed ground and air force presence—some 100,000 troops in Northeast Asia. In addition, the U.S. Seventh Fleet’s area of patrol takes in all of East Asia and the Western Pacific.

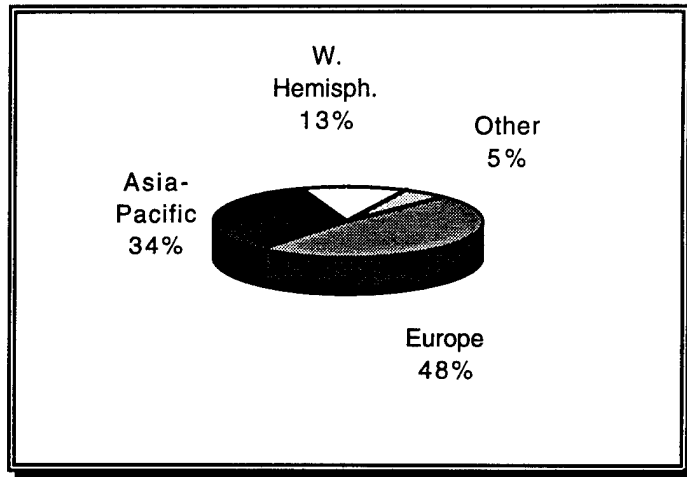
Transition

East Asia has been less dramatically transformed than Europe by the Cold War's end and the Soviet Union's demise. To look back at the past five years is to see more continuity than change, especially in the security realm. The Cold War wound down earlier and more gradually in the Asia-Pacific than in Europe. Under Mikhail Gorbachev, the

Soviet Union cut troops and ships from the Far East order of battle, pressed Vietnam to withdraw from Cambodia and drew down its own military presence in Vietnam, normalized relations with China and South Korea, and had begun to tighten the screws on North Korea. Many of the gains of ending the Cold War were thus in place before the ending came to be recognized as such.

The Asia-Pacific has not had to face the kinds of pressing strategic issues that Europe has encountered—there is no Asian counterpart, for example, to Europe's struggles over western structures (NATO, European Union) expanding eastward. The Soviet Union's collapse in late 1991 left China facing three new border states for which it had to improvise a policy where none had existed for a century, and left India with a gaping shortfall in military supplies and munitions. But the Soviet reach had always been far more truncated in the Asia-Pacific than in Europe. Soviet control over the Asian Leninist states never achieved the levels of Eastern Europe, and nothing comparable to the sweeping readjustment of political geography that followed the Soviet Union's collapse in Europe, the Transcaucasus, and Central Asia followed in the Asia-Pacific.

Although the region has not lacked for interstate disputes and political/security crises in the Cold War's aftermath, they have not acquired the strategic magnitude and sense of urgency of problems in other parts of the world. Cambodia at its recent worst did not assume the international dimensions of Bosnia. Kazakhstan has not provoked the same kinds of strategic perplexities that Ukraine has. Russian entanglement in Central Asia's civil wars has yet to arouse the levels of concern in East Asia that its military involvements



**Figure 1. U.S. Forces Abroad
(incl. Forces Afloat)**

in the civil wars of the Transcaucasus have sparked in Europe. The Tiananmen Square massacre in China in 1989 and North Korean brinkmanship over international inspection of nuclear facilities in 1993-1994 were greeted with widespread concern, but only a few countries in the region saw in these developments a requirement to rethink basic political and military policies and directions.

A broad embrace of "economics above all else" helped to push questions of military strategy and security to a back burner in recent years. To many within the region, and in the United States also, economic, not military, strength has become the measure of national power in the post-Cold War Asia-Pacific.²

Continuity of leadership in most Asia-Pacific countries facilitated gradualism. Individual political leaders changed in a few countries between 1989 and 1994, but the character of national political leadership, for the most part, did not. With few exceptions, the generations, parties, and political dynasties that were in power before the Cold War's end also hold power in the aftermath.

Change

The relatively uneventful character of the first half of the decade can be misleading, however. As we survey the Asia-Pacific's security dynamics and plausible directions at the mid-point (early 1995) in the first post-Cold War decade, we are struck by *how little actually is settled and how much is in flux*. Old assumptions about threats, interests and alignments no longer carry the same weight, yet no alternative set of assumptions has replaced them.

It would be mistaken, accordingly, to interpret the lull of recent years as a permanent or prolonged condition. Across the region, governments and military planners are taking the measure of change in the region's security environment, and reassessing their strategic requirements and opportunities in this light. The fact that national directions have yet to be clearly and firmly settled in a number of cases reflects both the newness of strategic change and its complexity.

"Post-" Environment

The region has entered two "post-" eras. One is post-Cold War. Although the Soviet threat was hazier in most of the Asia-Pacific than in Europe, the demise of the Soviet state and its ideology are not without impact. With the Soviet Union/Russia on the sidelines, China is free to pursue what it sees as the "unsettled questions of history." The Soviet collapse also removed the single most important impetus for Sino-American military

and strategic cooperation. Other states, historically dependent on Soviet largesse and the Moscow political tie, now face difficult questions of redefinition and affiliation. Non-communist alliances formed in Cold War/containment terms are not self-defining in the aftermath. The glue that more-or-less held together the non-Communist Asian states, and bound them to the United States, is losing some of its adhesiveness.

The other new condition, for lack of a better shorthand, is “post-post-colonialism.” For much of Asia, the decades following World War II were the post-colonial period, when external (mostly European) dominance was jettisoned in struggles for national independence, and often fierce internal battles were fought over the definition of national “identity” and political control. The post-colonial period is just about at an end, but defining what follows has barely begun. Compared with the Old World of Europe and the New World of the Americas, the independent sovereign nation-state in Asia is a newcomer—in few cases does its history, as such, extend back more than 50 years.

In both “post-” frameworks, there is more national assertiveness than before, but *there is also considerable tentativeness about what comes next, and what after that.* Regional mechanisms for channeling heightened nationalism are rudimentary at best. In security affairs, the Asia-Pacific has none of Europe’s legacy of elaborate multinational structures (NATO, Conference on Security and Cooperation in Europe, European Union, Western European Union). This frees it from struggles (as in Europe) over redefining, reconciling, and adapting carryover Cold War structures. But the absence of such baggage, and the relatively uncluttered slate, also mean few precedents and historical guideposts.

In this “post-” environment, East Asia and the United States face complex choices about future security arrangements. The East Asians have to determine how to manage the security affairs of a region in which power is unevenly distributed, habits of (and mechanisms for) cooperation in military/security affairs are largely unformed, and definitions of “region” itself are elusive. They also have to make judgments about the roles to be played by Pacific but not Asian, and Asian but not East Asian, states. Americans are involved in this debate, but the United States also faces issues of its own. While the United States is firmly committed to a strategic policy of military engagement, and is broadly welcomed within the region, *there is nothing predestined about America’s security role in East Asia and the Pacific, and nothing pre-determined about the specific forms this should take.* The United States will retain an influential voice in the region’s security affairs in nearly every plausible scenario, but it will not be the only influential voice, nor is it likely to be as influential as in the past.

Strategic Adjustment

The Asia-Pacific is at peace at mid-decade, but it is a cautious peace—a time of wariness, wait-and-see, and maneuvering for position. While the region is littered with potential conflicts between states, the overarching security issue concerns long term power balances and security alignments. Viewed in the longer term, some regional actors who command attention on the present stage (e.g., China, Japan) will continue to be central figures; others (e.g., North Korea) likely will become footnotes. By the same token, players who lack strategic roles at present (e.g., India, Indonesia, Vietnam, Australia) could well assume them.

Radical realignments in military balances and security relationships in the region are improbable in the short run. The catalysts that might send states in the Asia-Pacific scurrying for different and/or more definite security arrangements are relatively few; except for an abrupt political disposition on the Korean peninsula or a China turned energetically and unambiguously aggressive toward neighbors, they also are fairly remote. Outside Korea, no Berlin Wall awaits to be tumbled—no overarching conflict to be put to rest in a single dramatic accord. *Although strategic adjustment is virtually assured in the long run, it will most likely come about incrementally.* Alterations in strategic and political patterns will be piecemeal, difficult to track, often confused, and at times contradictory.

This said, *the pace of strategic adjustment is almost certain to accelerate in the next five years.* Some issues that have simmered on a back burner for decades are likely to move forward. The North-South division on the Korean peninsula stands a good chance of ending sooner rather than later—how and how soon are the principal unresolved questions—with broad implications for the character and content of security through much of the region. Given the present momentum within Taiwan toward formal independence from the mainland, the 45-year-long one-China/two-Chinas issue is likely to break to the surface sooner rather than later also.

More generally, strategic requirements and interests are likely to see shifts in emphasis, if not also in direction, over the next several years. Old territorial disputes over land will not disappear, but they will be joined increasingly by newer disputes over sea areas and sea-bed resources, and by issues of access to (as well as physical control over) raw materials. East Asia will import a growing share of its oil consumed from the rest of the world—by 2010, the whole of East Asia could account for nearly half the world's energy consumption—elevating issues of supply security to greater prominence in the time ahead. *Countries in the region that have traditionally viewed their vulnerabilities and*

opportunities at fairly close range will have to think strategically over much longer distances in the future.

Up to now, few countries in the Asia-Pacific have had the military wherewithal to launch and sustain serious assaults on others, and fewer still the capability to do this at any great distance. Limited military means have served, in effect, as a near term inhibitor. This, too, is likely to change in the time ahead. The conventional arms buildups that are currently under way will introduce an enhanced ability to project power to neighboring countries and offshore locations, such that the use of military force will be a more viable option than in the past.

National leaderships also will undergo more, and more consequential, change over the next five years than during the past five. Leadership transitions in a number of countries between now and the end of the decade could have important implications for external as well as internal national policies. The most carefully watched, and fitfully uncertain, is the succession to follow Deng Xiaoping in China. But Indonesia, which has known essentially one-man-rule in Sukarno and then Soeharto since the close of World War II, will face uncertain succession questions later in the decade; the leadership succession to Kim Il Sung in North Korea is still unclear nearly a year after his death; determining a viable follow-on to 40-plus years of Liberal Democratic Party rule will preoccupy and challenge Japan; what follows (and how smoothly and to what effect) current leaderships in Malaysia, India, the Philippines, South Korea, Brunei, and Burma are unsure.

Changes in political leadership will be dynastic in character in some cases, generational in character in others, revolutionary in character perhaps in a few. That successor leaderships will fully embrace the formulations, perceived restraints, and conventional wisdom of the present generation is doubtful. One thing is sure: The prime ministers, foreign ministers and defense ministers that the United States will deal with in 2000 will differ from those in 1995 far more considerably than 1995's Asia-Pacific political leadership differs from that in 1990.

Barring a major calamity, the process of strategic adjustment will be evolutionary, not revolutionary. In either case, however, the directions and implications will be strategic. China's interests, ambitions, and roles in the region's security affairs are likely to come into clearer focus over the next several years. Whether and in what forms China will maintain national cohesion, how it conceptualizes and manages its strategic requirements and opportunities, and whether it pursues policies of autonomous action or interdependence,

will determine much of the security agenda for the region into the next century. Whither China? is the one security question that resonates in all of the region's ministries of defense and foreign affairs.

Whither the Americans? will need to be answered in parallel. Between now and the end of the decade, *the United States will be the only other power with regional reach, and the only potential counterpoint to Chinese power.* Japan, India, and combinations of other countries could over time assume some or most of this role, but that would be over the longer term. Yet China is central to Asian security; the United States, an offshore power, is relevant only to the extent that it asserts credible relevance.

Developing viable long term security arrangements for the region will be a central element in anchoring the U.S. strategic tie. This will not be easy. It also will not be postponable or avoidable. Preoccupation with trade issues in the early 1990s, and an embrace of fairly abstract conceptions of multilateral security management beginning in 1993, left to the second half of the decade most of the issues and hard choices involved. Managing change in strategic/military concepts and circumstances will be a corresponding challenge. With 82,000 troops in Northeast Asia (of the 100,000 total) tied to South Korean defense, *a large part of the U.S. military presence in the Asia-Pacific is linked to North Korea's near term fate and destiny.* Thus, what happens in Korea, how it is managed, and what it turns out to mean for the U.S. military presence in Asia will have a strategic/political importance that reaches far beyond the immediate Northeast Asia vicinity.

Japan also will need to find its regional "place" in the time ahead. Up to now, Tokyo has been content to make its mark in trade and investment, leaving the initiative to others for structuring and managing regional security issues. There will be powerful limitations on how activist (and independent of the United States) a security role Japan will be able to play in the Asia-Pacific, but there also will be strong pressures within Japan to articulate a more nationalist security policy as the decade matures.

How China, Japan, and the United States structure their security interactions and relationships over the next five years will establish the strategic frames of reference for much of the region for the decade beyond. Northeast Asia will remain a primary security zone—the interests of China, Japan, Russia, and the United States intersect directly there—but it will not be the only area of major power interest and interaction in the time ahead. The sea corridors through which oil and bulk merchandise flow—from the Red Sea and the Persian Gulf to the Yellow Sea and the Sea of Japan—form strategic arteries linking the security of the northeast pocket with security developments along the southern stretches of

Asia. If in the past Southeast Asian security was the tail of a dog that got wagged from the north, in the future the interactions and interdependencies are likely to be much more multi-directional. Though it is too soon to speak with confidence of a southern strategic arc emerging in the region, *there is reason to expect that the region's strategic compass will point south and west as well*—to the Indian Ocean, the Persian Gulf, Central Asia, and the Middle East—as the decade matures.

Military Power

In the region's "post-" environment, military factors will not be the only elements in the security calculus. *History, culture, national politics, energy, economics, and environmental considerations will play larger roles than in the past in shaping the terms of security and stability in the Asia-Pacific.* U.S. policy towards the region aims for an "integrated strategy ... which links security requirements with economic realities and our concern for democracy and human rights."³ Countries in the Asia-Pacific also value "comprehensive security" approaches that embody a broad range of factors and linkages.

Nonetheless, military power will retain a distinctive influence and relevance. The non-military dimensions of security, stability, and well-being will attain greater saliency and significance than during the Cold War, and will require that old policies be rethought, terminology redefined, and priorities realigned. Traditional concepts of military presence, deterrence, and influence will need to be re-examined in the context of the interplay of a host of other factors. But *economic, energy, and environmental issues and concerns will at best help to shape, not replace, military and strategic stakes and interests.* Military dangers will remain, military concepts will still pertain, and armed forces will continue to be important instruments of national and international policy. *Military and security policy will still need to be rationalized, nurtured, analyzed, and adjusted in its own terms as well as in linkages to other strategic goals.*

THIS PAPER

In the sections that follow, we (1) describe where matters stand in Asia-Pacific security at mid-decade; (2) explore what will enter into the region's security dynamics and decision-making as the pace of adjustment picks up and the patterns of security politics begin to diverge from those of the recent past—in order to shed some better light on what eventually may come out; and (3) draw out and examine the issues, opportunities and dilemmas that are likely to confront U.S. security planners and decision-makers in seeking to influence, accommodate, and/or adjust to changing circumstances.

The examination hangs on no one “peg” in particular. Our approach has been to step back from assessments of specific issues in order to assemble the pieces of a framework for thinking about the region’s broader (and longer term) directions and what these, in turn, might suggest for U.S. security policy and analysis in the near term.

In sketching such a framework, we begin from a rich base. Since 1990, DoD has revisited biannually the Asia-Pacific security environment in reports to Congress, reviewing in the process strategic objectives, mission requirements and capabilities, and specific policy aspects. Much that needs to be assembled for these purposes already exists in the *National Security Strategy of Engagement and Enlargement* (1994, 1995), DoD’s East Asia Strategy Report (*EASR*)—*United States Security Strategy for the East Asia-Pacific Region* (1995), and the Joint Chiefs of Staff’s (JCS) *National Military Strategy of the United States of America* (*NMS*) (1995).⁴

In preparing this paper, we have been able to build on an abundant body of previous work on East Asia and the Pacific, much of it done within or sponsored by DoD and the U.S. intelligence community, and also assessments conducted outside these orbits, including assessments by government and non-government analysts from countries within the Asia-Pacific region. Our tasks have been to integrate existing analyses of specific issues and patterns, place them in a larger perspective, and extend the analysis further by:

- Suggesting and assessing additional factors and considerations in the overall calculus,
- Weaving longer-term perspectives into the strategic tapestry,
- Identifying and, where appropriate, imposing general boundaries on key areas of uncertainty,
- Spotlighting for further examination the issues and choices that are likely to confront DoD decision-makers in translating broad strategic objectives into specific policies, programs, and operational plans in the near term ahead, and
- Identifying unresolved empirical and analytical questions that warrant closer study before decisions about policies and forces are made.

In fashioning a view of the Asia-Pacific’s security future, we have been mindful of *the artificialities involved in lumping together an area so vast and diverse under a single banner*. Apart from the convenience of geopolitical terminology, there is little reason why Asia, let alone the Pacific, should be considered a coherent unit. For the most part, security issues, interests, and concerns do not carry well over large distances. Different configurations of power arise depending, for example, on whether the issue concerns Northeast Asia or the South China Sea. Except in a very general sense, what happens on

the Korean peninsula is of little concern to Indonesia, along the Thai-Cambodia border of no particular concern to Japan, between China and Russia of little interest to Singapore and New Zealand. *At best, the Asia-Pacific is a collection of sub-regions, each with different geostrategic circumstances—Northeast Asia, Southeast Asia, South Asia, and the Southwest Pacific.*

Yet, *to focus exclusively on subregions introduces artificialities (and can miss linkages) as well.* China bestrides much of the landscape—north, east, west, and south. Given the history, whither Japan? is a question that carries over very long distances. Whether India's strategic vision will point east or west is not insignificant in the strategic calculations of smaller countries in East Asia, or in the strategic horizons of countries like Australia. U.S. power and military presence also straddle the breadth of the region. Although U.S. ground and air forces are concentrated in Northeast Asia—Korea and Japan—U.S. forces afloat patrol an expanse from the Pacific Northwest through the Indian Ocean, including also the South Pacific. U.S. strategy necessarily embraces the entire region, even as strategic differences within the region are recognized. In this paper, we follow suit.

In considering the region for the purposes we have set out, we include India, the Russian Far East, and the eastern parts of Central Asia—as they factor into the East Asia/Pacific strategic calculus. We hope to provide a separate assessment of Central, South and Western Asia in the future, in which India, Russia, and some Central Asian states touched on here play prominent “regional” roles as well.[†]

[†] We do not in take into account here “extra-regional” actors who play or could play security-relevant roles in East Asia. These include Israel (which maintains discrete but not insignificant security ties with China), Canada, Britain, and France. The roles (and potentials) of these others warrant assessment; we simply do not add that assessment here.

II. MID-DECADE

“Today, no region in the world is *more* important for the United States than Asia and the Pacific. Tomorrow, in the 21st century, no region will be *as* important.”

*Winston Lord, U.S. Assistant Secretary of State
for East Asian and Pacific Affairs, 1993*

“The social, economic and political transition now occurring in Asia is encouraging but uncertain.”

DoD, EASR 1995

It helps to begin with an overview of the region at mid-decade. The Asia-Pacific presents a decidedly mixed picture. In overall wealth, the region is rapidly catching up with the developed world, doubling and perhaps tripling the incomes of many of its citizens within their lifetimes. It is also outpacing much of the rest of the world in the development and application of advanced technologies. Income inequalities have been declining, and a middle class has been steadily growing in a number of countries. No country has taken up arms against a neighbor in recent years. At the same time, the region continues to fall short in energy and environmental management. In accomplishing, in *The Economist's* words, “the fastest rise in incomes, for the biggest number of people, ever seen on earth,”¹ the Asia-Pacific also still remains home to some of the world's poorest countries. The absence of immediate military conflict has been accompanied by larger, not smaller, defense expenditures and the acquisition of longer range power projection military capabilities.

FOUNDATIONS

Chief among the region's foundations is a robust economic environment. *The dynamic economic growth of Asian economies, kicked off in the 1970s, has lost none of its momentum.* Even when taking into account sluggish economic performance by the Philippines, Australia, and New Zealand, the region averaged 5.8 percent GDP growth in 1993, with an average inflation rate of 5 percent and a jobless rate of 4.6 percent. In 1994, China's GDP was estimated to have grown by 10 percent, South East Asia's, by 7.1 percent, and Japan's, by 2 percent—compared to 1.6 percent GDP growth for the European Union (EU) and 2.6 percent for the United States. Taken as a whole, the Asia-

Pacific region now commands about 29 percent of the gross world product on a Purchasing Power Parity (PPP) basis.²

Table 1. East Asian Economies, 1993³

	<i>GDP Growth (%)</i>	<i>Trade Balance (\$US millions)</i>	<i>Inflation (%)</i>	<i>Jobless Rate (%)</i>
China	13.0	\$-7,500	13.0	—
Hong Kong	5.3	-4,000	8.5	2.1
Japan	0.0	135,000	1.3	2.4
S. Korea	5.2	2,100	5.8	2.8
Taiwan	6.2	4,073	2.9	1.5
Indonesia	6.5	8,200	9.8	—
Malaysia	8.3	5,000	3.8	3.0
Philippines	1.5	-6,100	7.6	8.6
Singapore	9.8	-13,173	2.4	2.1
Thailand	7.3	-9,643	3.2	3.0
Vietnam	7.5	-100	4.0	—
Australia	2.8	340	2.4	10.9
New Zealand	3.1	915	1.3	9.7

More of the same is widely forecast for the second half of the decade. The International Monetary Fund (IMF) estimates that East Asia will contribute fully half of the \$7.5 trillion[†] increase in gross world product in the 10-year period, 1990-2000.⁵ Most forecasts predict that the region will have one-third of world GDP within a decade.⁶ Even skeptics who attribute most of the region's growth to a one-phase surge in inputs and, accordingly, predict diminishing returns in the future, nevertheless expect that economic growth in East Asia will continue to outpace growth in the west for the next decade and beyond.⁷

Table 2. Asian Growth Rates, 1975-1993⁴

Average GDP growth rate (1975-93)	
Taiwan	8.9
China	8.7
South Korea	8.3
Hong Kong	7.9
Singapore	7.6
Malaysia	7.1
Thailand	6.4
Indonesia	6.3
Pakistan	5.2
India	4.3
Nepal	4.1
Sri Lanka	3.0
Philippines	2.7

While the Asian "economic miracle" has not been evenly distributed—Vietnam, Cambodia, Laos, India, and Bangladesh, for example, remain among the world's poorest countries, with per capita GDPs of less than \$350—*dynamic growth has not been limited to a few "economic tigers."* Although South Asian countries in general have lagged behind those in East Asia, they, too, have sustained

[†] Unless another currency is specifically mentioned, all monetary figures are in U.S. dollars.

respectable growth patterns. At an estimated 6 percent GDP growth in 1994, South Asia compares favorably with the EU and the United States for the year, and also against the estimated world average of 3.4 percent growth.

Trade

The region's trade performance shows no sign of slackening. Asian nations account for about 15 percent of world trade. Japan's \$340 billion (B) in exports to the world and the Newly Industrializing Economies' (NIEs)[†] \$325B in 1992 were not far behind U.S. worldwide exports of \$447B. Although the volume of world trade expanded by only 2.5 percent in 1993, the volume of Asia's merchandise imports was up 10.5 percent while exports from the region rose by 6 percent.⁸ Among the major regions of the world, Asia also recorded the highest rate of increase in the value of exports, which rose 7.5 percent in 1993 to \$955B, with the rise broadly based among countries in the region.⁹

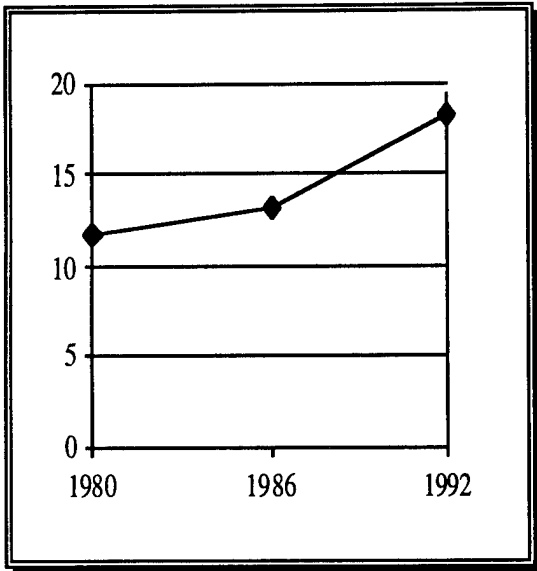


Figure 2. Inter-Asian Trade as Percent of Total

percent among its own countries.¹⁰ Though much of inter-Asian trade still is in sub-units of products for which the final demand is in the West, the region is less vulnerable to stretches of sluggish western growth, or to a rise in western protectionism, than in the past.

Trade by Asians among themselves has been growing at a crisp pace as well (Figure 2). National boundaries in Asia have tended historically to make for weak economic barriers, with *de facto* economic zones often ignoring national frontiers. Inter-Asian trade relationships, often at considerable distances, have broadened in the past decade. Between 1986 and 1993, intra-regional exports grew from \$59B to \$215B. About 22 percent of Developing Asia's[‡] exports go to the United States, 13 percent to Japan, 28 percent to the rest of the world, and 37

[†] South Korea, Taiwan, Hong Kong, and Singapore.

[‡] Developing Asia includes all countries in the region except the industrialized countries of Japan, Australia and New Zealand.

Natural economic territories (NETs) that operate more-or-less independently of formal state boundaries are a growing phenomenon in the region. NETs now blur the formal political geography of much of China—joining Guandong province with Hong Kong and Taiwan, Fujian with Taiwan, Shantung with South Korea, the northern parts of China with the Russian Far East (RFE), and provinces in Southwest China with Southeast Asia. In Southeast Asia, a NET is taking form linking Singapore, Johore (Malaysia) and Batam island (Indonesia).¹¹

<i>APEC Members</i>
Australia
Brunei
Canada
China
Chile
Hong Kong
Indonesia
Japan
South Korea
Malaysia
Mexico
New Zealand
Papua New Guinea
Philippines
Singapore
Taiwan
United States

The institutional dimensions of trade relationships also have been expanded and strengthened. The forum for Asia Pacific Economic Cooperation (APEC), begun in 1989 as an informal consultative arrangement for the discussion of growth, trade, and interdependence issues in the region, has been developed into a formal institution involving all of the major economies in the region, including the United States, and also a few at a distance: Mexico, Canada, and Chile.¹² In the Bogor Declaration of November 15, 1994, the APEC member countries went beyond anything attempted up to then, and committed themselves, in principle, to a free-trade relationship by fixed dates: 2010 for the “industrialized economies,” 2020 for “developing economies.”

On a smaller scale, earlier proposals within the Association of Southeast Asian Nations (ASEAN) for an ASEAN Free-Trade Area (AFTA) were revived in 1994, with the aim of tariff reductions on manufactured goods and processed agriculture to 20 percent within five to eight years. In mid-year, Australia and New Zealand proposed merging their bilateral Closer Economic Relations (CER) trade agreement with AFTA as the latter takes form. AFTA and CER, which involve whole economies, are not the only subregional groupings. Special economic zones, such as Sijori and the Pearl River Delta, also have been carved from parts of economies. More is ahead in the form of export processing zones, growth triangles, and free trade areas. In the phrase of the Pacific Economic Cooperation Council (PECC), “triangles and rectangles are being newly defined throughout East and Southeast Asia.”¹³

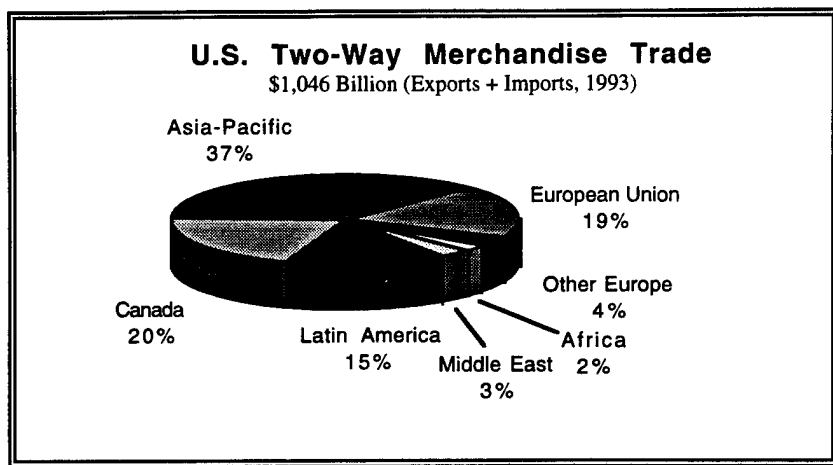


Figure 3. U.S.-Asia-Pacific Two-Way Trade¹⁴

Overall, *the United States has profited from the economic dynamics of the Asia-Pacific.* Over the past quarter-century, the U.S. economy has grown more dependent on exports: as a share of GDP, total U.S. exports doubled—from 5.6 percent to 11.5 percent—between 1970 and 1993. The Asia-Pacific region is now America’s largest trading partner, accounting for 37 percent of total U.S. two-way merchandise trade in 1993. By the year 2000, U.S. trade across the Pacific is projected to be double that of trade across the Atlantic.¹⁵ Although the United States has been running a merchandise trade deficit for the past two decades (in 1993, a \$59.3B deficit with Japan and a \$51.5B deficit with Developing Asia countries), it also has been running a surplus in the services trade sector (including, for example, a \$12B services surplus with Japan in 1993).¹⁶

Science and Technology

“What is happening in the Asia-Pacific region,” in PECC’s assessment, “is just the beginning of a process that could eventually bring about a fundamental transition in the center of manufacturing and R&D power in the world economy.”¹⁷ *Economic growth has been accompanied by rapidly changing industrial structures in much of the region, with increasing emphasis on products incorporating new and more sophisticated technology.* The share of technology-intensive items has risen steadily as a portion of the region’s total manufactured exports. Development of modern electronics, communications and aerospace industries is a growing feature of a number of the region’s economies, as is education aimed at maintaining the region’s technology transformation (Table 3).

Table 3. First University Degrees in Science & Engineering, 1990¹⁸

	Asia [†]	Europe	N. America
All 1st University Degrees	1,673,901	813,650	1,356,618
Natural Sciences	252,767	124,000	128,000
Engineering	261,410	134,813	118,704
Social Sciences	95,071	104,205	201,210

With national research and development (R&D) spending at 2.9 percent of GNP, Japan has effectively caught up with the United States in R&D expenditure. A steadily improving manufacturing and R&D base is characteristic of much of the rest of the region as well. China, for example, has launched several major science and technology modernization initiatives—the “Torch Plan” and the “863 Plan”—which are aimed at catapulting the Chinese economy into the high technology world of the 21st century. (China, long thought of as simply an importer of technology, also has become an active exporter of commercial technology.)

Table 4. Percent Market Share, Worldwide Semiconductor Sales, 1993¹⁹

N. American Companies	43.4
Japanese Companies	40.4
European Companies	9.0
Asia-Pacific Companies	7.3

Along with Japan, the Asian NIEs have become increasingly important players in the international technology market. The three largest consumers of semiconductors, for example, are now the United States, Japan, and the Asian developing economies, respectively. Semiconductors as a core commodity for technology growth have become an important factor in the

development plans of several Asian economies—China, Korea, Taiwan, and Singapore—with consumption rising so steeply that a “chip gap” for these economies is expected to last into 1997 or 1998. Although in 1994 the United States resumed leadership of world semiconductor production, Asia does not lag far behind. Including Japan, Asia-Pacific companies captured about half of the worldwide semiconductor sales in 1993.²⁰

[†] Includes India.

Political Stability

Although secessionist struggles and guerrilla warfare have not disappeared from the Asia-Pacific (see Section III), there is vastly more national stability in the region than in decades past—when guerrilla insurrections took heavy tolls in Burma, Thailand, Malaysia, and the Philippines, and when China, Indonesia, and Cambodia engaged in bloody purges of political undesirables on an extraordinary scale. Although large-scale internal strife cannot be ruled out in several countries' futures, states in the region, by-and-large, are internally secure. The condition has allowed a number of countries to shift military resources and spending away from earlier preoccupations with counterinsurgency towards more externally oriented militaries. It also has been a primary facilitator of the region's dynamic economic growth.

Among the noteworthy changes in the social/political complexion of much of the region have been the *growth of a middle class and a heightened sense of national self-confidence*. Although definitions of a "middle class" are imprecise, per capita incomes in the NIEs are not far behind the OECD[†] average and those in others, like Malaysia and Thailand, are catching up fast. A larger proportion of the labor force in many Asian countries is now employed in white collar occupations (in all countries except the Philippines, the share of professional and administrative workers in total employment has risen substantially). School enrollment rates generally have increased. Significantly, income inequality has been steadily reducing—a trend the Asian Development Bank (ADB) took particular note of in 1994:

A remarkable feature of economic growth in East Asia is that it has been accompanied by a reduction in income inequality. This conjunction of fast economic growth and reduced income inequality has led to a rapid expansion in the number of affluent East Asian households. Further, the prospects of rapid economic growth in China, India and Indonesia, three of the world's most populous nations, suggest that many more Asian households may join their ranks before long.²²

A growing middle class offers broad opportunities for market expansion in the region's future and, by extension, for the future growth of world consumer markets. In principle, this should serve as a stabilizing factor in national politics. Growing national

Table 5. Literacy²¹

Literacy Rate (%)	
Japan	99
South Korea	92
China	70
Taiwan	90
Philippines	88
Thailand	89
Malaysia	80
Singapore	87
Indonesia	72
Australia	99

[†] Organization for Economic Cooperation and Development.

(“cultural”) self-confidence has also accompanied and followed from the dynamic economic environment. To many observers, the “psychological revolution” in East Asia ranks among the most significant developments of the past decade.²³

Regional Security

Although East Asia is littered with unresolved territorial disputes between states (see Section III), the past five years have been remarkably tranquil. *Management of the transition from a Cold War to a post-Cold War strategic environment in the Asia-Pacific has been relatively smooth, not only for the United States, but also for most countries in the region.* In the U.S. case, a measured reduction (approximately 35,000) in deployed forces has been accomplished without upsetting friends and allies; the loss of U.S. military bases in the Philippines has been accommodated with considerable imagination and efficiency; despite rough patches, bilateral U.S. security relationships in the region have been durable; reconciliation with Vietnam has proceeded on about the right scale, terms and pace; thus far, North Korea’s worst instincts have been kept in reasonable check.

Nothing remotely comparable to a Bosnia, Nagorno-Karabakh, or a Chechnya sullies the picture. Indeed, *East Asia has been strikingly conflict-free in recent years.* Under UN auspices, and with contributions of military personnel from East Asian countries, Cambodia’s internal chaos has been arrested, if not yet fully repaired. No one has taken up arms against neighbors and, while internal stability is still contentious in several countries, there has been relatively little meddling by other states in countries’ internal affairs.

ASEAN Members
Brunei Indonesia Malaysia Philippines Singapore Thailand Vietnam (1995)

“Externalizing” of security outlooks has become more accepted. In the past, most East Asian states considered security to be a topic reserved for solely national consideration and discussion. At best, states in the region were accustomed to confronting and cooperating with one another on a more-or-less one-on-one basis. Bilateralism still remains the coin of the realm in security dealings and military affairs, but unilateralism and bilateralism also have given ground to somewhat broader interactions. Although the pace has been glacial, *multinational security dialogues, largely absent during the Cold War, have taken preliminary form.* Historically skittish about touching security subjects at all, ASEAN has established a regional security forum (the ASEAN Regional Forum, or ARF), which some proponents envision as becoming eventually the major venue for region-wide Asia-Pacific security discussions at the governmental level. Non-governmental security and confidence-building “dialogues” also have proliferated in recent years, supported by a small but

growing academic literature on the theories and modalities of regionalism in security affairs.

U.S. Standing and Policy

Continued American engagement in the region's military and security affairs is broadly welcomed by most (though not all) countries in the region, as is preservation of the deployed U.S. military presence. Though elements of "Asia-firstism" and strands of anti-Westernism are evident in the underbrush, these have played out chiefly in social, cultural, and political terms. "Asia-firsters," such as Malaysia, have made only limited headway in legitimizing and establishing an Asia-only alternative to/voting bloc within APEC (the "East Asian Economic Caucus," or EAEC). There has been no serious thought of excluding the United States (or Canada or even the EU) from the consultative process within ARF. Outside North Korea (and possibly China), no serious constituency exists favoring a drawdown or withdrawal of U.S. forces from the region.

Although following the U.S. exit in 1991-1992 from bases in the Philippines, South East Asian countries are providing access and support facilities to U.S. air and naval forces on a commercial basis, it is hard to argue that "free-riding" by allies and friends is a factor in relationship to the U.S. military presence. The two countries that are home to the overwhelming bulk of U.S. forces in East Asia and the Pacific—Japan and Korea—contribute substantially more to their support than does, for example, Germany in the case of U.S. forces in Europe.

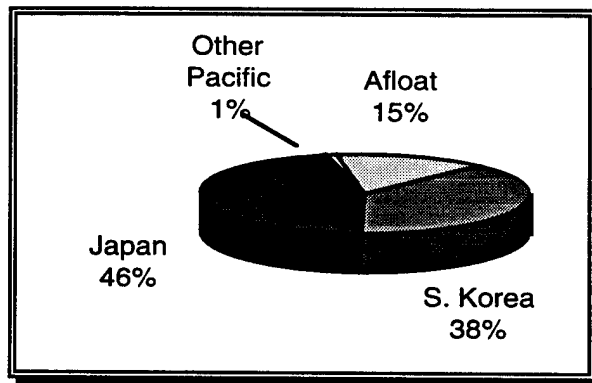


Figure 4. U.S. Forces, Asia-Pacific²⁴

Japan currently funds virtually all DoD in-country construction costs and provides at no charge land and facilities used by U.S. forces. Japan also is home-port to approximately 17 ships, including a carrier and the Seventh Fleet's command ship. In DoD's report to Congress in 1994: "These contributions represent over \$3 billion a year in direct support and foregone revenues, and exceed those of our other allies, particularly in the direct support category."²⁵ Overall, DoD estimates that Japan provides around 70 percent of the total stationing costs of U.S. forces in Japan, with another five percent in the form of costs waived by Japan. (Indeed, DoD finds itself uncomfortably arguing that the

“Japan model,” well-liked by Congress, cannot appropriately be applied in Europe, where direct support is relatively smaller.)²⁶ South Korea provides land and facilities for U.S. use, logistics support and augmenting manpower to U.S. Army units, estimated at between \$2 and \$3 billion a year in direct support and foregone revenues.²⁷

The region draws relatively little in U.S. foreign and military aid (Figure 5). The trends have been in the direction of less, not more. Between Fiscal Years (FYs) 1988 and 1993, the region’s proportion of the U.S. development assistance budget was almost halved, from 15 percent to seven percent of the global total; in FY 1995, it is expected to be about five percent. In the same period, the Asia-Pacific’s share of the U.S. security assistance budget also fell by half, from 3.7 percent of the global program to about 1.7 percent. U.S. IMET (International Military Education and Training) assistance to the region is currently about \$5 million.

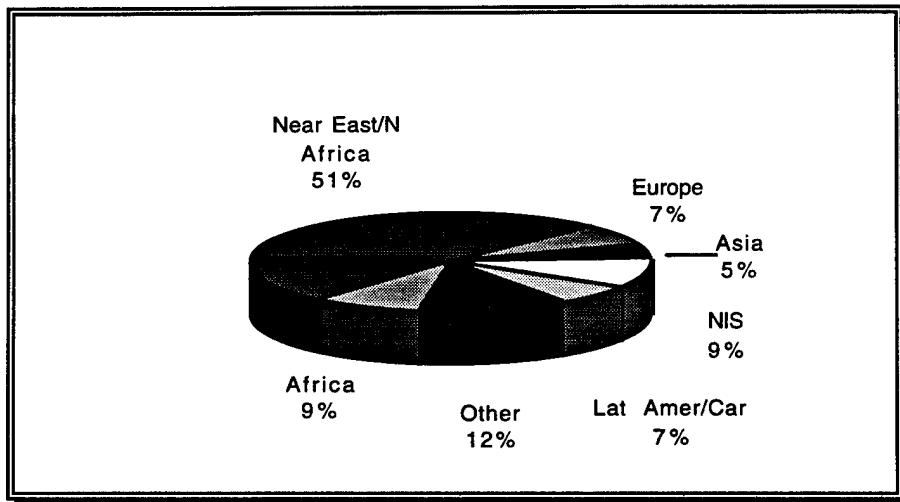


Figure 5. Regional U.S. Bilateral Aid, FY 1995 (Est.)²⁸

U.S. policy towards the frameworks and structures of security in the Asia-Pacific has been broadened. The U.S. priority is still to preserve, nurture, and expand upon America’s bilateral security ties with countries in the region. But whereas in the past the United States was skeptical about anything more than incidental and *ad hoc* multilateralism in Asia-Pacific security, the Clinton administration is pledged to “fresh approaches and structures of cooperation” and a “willingness to explore ... consultations and dialogue, which may lead eventually over time to new institutions.”²⁹ In President Clinton’s words, “Some in the United States have been reluctant to enter into regional security dialogues in Asia, but I see this as a way to supplement our alliances and forward military presence, not to supplant them.”³⁰

Table 6. U.S. Policy Goals, Asia-Pacific³¹

Forging a fresh global partnership with Japan that reflects a mature balance of responsibilities
Erasing the nuclear threat and moving toward peaceful reconciliation on the Korean peninsula
Restoring firm foundations for cooperation with a China where political openness catches up with economic reform
Deepening U.S. ties with ASEAN as it broadens its membership and scope
Obtaining the fullest possible accounting of our missing-in-action as we normalize our relations with Vietnam
Securing a peaceful, independent, and democratic Cambodia
Strengthening APEC as the cornerstone of Asia-Pacific economic cooperation
Developing multilateral forums for security consultations while maintaining the solid foundations of our alliances
Spurring regional cooperation on global challenges like the environment, refugees, health, narcotics, non-proliferation, and arms sales
Promoting democracy and human rights where freedom has yet to flower

Among the administration's ten goals for the region (Table 6) are "deepening our ties with ASEAN as it broadens its membership and scope," "developing multilateral forums for security consultations while maintaining the solid foundations of our alliances," and "spurring regional cooperation on global challenges like the environment, refugees, health, narcotics, non-proliferation, and arms sales."³² The United States endorsed ASEAN's establishment of ARF in July 1993, and spoke optimistically of ARF's potential at the forum's inaugural meeting in Bangkok in July 1994. DoD is committed to work with ASEAN and others to explore new "cooperative security" approaches through ARF.³³

SHADOWS

Not everything resonates positively for the future. Despite major economic advances, East and South Asia taken together are home to more than two-thirds of the world's poor. (In the words of the ADB, "Poverty reduction remains one of the most pressing issues for the region.")³⁴ The region continues to fall short in energy and environmental management. The absence of immediate interstate conflict has been accompanied by larger, not smaller, defense expenditures and the acquisition of longer range power projection military capabilities. Tentativeness about the time ahead is discernible across a range of areas.

Energy

Energy requirements to fuel and sustain economic growth cast a shadow on much of the landscape. In 1990, China's share of world energy consumption was about nine percent; the rest of East Asia's, 13 percent. Both are expected to increase significantly in the next 15 years: in 2010, China's share of world energy consumption will be about 20 percent; the rest of East Asia's, another 28 percent.³⁵ Despite considerable efforts at diversification of supplies, improved industrial energy efficiency, and energy research and development following the region's unhappy experience in the energy crises of the 1970s and early 1980s, East Asia remains heavily dependent on imported oil.

Expansive growth in oil demand is not confined to the region's industrialized countries (Japan, Australia, New Zealand) or the NIEs. In 1993, for example, large increases in oil demand were also registered for China (12 percent), Thailand (9 percent), Vietnam (8 percent), Indonesia (6 percent), and the Philippines (5 percent).

Table 7. Oil Demand and Imports (Excluding China)³⁶

	1993	1995	2000
Oil Demand (MMBD)	14.7	16.4	19.1
Percent Imported	54	59	67

Excluding China, oil accounts for more than half of the region's energy consumption—total oil

demand in the Asia-Pacific region is larger than that of Europe and second only to that of the United States. Crude-oil production in the region—less than 7.0 million barrels per day (MMBD)—has been flat for several years, and more than half of the oil consumed at present must be imported: the Arabian Gulf supplies almost half of Asia's current oil imports. Oil demand in the region is projected to rise from 14.7 MMBD in 1993 to 16.4 MMBD in 1995 and to 19.1 MMBD by the year 2000. In parallel, oil import dependence is expected to be at 59 percent in 1995 and 67 percent at the turn of the century.³⁷ Although India, whose oil self-sufficiency has dropped from 70 percent in the mid-1980s to 46 percent in 1993, should be able to expand considerably its own oil output in the next five to fifteen years, it, too, is expected to be a substantial net oil importer by 2015.³⁸

Although there is nothing intrinsically foreboding about the developments, they do position Asia as a growing claimant on global oil reserves, and leave the region vulnerable to interruptions in global supplies and fluctuations in pricing. In a point we return to later, they also magnify the value of offshore—and often disputed—oil finds within the region.

Energy shortfalls have been especially noticeable in China's case. While GNP in the second half of the 1980s grew at an average 7.7 percent, growth in primary energy sources averaged only about four percent. In late 1993, China was experiencing an overall

20 percent electrical power shortage, with power stoppages in the Beijing area four times greater in 1993 than the year before. In contrast to the rest of the region, China remains heavily dependent on coal—which at present accounts for about 70 percent of all the energy China produces and about 75 percent of the energy it consumes. But oil demand also has been increasing—in 1994, China became a net importer of oil for the first time.³⁹ Like the rest of the region, the Middle East is (and will be) the primary external source of China's oil.

Table 8. Installed Generating Capacity of Nuclear Power⁴⁰ †

	In Operation		In Construction		Planned		Total	
	Output	Number	Output	Number	Output	Number	Output	Number
Japan	3,854.1	47	689.7	7	165.0	2	4,718.8	56
S. Korea	761.6	9	610.0	7	200.0	2	1,571.6	18
Taiwan	514.4	6			200.0	2	714.4	8
China	210.0	3			300.0	4	510.0	7
India	173.5	9	210.0	7	188.0	6	571.5	22
Pakistan	13.7	1	32.5	1			46.2	2

Although Beijing has launched ambitious efforts to develop a civilian nuclear energy capability—its goal for the year 2000, set in 1983, is for a 10 percent nuclear share of electricity generation—realities thus far have fallen short of plans and expectations. China's 0.3 percent nuclear power share of its total electricity output in 1994 lagged considerably behind not only European nuclear powers such as France (with a 78 percent nuclear power share of total electricity output), but also East Asian neighbors like South Korea (43 percent) and Japan (27.7 percent).⁴¹

For those who already have it, commercial uses of nuclear power will increase; of the world's 30 countries with installed capacities for nuclear power, six are in Asia, and all six intend to develop additional nuclear power generation in the next five to ten years (table 8). For the rest, commercial nuclear power is not likely to be, if at all, a significant factor in the generation of electricity until well into the next century. Among the Southeast Asian countries, Indonesia is the most along to move into nuclear power generation in the next century.

† 10 MWe, Gross Output, as of June 30, 1994.

Population and Environment

Over the course of the past decade or so, heavily populated countries in the region have shown an extraordinary ability to feed, clothe, and house burgeoning populations, mostly self-reliantly. Still, the population/resource balance in China and on the Indian sub-continent is probably the most

Table 10. Major Cities Population⁴³

Metropolitan Area	1992 Population (millions)	2000 Projected Population (millions)
Shanghai	14.1	17.4
Bombay	13.3	18.1
Seoul	11.5	12.9
Beijing	11.4	14.4
Calcutta	11.1	12.7
Jakarta	10.0	13.4
Tianjin	9.8	12.5
Manila	9.6	12.6
Delhi	8.8	11.7
Karachi	8.6	11.9
Bangkok	7.6	9.9
Dhaka	7.4	11.5
Hong Kong	5.9	6.0
Madras	5.5	6.6
Shenyang	4.9	5.2

mankind.

Urban areas in Asia will be especially impacted by explosive population growth. The region already has a fair share of cities of at least 10 million population. Bombay's population is expected to grow from 5.8 million people in 1970 to 24.4 million in 2010. Beijing's population will more than double, Jakarta's will triple, and Dhaka's could grow by more than 10-fold, from 1.5 million in 1970 to 17.6 million in 2010.⁴⁴ Failing a different form of urbanization in Asia's future than has happened thus far (and in the rest of the world), large parts of East Asia will choke on unmanageable population densities within another ten to twenty years.

Environmental resource management has not kept pace with economic growth, and, if anything, is likely to lag further behind in the time ahead. Industrial and environmental practices that are coming under control in other parts of the world have yet to be well-

Table 9. Population Growth Rates⁴²

<i>Yearly Averages 1990-2010</i>	
China	1.0%
Elsewhere in Asia	1.65%
Latin America	1.7%
Africa	2.9%

delicate in the world on so large a scale. China's population growth continues to outpace government projections and defy government policies and programs. India, with a 1993 population of about 900 million, is expected to pass China as the world's most populous country by 2020. Indonesia, the world's fifth most populous country, replicates the population/resource balance of the two giants on a (relatively) smaller scale. By the year 2000, China, India, and Indonesia will be home to about 40 percent of

managed in much of East Asia. China's heavy dependence on coal-burning for electricity already has been noted. Pollution controls thus far have been scant and half-hearted—China washes about 19 percent of its coal, compared to virtually 100 percent in Western countries—such that the “dirty cloud” contaminates not only China's air quality but also that of nearby states. (According to one reputable study in mid-1994, China generates 40 percent of Asia's carbon compound pollutants and 70 percent of Asia's sulfur oxides.)⁴⁵ If China realizes its goals for electricity power-generation, it will go from a current generating capacity of 180 gigawatts to 300 gigawatts by 2000, nearly 80 percent of which will come from coal-fired plants. Unless dramatic progress is made in China's pollution control programs and technologies, this will mean sulfur dioxide emissions of 10 million tons a year, according to China's Ministry of Electricity.⁴⁶ Though less substantially, India is also a heavy coal user—coal at present fills more than 40 percent of the country's primary energy demand.

Although China at present accounts for only three to four percent of the world's ozone-depleting gases (*CFCs*), its use has been increasing by about 12 percent per year—in one assessment, China's refrigerator production alone will require up to 10,000 tons of *CFCs* in this decade.⁴⁷ Acid rain and particulate deposition have accompanied economic growth through much of the region. Air quality has been a growing issue in Malaysia and Singapore because of smoke drifting across from forest fires in Indonesia. Deforestation in Malaysia and Kalimantan already poses adverse environmental effects in Southeast Asia. Coastal waters, historically a rich food source, bear a growing brunt of excessive silt, agricultural runoff, urban sewerage, and/or industrial waste. Persistent over-fishing, exacerbated by pollution, has resulted in sharp decreases in the marine catch over the past decade. Inland waters have been similarly affected. In 1993, for example, Malaysia's Department of Environment surveyed 116 rivers in Peninsula Malaysia, and found 73 percent to be either “biologically dead” or “dying.”

Most East Asian and Pacific states are not indifferent to the developments. But investments in environmental protection have not kept pace—in budgeting 0.8 percent of GNP for environmental purposes, for example, China readily acknowledges that the amount is barely half the 1.5 to 2.0 percent of GNP required for a serious assault on pollution. New environmental management plans are periodically unveiled (to cite China again, its “Agenda 21” announced in March 1994), but few thus far have had discernible effect.

Although linkages between environmental practices and security concerns often have been exaggerated,⁴⁸ there is no question that national activities have potential interstate

political/economic consequences. *The effects of environmental degradation are not confined within the national borders of countries that allow noxious activities*; external costs are frequently borne by those who derive no benefit from the activity. The 1982 UN Law of the Sea Convention (UNCLOS-III) provides some redress to states affected by ship-borne pollution (e.g., oil spills), but most sea-borne (also air-borne) pollution comes from land-based sources, not ships in transit. There are few (and weak) international legal mechanisms to enforce conservation and norms of resource management on littoral states.⁴⁹

The Cold War has left an unhappy legacy in the northeast. Haphazard storage by Russia of decommissioned nuclear-powered submarines in the Vladivostok area, coming on top of Soviet/Russian casualness in disposing of nuclear materials at sea, have given rise to persistent worries of “glowing fish” showing up in Northeast Asian waters.⁵⁰ But Russia lacks the money and technology (and no doubt also the incentive) to clean up nuclear deposits, and no one else has yet to volunteer anything in the way of substantial help.

Thus far, countries have been pretty much on their own in either negotiating ameliorative steps with environmental waywards or taking self-protective actions. Yet, *self-protection has the potential to spill over into the military domain*. Although no one is likely to go to war over dirty air, protective measures at sea could well entail unilateral restrictions on commercial shipping and warships in non-territorial waters over which UNCLOS-authorized jurisdiction obtains—actions which could, in turn, pit littoral interests against the interests of states dependent on unfettered commercial shipping traffic, and pose challenges to the free movement and innocent passage of foreign warships. In the name of regulating ship traffic congestion and preventing potential oil spills in the Malacca Straits, for example, Indonesia recently has entertained moves to impose national restrictions on international maritime traffic (*including, notably, warships*) in waters it claims exclusive jurisdiction over under the archipelagic-waters and Exclusive Economic Zone (EEZ) provisions of UNCLOS-III.⁵¹

Compared to other parts of the developing world, *the Asia-Pacific as a whole has made significant progress in reducing poverty over the span of the past few decades*—the ADB estimates that the number of poor people in East Asia fell from 400 million to about

180 million between 1970 and 1990, despite a two-thirds increase in population.⁵² The two most populous East Asian countries—China and Indonesia—have had the most success: since 1970, China has lifted an estimated 175 million out of poverty and added some 300 million more people above the poverty line; in Indonesia in the same period, the figures are 40 million and 60 million, respectively.

Social Development

As a general rule, the higher the GDP growth, the faster the speed of decline of poverty. Still, reductions in poverty head-count ratios have been relatively modest in recent years (Figure 6). In many East Asian countries, the number of poor, if not the incidence of poverty itself, has been increasing—some individual Asian countries continue to have poverty levels as high as any in the world. High population growth, in effect, has negated a large part of the economic growth that has occurred.

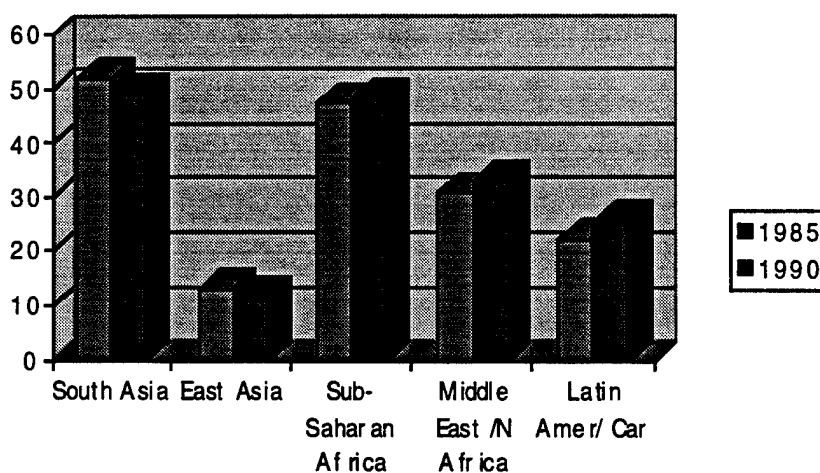


Figure 6. Percent of Population Below Poverty Line—Developing World^{53†}

Poverty is predominantly a rural problem, with almost 90 percent of East Asia's poor in rural areas. As urbanization has rapidly progressed, however—the urban population as a percentage of the total has risen from 19 to 29 percent in East and Southeast Asia between 1970 and 1995, and from 19 to 25 percent in South Asia—the incidence of urban poverty also has been increasing.⁵⁴

† Poverty line defined as one U.S. dollar per person per day.

Table 11. Defense and Social Expenditures as Percent of GDP⁵⁵

	Years	Defense	Education	Health	Housing	Social Security & Welfare
S. Korea	1981-85	5.4	3.3	0.3	1.1	1.1
	1986-91	4.1	3.0	0.3	1.3	1.3
	1992	3.9	2.8	0.2	1.7	1.8
Singapore	1981-85	5.4	4.1	1.2	1.4	2.9
	1986-89	5.2	4.8	1.2	3.2	0.7
China	1981-85	3.0	3.8	0.4
	1986-91	1.7	3.6	0.3
	1991	1.6	3.5	0.3
Indonesia	1981-85	0.7	1.1	0.5	1.2	...
	1986-91	0.4	1.0	0.4	1.1	...
	1992	0.4	0.9	0.3	1.3	...
Malaysia	1981-85	6.7	5.8	1.5	1.6	1.9
	1986-91	4.5	5.8	1.5	0.3	2.0
	1992	4.8	5.6	1.6	0.1	2.2
Philippines	1981-85	1.6	1.9	0.6	0.4	0.3
	1986-91	1.9	2.7	0.7	0.1	0.2
	1992	2.0	3.0	0.7	0.1	0.4
Thailand	1981-85	3.7	3.9	1.0	0.4	5.5
	1986-91	2.9	3.1	1.0	0.3	4.6
India	1981-85	2.9	0.3	0.3	0.7	...
	1986-89	3.3	0.4	0.3	1.1	...
Burma	1981-85	3.2	1.9	1.1	0.5	0.9
	1986-89	2.6	2.0	0.8	0.9	0.9

Gender disparity in the distribution of wealth, income, and social provision is also evident throughout the region; in the ADB's characterization, "Without exception, no country treats women as well as it treats men."⁵⁶ In the countries of developing Asia, women make up between one-half and three-quarters of the illiterate population. High maternal mortality and nutritional neglect of girls in almost all of Asia have contributed to the demographic anomaly of considerably more men than women, with South Asia having the greatest gender imbalance. (HIV/AIDS in Asia, which could soon have the largest number of cases of HIV in the world, also has distinct gender bias, affecting women more extensively than men.)⁵⁷ Some of the worst sufferers of inequality and poverty are children. The ADB calculates that the absolute number of undernourished, uneducated children in many countries in Asia has been rising, even though the proportion has been falling in most countries.⁵⁸

Philosophies and levels of social expenditure vary among countries in the region. As a proportion of GDP, such increases as there have been in governmental expenditure on education, public health, housing and community amenities, and social security and welfare have been fairly modest over the last 15 years (Table 11).

Nevertheless, pressures for increased social spending are likely to grow in the time ahead. Structural change impending in a number of economies, such as India's, and privatization in China and Vietnam, will entail layoffs and capital renewal programs that will lead to large dislocations of the work force. The disruptive character will be especially broad in a number of countries. As the ADB points out, "In many of these countries there has not been a separation of work from other aspects of life such as household management or leisure; for example, public enterprises often have been required to provide their employees with housing and many elements of social insurance."⁵⁹ Also, a number of Asian societies are rapidly aging. Japan is perhaps the most prominent case of an aging population, but the demographics of countries like China, South Korea, Malaysia, Singapore, Taiwan, and Thailand also entail rapid aging and a growing demand for social services.⁶⁰ The combination of aging and population dislocations is likely to result in a reduced income tax base and simultaneously new fiscal pressures on governments.

Military Spending and Modernization

Military power has always been unevenly distributed in the Asia-Pacific region, and this is no less the case today. Sizes of armed forces vary widely (Table 12). It is not, however, the size of national militaries, but rather their modernization that focuses attention on the region's militaries. Despite its relative peacefulness, much of the region has been on an unparalleled arms acquisition spree since the late 1980s. *Conventional wisdom would suggest that defense spending increases in proportion to perceptions of external threats. But this is not the case in the Asia-Pacific, where near- to medium-term threat perceptions are generally low.* Unlike Europe, Russia, North America, Latin America, and Africa, where defense budgets generally have declined in recent years, defense expenditures in East Asia have been mostly increasing at an extraordinary rate—10 percent or more *per annum* in some cases. In 1991, three Asia-Pacific countries—South Korea, China, and Thailand—ranked in the world's top 10 arms importers in terms of contracts concluded. Four others—Afghanistan, India, Taiwan, and Burma—ranked in the top 10 in terms of the value of arms actually delivered.⁶¹

**Table 12. Active Forces,
Selected Countries⁶²**

	Population	Active Forces
Australia	18,136,200	61,600
Bangladesh	124,867,000	115,500
Brunei	208,800	4,400
Burma	45,452,200	286,000
Cambodia	10,335,400	88,500
China	1,201,248,000	2,930,000
India	913,839,000	1,265,000
Indonesia	197,287,000	276,000
Japan	125,271,800	237,700
Korea-North	23,112,000	1,128,000
Korea-South	44,979,000	633,000
Malaysia	19,678,600	114,500
New Zealand	3,535,400	10,000
Pakistan	126,067,000	587,000
Philippines	66,501,600	106,500
Singapore	2,860,000	54,000
Taiwan	21,303,000	425,000
Thailand	59,521,000	256,000
Vietnam	72,725,600	572,000

Although defense spending varies widely within the region (at the top end, North Korea, for example, devotes over a quarter of its GDP to military expenditures; Vietnam, with the world's sixth largest army, allocates 11 percent of GDP to defense), the overall trend is for military spending to decline as a share of GDP over the coming 10 or so years, but to continue to increase in absolute terms.⁶³

Both *the character of the weaponry and the means of acquisition and development have undergone considerable change over*

the course of the last decade. In much of the region, greater internal stability has allowed military forces to be restructured away from counter-insurgency in favor of high-technology forces with an emphasis on power projection (principally air and naval) capabilities. About 3000 new fighters and strike aircraft will be procured this decade by Asia-Pacific countries, and about an equal number of existing aircraft will be upgraded with new mission avionics and armaments.⁶⁴ India and Pakistan are likely to acquire about 1000 such aircraft.⁶⁵

In addition to multi-role fighter aircraft, the acquisition thrust has been towards command, control, and communications systems (C3); strategic and tactical intelligence systems; modern surface naval combatants and submarines; anti-ship missiles; electronic warfare systems; and rapid deployment forces. Some 200 new major surface naval combatants, over 100 new maritime reconnaissance aircraft, and more three dozen new submarines are programmed for procurement in East Asia in the 1990s.⁶⁶ Infrastructure to support long-range operations is also under development, most prominently by China, which will build three naval bases in the time ahead "to provide key logistical support to a new-look Chinese fleet capable of ocean-going operations" and, in the words of one senior military official, "to develop an ocean-going fleet to bolster [China's] claim on the Spratly Islands in the South China Sea and to extend its military presence into the Indian Ocean, where India is attempting to muscle in."⁶⁷

The days of simple weapons transfers from supplier states to recipients are gone in much of the world; the Asia-Pacific is not an exception. Increasingly, technology (often dual use, civilian-military technology) rather than finished weapons is the medium of exchange—a feature that greatly complicates efforts to register and regulate conventional arms transfers. But to a much greater degree than in other arms importing areas of the world, *the Asia-Pacific has also experienced rapid growth in indigenous weapons production capabilities, with the result not only of greater self-sufficiency but also of positioning several Asia-Pacific countries as major arms exporters.* Japan, although not normally known as a major arms producer, has become self-sufficient in many combat systems and is producing an array of advanced weapons under license from the United States. China, North and South Korea, and Taiwan are capable of producing virtually all categories of conventional weapons, from small arms to highly sophisticated systems and platforms. Not far behind in production efforts are Indonesia and Singapore.

Others in the region have more limited production capabilities at present—chiefly small arms, munitions, and less capable platforms—though this seems likely to change given the growing availability of supportive technology and the financial means to develop it. The indigenous electronics, communications, and aerospace industries that factor prominently in the region's economic growth often incorporate technologies that have significant military uses. As these industrial efforts mature, more Asia-Pacific countries will be in a position to manufacture advanced military systems and components. Though Indonesia and Singapore, two of the more ambitious indigenous arms producers, are unlikely to match Japan, South Korea or Taiwan in high levels of military self-sufficiency through the end of the century (countries like Malaysia and Thailand lag further behind), over the longer run of the next 10 to 15 years they, too, should be capable of significant advanced weapon production with substantial indigenous design input.⁶⁸

The technology flows, it should be noted, are not all in one direction. Defense production can also be spun back profitably into the commercial realm. South Korea, Taiwan, and several of the ASEAN countries seem keen on using defense as a ticket into global aerospace markets.⁶⁹

The Asia-Pacific is scarcely unique in these respects, but the combination of wealth and technical capability in the region allows it to capitalize on advanced technologies at a much higher level of sophistication, utilization and quantity than other parts of the developing world. Governments within the region tend to downplay both the fact and the significance of the trends—the argument typically is that increased expenditure/acquisition is merely the result of a process of normal equipment modernization, simply another

dimension of modernity, and as such no cause for special notice. To a degree, this seems right: as of 1992, for example, 84 percent of the region's combat aircraft were based on pre-1966 designs.⁷⁰ Asian-Pacific governments also point out that the United States is still the region's single largest supplier of advanced weaponry (in FY 1992, U.S. companies signed agreements in East Asia worth about \$4.2B), though China, for one, has bought enormous amounts of technology from bankrupt Russian laboratories in the past couple of years, and Russian air and naval systems compete in the region's markets at bargain basement prices.

No single factor is driving the acquisition spree. Instead, it appears to be the result of a convergence of factors—dynamic GNP growth, aggressive U.S. and European arms export programs, Russian off-loading of systems and technologies for hard currency, anticipation within the region of an eventual U.S. military drawdown and a corresponding hegemonic Chinese assertiveness, and “techno-nationalism.”

Nearly all in the region deny that a regional (or subregional) arms race is under way or a serious prospect in the time ahead—in the words of Malaysia's former chief of defense forces, “There is no arms race here, and I am sure one will not occur.”⁷¹ Some have argued that the present arms buying spree, far from setting off a destabilizing or escalating competition, is in fact a form of confidence-building in the region.⁷² Some also point to the phenomenon of “prestige arms racing”—as in, for example, the sequential purchases of F-16s in South East Asia—as evidence that there is more political symbolism than military/strategic significance in a number of acquisitions.⁷³ Other see essentially a supply-push, not demand-pull dynamic at work,⁷⁴ technological momentum, and a process driven by domestic pressures and internal factors more so than concerns about military rivals.⁷⁵

Still, *military planning in the region contemplates the worst, even as policy makers accentuate the benign.* Some, like Australia's foreign minister in 1991, argue that the mindset itself can result in spiraling competitive acquisitions: “[T]he sort of precautionary worst-case thinking which often characterises strategic planning [in the region] ... could in turn generate destabilising arms races.”⁷⁶

Over time, the region's arms buildups will become more consequential—strategically and operationally—regardless of how motivated. China's conventional military buildup is taken with deadly seriousness in ministries of defense throughout the Asia-Pacific. With longer range aircraft and missiles, countries sharing land borders will be able to reach deeper into neighboring territory in the event of conflict. Naval acquisitions this decade will put (up to now relatively) distant targets within reach as well. At present, few countries in the region are capable of launching serious and sustainable military assaults

against others—a *de facto* near term inhibitor. For now, only the United States has a significant power projection capability across the region. Both could change with time.

At a minimum, the kinds of the acquisitions that are under way pose longer term problems of redundancy and possible “techno-friction” between potentially aligned states in the region, and between them and the United States. In most cases, interoperability between national military forces is neither a sought after goal nor a highly probable result. Within national arsenals, redundancies and strategically dubious acquisitions pose risks of accumulating “stuff” without improving qualitative effectiveness. Malaysia’s aircraft buys from both the United States and Russia and infrastructure purchases from Britain will provide the country with two to four “mini-” air forces that will have difficulties working together in even basic senses, and that hardly will add up to a strategically conceived improvement. Indonesia’s dalliances with buying a half dozen East German submarines are in similar fashion. Some of the “stuff” of military modernization in the region has only hazy connections to strategic concepts and purposes,⁷⁷ and the lack within much of the region of what J.N. Mak has dubbed a “maintenance culture” contributes to questions about military effectiveness.⁷⁸

The possibilities are that conceptualizations of strategic requirements and opportunities will become more ambitious, hardware will accumulate, but actual military effectiveness will lag substantially behind. U.S. analysts who study the hardware dimensions of the region’s security complexion and directions need to keep these factors in mind, as do also DoD analysts and decision-makers who approve arms marketing in the region by U.S. firms.

The other dimension of the region’s arms development concerns export potential. The small size of most Asia-Pacific countries’ internal demand is likely to require exports in order to sustain defense industries, further increasing competition in the arms transfer market-at-large, and further complicating efforts to keep sensitive technologies under control.

Weapons of Mass Destruction

Weapons of mass destruction (WMD) have not been much of a salient factor thus

Table 13. China's Nuclear Forces, 1994⁷⁹

Land-based ICBM warheads	4
Land-based IRBM warheads	106
Sea-based (SLBM) warheads	12
Air-deliverable (bomber) warheads	150
Total	272

far in the strategic calculations of most Asia-Pacific countries. At present, only China among the Asian states possesses a fully developed, operational nuclear weapons capability (Table 13), and neighboring countries have lived with this since the late

1960s. It is China's conventional navy, for example, that most worries Southeast Asian states, not China's nuclear arsenal.

Still, *WMD are an unavoidable element in the region's near and distant strategic calculus.* India, Pakistan, and North Korea are all but formally announced nuclear-weapon states—although what precisely they have and how close they are to a deliverable nuclear weapon remain speculative—and Taiwan, Japan, and South Korea commonly are assumed to have the physical assets and technological base to acquire fairly quickly a deliverable nuclear capability. China, Taiwan, and the two Koreas also are advanced in the development of chemical weapons and ballistic missiles. Countries in Southeast Asia seem generally prepared to do without nuclear, biological, and chemical means, although Vietnam and Burma are probable exceptions in terms of chemical weapons.

Although during the Cold War the Asia-Pacific looked with general (though not universal) enthusiasm on establishing regional/subregional nuclear weapon-free (NWFZ) and nuclear-free (NFZ) zones—the Indian Ocean declaration of a zone of peace in 1970, ASEAN's embrace of a "Zone of Peace, Freedom, and Neutrality" (ZOPFAN) in 1971, and the South Pacific partial NFZ Treaty of Rarotonga in 1985 are prominent examples⁸⁰—there is scant evidence of interest in recent years. While North Korea's nuclear program has alarmed South Korea and Japan—Pyongyang's parallel test firing of the 1,000-kilometer-range Nodong missile spotlighted a direct military threat to Japan from the Korean peninsula for the first time since the 13th century Mongol invasions—and must make China uneasy, nuclear proliferation as such does not seem to register within the region with the same sense of urgency and priority that the subject commands in U.S. security strategy.⁸¹ Nuclear non-proliferation made the list of subjects for possible "further study" at ARF's inaugural meeting in July 1994, but only as one of a number of topics.

Yet, concerns persist, and not without reason. Japanese and South Korean defense analysts worry that a transition crisis in China following Deng could result in loosened

controls on China's nuclear weapons and materials, with seepage into the international market. Some analysts worry similarly about independent nuclear postures coming about in regions such as Vladivostok and Petropvalosk should the Russian Far East (RFE) break from Moscow. China, characteristically a reluctant wallflower in matters of arms control, has signaled that the emergence of "several new nuclear countries ... around China in the next decade" could, at a minimum, cause Beijing to "seriously consider the regional control of strategic weapons."⁸²

Compounding the concerns is the growing availability of means. Effective delivery systems are less out of reach for many countries than before—*ballistic missile technology is getting cheaper and increasingly familiar, and military aircraft have been selling at bargain prices since the Cold War. Enriched uranium and weapon-grade plutonium are plentiful in the world market.* In this latter connection, Japan's accumulation of weapon-grade plutonium has in particular aroused concerns, because it probably would be only a matter of weeks for Tokyo to manufacture an atomic bomb once having decided to do so. Whatever then the present disinterest/reluctance within the region about "going nuclear," the blunt fact remains that the nuclear (and other WMD) threshold in East Asia is relatively low. For several non-nuclear Asian countries, it would not amount to much of a hurdle.

Security Structures and Alignments

The establishment of ARF notwithstanding, *so far there has been little serious thought about how security in the region might be handled in the post-Cold War world.* Greater cooperation in the security realm seems to be widely (and genuinely) desired, but what precisely this means, and the forms it should actually take, are unresolved issues at mid-decade. *Neither ARF nor the region's other nascent forums have gotten much beyond dialogues about dialogues; concrete problem-solving is not a part of current plans and agendas.*

Although jockeying for position in future balances and alignments can be said to have begun already, *there is no serious interest in rearranging security relationships and alignments anytime soon.* A few speak of a need for "dealignment" in the future, but this amounts to little more than debater's points at present. *Apart from North Korea (and possibly China), there exists no serious constituency for undoing or radically redefining America's bilateral security pacts and arrangements.*

Table 14. U.S. Bilateral Treaties

<i>Treaty</i>	<i>Inception</i>
Japan	January 1960
South Korea	October 1953
Australia (New Zealand)	September 1951
Philippines	August 1951
Thailand	September 1954
Freely Associated States (Marshall Islands, Micronesia)	November 1986

Yet, all is not quite so clear-cut in this realm. U.S. bilateral ties, which mostly date to the early decades of the Cold War (Table 14), have been under persistent strain (Japan) and growing stress (South Korea) over trade imbalances and commercial barriers. Negative trade flows also exist in the case of the Philippines and Thailand (Table 15).

Table 15. U.S. Merchandise Trade Flows with Allies, 1992⁸³

	% Share of Exports to U.S.	% Share of Imports from U.S.	Net Flows (Balance of Trade) (\$M)
Australia	9	20	5,188
S. Korea	22	18	-2,043
Japan	29	21	-49,601
New Zealand	13	14	89
Philippines	42	17	-1,596
Thailand	23	10	-3,540

The United States was required to give up major military bases in the Philippines at that government's insistence in 1991-1992. Thailand, long judged to be one of the closest and most reliable of America's allies, rebuffed a U.S. request to preposition military equipment aboard ships in

the Gulf of Thailand in November 1994 (Malaysia, Singapore, and Indonesia have since declined any interest), and that month also insisted that the 28-year-old bilateral treaty of amity covering commercial relations be renegotiated so as to correct Thai-perceived imbalances favoring the United States.⁸⁴

South Korea's host nation support (HNS) is contentious in its details between the two defense ministries and controversial as a general matter with the South Korean public.⁸⁵ Japan's Defense Agency (JDA) has suggested that any further increases in Japan's HNS for U.S. forces will be problematic. Although Foreign Minister Kono declared in 1994 that Tokyo will meet its "international obligation" in the coming year, Japan's commitment in the outyears remains ambiguous.⁸⁶ Skepticism within Japan about U.S. motives in DoD's "Technology-for-Technology" (TFT) initiative (relating to reciprocal defense technology transfers) and recurrent controversy over the FS-X fighter co-development program, have been additional strains on the technology side of the U.S.-Japan security relationship.⁸⁷

The U.S. commitment to keep about 100,000 troops in Northeast Asia “for the foreseeable future” was reaffirmed by Secretary of Defense William Perry in late February 1995.⁸⁸ Although genuinely welcoming continued U.S. military presence, *much of the region nevertheless has abiding doubts about the meanings and durability of the American security commitment.* Asian governments, in the phrase of the U.S. Pacific Command, “question whether the United States will maintain the willingness, confidence, and capacity to stay engaged in the region militarily as well as economically and politically.”⁸⁹ The doubts, which we return to in Section VI, feed into a widely shared expectation that some degree of realignment is inevitable in the future, and that Asians, not Americans, will drive the process and be at its core.

Political Change

Although the structures of national politics have grown more democratic and pluralistic in a number of East Asian countries in recent years,⁹⁰ *political institutions throughout Asia are still generally weak.* The postwar norm has been one-man or single-party rule. China has known national governance in terms of two men, Mao Tse Sung and Deng Xiaoping. Indonesia is similar: the country has been ruled, in succession, by Sukarno (until 1966) and Soeharto (since 1966). Leadership transitions were marked by internal strife and violence in both cases.

Even where long one-man-rule is now past, the legacies often have lingered. Although Lee Kuan Yew’s one-man-rule of Singapore ended in 1990, the successor regime has been constrained to policies of fairly strict continuity (Lee remains a dominate national presence as “Senior Minister”). “De-Marco-izing” the Philippines remains an uncompleted task years after Marcos was ousted. Where leadership has changed among individuals, one-party dominance often has been the rule—the Liberal Democratic Party (LDP) in Japan, Koumintang (KMT) in Taiwan, Congress Party in India, the national communist parties in China, North Korea and Vietnam, Golkar in Indonesia, People’s Action Party (PAP) in Singapore, the United Malays National Organization (UNMO) in Malaysia.

National militaries have been linked closely with national politics in a number of countries. The military wields significant power in North Korea and China. Military elites continue to have great, if not dominant, influence in Indonesia, Vietnam, Thailand, and Malaysia, and, though lessened in recent years, maintain an important influence in the national politics of South Korea, Russia, and Taiwan.

In many countries, opposition parties are weak, and the opposition fragmented across multiple parties and factions. Suppression of opposition parties is the norm in some

countries (China, Vietnam, North Korea); periodic harassment is not uncommon in others (Indonesia, Malaysia, Singapore). As a result, *even where constitutional procedures for peaceful transitions of power are in place, it remains unsure in a number of cases whether there exists a viable opposition to assume the mantle.* Even where opposition parties have had decades to flourish, fragmentation and weak leadership are not uncommon. The collapse of single-party (LDP) dominance in Japan, for instance, has yet to result in a clear and credible alternative (beyond weak coalitions) to take the LDP's place.

Still, potentially significant political change lies ahead in a number of Asia-Pacific countries between now and the end of the decade. Most closely watched and analyzed has been the impending succession to Deng in China. But Soeharto also will step down in Indonesia before the decade is out, with succession a highly uncertain proposition, and the possibilities are real for either or both a military coup or/and a prolonged struggle between the military and the Muslim community. The LDP's postwar dominance in Japan came to an end in 1993-1994, but what follows is unsure at present and unpredictable looking ahead. In Taiwan, the KMT enters the second half of the decade with a tenuous hold on national governance. India's political map is undergoing change also; the Congress Party has been losing ground steadily to the Hindu-nationalist Bharatiya Janata Party (BJP).

Some shifts in national political lineups could have significant consequences for foreign and military policies and external dealings. While on most plausible assumptions radical departures are improbable in Japan, a not-improbable sequence of weak coalition governments could exacerbate existing fragilities in the U.S.-Japan relationship. A clear majority in elections ahead for the pro-independence Democratic Progressive Party (DPP) in Taiwan could accelerate moves toward Taiwanese independence and with it almost certain conflict with the Chinese mainland. The BJP in India promotes a fundamentalist form of Hinduism, hazy imperial notions of establishing an imperial "United India" (*Akhand Bharat*), and is aligned at provincial levels with the Shiv Sheva, an even more rabid Hindu group that has been involved in many of the sectarian Hindu-Muslim confrontations and riots of recent years.⁹¹ A hyper-nationalist Hindu India encircled by Islamic states would be a volatile addition along the Eurasian southern stretch.

Even in politically stable countries with long histories of democratic government, large policy shifts in external affairs brought about by domestic political factors cannot be entirely ruled out. In affirmatively striving to integrate Australia closer with East Asia economically, and in redefining its security horizons and priorities in the region, for example, the Australian government is considerably ahead of public attitudes. Should

overall economic circumstances turn poorly for Australia, retrenchment and/or redirection in external policies could well follow.

National Identities

Compounding uncertainties about leadership succession, and looming over all else, albeit hazily and phantom-like, are *unresolved questions of national purpose, destinies, and identities*. Although states in the region are more secure than in the past, who and what they are are still taking form. From the longer view of history, this should not surprise. Many states in the region (e.g., India, Indonesia, Malaysia) did not exist as independent nations until the decades following World War II. Others (like China and Korea) only emerged from centuries-long external dominance in the postwar period. The national identities assumed, the external affiliations embraced, and the external alignments pursued during the “post-colonial period” reflect history and the early circumstances of independence (which in a number of cases involved violent internal contests)—they will not necessarily, certainly not automatically, carry into the future.

Struggles for sovereign independence are now historical facts, not present concerns. With the last vestiges of old-style colonialism to disappear shortly—in the reversion to China of Hong Kong and Macao in 1997 and 1999, respectively—and the passing from the scene, before the decade is out, of the last of the post-colonial leaders (Deng Xiaoping in China, Soeharto in Indonesia, Le Duc Anh in Vietnam)—the post-colonial era is just about over.

Table 16. National Independence

Bangladesh	1971
Brunei	1984
Burma	1948
Cambodia	1953
India	1947
Indonesia	1949
Korea (South/North)	1948
Laos	1953
Malaysia	1957
Pakistan	1947
Papua New Guinea	1975
Philippines	1946
Singapore	1965
Vietnam	1953

Yet, *if anything, national directions remain large mysteries in the “post-post-colonial” period ahead*. Whither China? is a persistent question and concern for China’s neighbors and military planners in the United States, but whither India? whither Indonesia? even whither Australia? can be asked with similar uncertainty, if not similar concern.

III. CAUTIOUS PEACE

“[E]merging nationalism amidst long-standing ethnic and national rivalries and unresolved territorial disputes add to a political landscape of potential instability and conflict. We cannot ignore Asia’s long-standing antagonisms; nearly all countries of the region carry memories of distrust and suspicion resulting from historic conflicts.”

DoD, EASR 1995

It is impossible to predict with confidence whether and how long the present condition of general peacefulness will endure. Although military conflict has been absent of late, the region has a fairly violent history—half of the world’s 17 million total war-deaths between 1945 and 1989 were in East/South Asia.¹ Nearly every country in East Asia harbors some kind of territorial, ethnic, or political complaint against one or more of its neighbors.

CONTROLLED CONFLICTS

Still, it is useful to distinguish between conflicts that are unresolved but broadly under control, and those that could break to the surface in the next several years. Most of what the region will face in the near term will fall within the category of “controlled conflicts.”

Territorial Disputes

There is no question that the region is crowded with conflict-potential (Table 17). Unlike Europe, which in principle settled territorial and sovereignty disputes arising from or left over by World War II in the Helsinki Final Act of 1975, Asia has had no such watershed in establishing region-wide diplomatic cross-recognition of national frontiers and sovereignty. To a long list of long-disputed territorial claims, UNCLOS-III added grounds for more disputes over sea areas and sea beds. Archipelagic waters and 200-mile EEZs—products of UNCLOS-III—have, in Andrew Mack’s apt phrase, “transform[ed] specks of rocks that no state previously cared about into vital strategic and economic assets” and new reasons to assert conflicting claims.²

But “potential” is the key qualifier. Although potential conflicts between countries are liberally spread across the region, few are likely to lead to serious military conflict anytime soon. Some will get resolved eventually through negotiation; some (like the Philippines’ claim to Sabah) are quiescent; others are internal matters that could get nasty, but with no probable interstate security consequences; and others simply will endure, unresolved but not fought over either.

In fact, a good deal of bilateral “patching up” has taken place in the last five years. China has normalized relations with Indonesia, Singapore, Vietnam, India, and South Korea. South Korea, in turn, has normalized relations with Russia as well as China, and Russia has formalized economic ties with Taiwan. Vietnam, once seen as the “Prussia of Indochina,” signed (along with Laos) the ASEAN Treaty of Amity and Cooperation, a preliminary step toward expected ASEAN membership in 1995. Vietnam and the United States re-established diplomatic relations in mid-1995. India, for the first time since independence, now looks to the United States as a country with which it can have a cooperative defense relationship based on common interests in the stability of a volatile region. Australia, which for decades viewed Indonesia as an expansionist power bent on bullying its neighbors, now regards its defense relationship with Indonesia as “our most important in the region and a key element in Australia’s approach to regional defence arrangement.”³

Though modest in dimensions, *there also has been some bilateral movement towards resolving conflicting sovereignty claims.* The Sino-Soviet border agreements of 1990/1991 are an example. In the “Timor Sea Zone of Cooperation,” which entered into force in 1991, Australia and Indonesia agreed to provide not only for joint development of marine resources in a sea area in which national jurisdictions overlap, but also for joint surveillance, security measures, search and rescue, air traffic control, hydrographic and seismic services, and protection of the marine environment. In a similar vein is the 1991

Table 17. Interstate Conflict Potential

Korean Peninsula
China-Taiwan (sovereignty/independence)
China-Vietnam (border)
China-Russia (border)
China-S. Korea (continental shelf)
Thailand-Burma (border)
China-India (territorial)
India-Pakistan (Kashmir, other)
Southern Kuriles (Russia, Japan)
Senkaku Islands (China, Japan)
Paracel Islands (China, Vietnam)
Spratly Islands (China, Vietnam, Brunei, Malaysia, Taiwan, Philippines)
Sipadan, Sebatik, Ligitan (Malaysia, Indonesia)
Off-shore boundary demarcations (Vietnam, Malaysia)
Limbang (Malaysia, Brunei)
Continental shelf (Vietnam, Indonesia)
Pulau Batu Putih (Singapore, Malaysia)
Sabah (Malaysia, Philippines)

agreement between Indonesia and Malaysia to establish a joint ministerial committee to work on, among other things, their territorial dispute over the Sipadan and Litigan islands. As part of this, the two agreed to mutual access to their respective archipelagic waters.⁴

To be sure, *all is not quiet along the Asia-Pacific's disputed boundaries and frontiers*. Large-scale clashes along the Sino-Soviet and Sino-Vietnamese borders occurred as recently as the late 1980s, and small-scale clashes still take place along a number of disputed borders. But few countries in the region are capable at present of launching serious and sustainable military assaults against others, and this serves as a brake of sorts on temptations to resolve territorial issues with armed force. Moreover, even if they do break to the surface, there is little risk of most conflicts spreading. None of the potential sources of conflict on the region's near horizons has much to do with any other. Geography separates them. The sources of contention are local and, in most cases, the impacts of a resort to armed force would be localized also—in the sense that few by their nature would entangle neighboring states that would wish to stay clear, and nothing in the mix would ineluctably engulf all or much of the region. There are at present no great powers in the region interested in or positioned to exploit local conflicts for their own strategic betterment, and the end of the Cold War has taken a good deal of the strategic significance out of small wars. This could change with time, especially with the ascendancy of Chinese power, but it is a present fact.

Low-Level Violence

Although large-scale violence between states is improbable in the near term in most cases, sporadic, small-scale bullying and dust-ups are likely to persist in a number of disputed issues. Low-level maritime incidents—seizures of fishing boats, obstruction of oil exploration, firings on commercial vessels by armed naval units—are recurring events in the Yellow Sea (China-South Korea), the Gulf of Tonkin (China-Vietnam), the Kuriles Islands vicinity (Japan-Russia), and the Senkaku/Diao Yo Tai islands (China-Japan). Foreign vessels have been occasional targets also—in April 1983 the German yacht *Siddhartha* was attacked (with two deaths) in the Spratly Islands, evidently by Vietnamese forces; attacks on its commercial vessels by presumably Chinese naval units in the East China Sea prompted Russia in mid-1993 to send out armed escorts along with its cargo ships.⁵ Piracy in the East and South China seas by presumably Chinese naval units was a newly added element in 1994.⁶ Small-scale border incidents, seldom publicly reported, are regular facts of life along many disputed land frontiers. *Pushing and shoving of these types are not likely to disappear, but they also are not likely in most cases to escalate into anything more serious.*

Transnational “-isms”

Contests over ideology and religion will be serious internal matters for a number of Asian states, but “-isms,” *variously conceived, are not likely to play much of a transnational role in East Asia and the Western Pacific.* Nationalism, not pan-nationalism, is the driving force in the region’s dynamic. (ASEAN, for example, has had virtually no effect whatsoever in shaping a common regional culture and ideology among its member states.)⁷ The trend almost certainly will be towards more, and identifiably different, national models, not ideological blocs.

The Asia-Pacific is home to the world’s two largest Muslim populations (in Indonesia and India) and the largest Hindu population (India), but radical Islam (and radical Hinduism) will be primarily a national, not an international, challenge in the region’s future. The Philippines has an enduring struggle with the Moro Islamic Liberation Front, which is waging a holy war (*jihād*) to bring about a government based on the Koran. The long term directions of the growing Islamization of Malaysia is a concern to the Malaysian Chinese and to adjoining Singapore. By and large, however, these are internal matters with little to no external implications.

To the extent that religion will matter, it will lie at the juncture of East, South, and Central Asia. Islam is a factor at present in three of Central Asia’s civil wars—Afghanistan, Tajikistan, and Kashmir. Pakistan sits at mid-decade as the fulcrum around which the most serious questions about fundamentalism’s impact turn. These developments could over time have potentially enormous spillover effects on India, with its large Muslim population, and China, with its restive Turkic Muslim minorities in the west.^{8†}

“Non-Traditional” Threats

The kinds of “non-traditional” transnational threats that concern U.S. military planners about other parts of the world—for example, spreading diseases, fleeing refugees, international crime syndicates, and drugs⁹—are not absent from the Asia-Pacific’s present and near horizons. Except for the possibility of large-scale breakdowns in civil order in several countries (a prospect we take up shortly), however, *these kinds of phenomena are not likely to have the scope or destabilizing potential in East Asia that could occur elsewhere.*

Inadequate public health policies and systems in much of East Asia are both a near and a longer term shortfall. HIV/AIDS, for example, has been poorly handled in several

[†] Noted in the Introduction, we hope to provide a separate assessment of the “other Asia” (Central and West) in the future.

countries. Unhealthy air and water supplies, explosive growth in urban-area populations, and the relatively low priority given to public health issues in a number of Asian countries, converge to an unencouraging long term effect—in Indonesia, Burma, and Bangladesh, for example, the majority of urban residents lack access to safe drinking water and even rudimentary sanitation services.¹⁰ Inadequate environmental management has (and will continue to have) acute as well as chronic manifestations; environmental calamities—e.g., large-scale flooding in Bangladesh and China—have resource mismanagement rather than nature alone at their source.

The “regional” response thus far (and probably to persist) is to treat disease and disaster as essentially national problems and concerns. National approaches dominate in public health management at present. In the case of HIV/AIDS and other communicable diseases, for example, national responses have been primarily self-protective—restrictive entry requirements at national portals to keep infected persons out. Although government officials and analysts outside government occasionally pay homage to notions of communal interests in resource development, resource management, and environmental affairs, *there is no discernible interest in seriously rethinking issues of national prerogative and national sovereignty over resources within national domains.* (The essentially “states rights” character of much of UNCLOS-III, for example, is widely viewed as an overdue triumph of national authority over resources in adjacent sea areas, not as a vehicle for communal enjoyment of resources, and certainly not as something to be seriously revisited in the time ahead.)¹¹ National sovereignty (national “resilience”) is a deeply ingrained principle. *States in the Asia-Pacific will be much more likely to battle each other over the ownership of resources than over questions of their conservation and management, and to fiercely resist the “internationalization” of social and environmental issues that they view to be strictly the internal affairs of the countries concerned.*

Uncertainties about the capacities of national governments to feed, house, and employ large populations in the time ahead have been noted earlier. Energy and environmental practices—strip-mining, hydroelectric damming, deforestation, malmanagement of water resources—will be complicating variables. Arguably, little of this will be good for the populations concerned. But the same impulses favoring national resilience and non-interference are likely to constrain the transnational political and security implications of disease and disaster.

Other “transnational threats” are intrinsically matters of law enforcement more than traditional military security. Illegal drug traffic, originating from or transiting East Asia, is no larger a problem in the 1990s than in the 1950s (the opium-producing “golden triangle”

in Burma has been functioning about the same for decades). Although aimed at national self-protection, not international trafficking, the guaranteed death penalty for drug trafficking in a number of East Asian states seems to have had a dampening effect on growth in the through-movement of illegal substances. (Less well understood is how the financing of global drug trafficking may operate in the dynamic economics of East Asia.) Acts of sea robbery against ships transiting the Singapore Straits, the Malacca Straits, the South China Sea and parts of the Indonesian archipelago have drawn considerable attention in recent years, although, after a noticeable increase in 1990 and 1991, the numbers of piracy incidents have been on the decline—partly as a result of more active security measures by Malaysia, Singapore, and Indonesia, partly due to better anti-piracy measures adopted by merchant ships transiting these waters.¹²

Mass movements of economic and/or political refugees remain possible—one need only recall the large numbers of Vietnamese “boat people” in the Gulf of Thailand in the 1970s and early 1980s, or the Cambodian refugee enclaves in Thailand until very recently. Large-scale internal strife in China, India or Indonesia in the coming period (contingencies that we take up shortly) could well send masses of refugees streaming across national frontiers or taking to sea.

POTENTIAL HOT SPOTS

The exceptions in this otherwise relatively benign picture are different in character and implications from the rest. China is a direct party in two (South China Sea, Taiwan) and a nearby presence in the third (Korea). Unlike most other disputes in the region, U.S. interests are involved in all three.

South China Sea

Conflicting sovereignty/jurisdictional claims in adjacent waters pepper much of the Southeast Asia region—fueled in a number of cases by prospects of offshore oil finds. The claims themselves are complex, often involving multiple and overlapping concepts in international law: territorial seas, historic waters, archipelagic waters, and the continental shelf. UNCLOS-III (which formally entered into effect in 1994 upon the 60th state ratification) has added further to the claims maze in authorizing littoral states to establish 200 nautical mile (nm) EEZs in which they have exclusive use of sea and seabed resources. Notably, by the terms of UNCLOS-III, an island that can sustain human habitation or have an economic life is entitled to a legal Continental Shelf up to 200 nm, even if the outer edge of the geological shelf does not extend that far. Rocks and reefs that no one would care about otherwise have become objects of fiercely disputed claims as a result.

There are offshore oil disputes at present in the Gulf of Thailand (Cambodia, Malaysia, Thailand, Vietnam), the Gulf of Tonkin (China and Vietnam), and the South China Sea (China, Malaysia, Singapore, Brunei, the Philippines)¹³ where the Spratly (Nansha) Islands are the focal point of contention. China and Japan have conflicting continental shelf claims in the East China Sea centered around the Senkaku (Diayutai) Islands, and South Korea and Japan have an unresolved dispute over the Liancourt Rocks (Takeshima/Tak-do). Indonesia and Vietnam dispute the continental shelf demarcation line between them, as do Vietnam and Malaysia. Malaysia and Singapore dispute ownership of the island of Pulau Baut Putih (Pedra Branca), and Malaysia and Indonesia have clashed in the past over the Sipadan, Sebatik, and Ligitan islands in the Celebes Sea.¹⁴

But it is the South China Sea dispute (typically concerned with the Spratly archipelago but sometimes including the separate China-Taiwan-Vietnam dispute over the Paracel Islands, roughly 240 nm north of the Spratlys) that governments within and outside the region view as the most serious, and the one with the greatest probability of turning violent in time. DoD characterizes it as “a source of tension in Southeast Asia that could carry serious consequences for regional stability.”¹⁵

The Spratly disputes involve almost the full suite of maritime jurisdictional rights. China’s and Vietnam’s claims date back centuries. The conflict is further complicated by the fact that international boundary experts are unsure about the exact extent of the Spratly archipelago. Many of the “islands” are submerged in high tide (international boundary experts are increasingly reluctant to use the word “island” at all when discussing Spratly disputes, preferring the more apt but hazy term “Spratly feature”). Most experts doubt whether many or most of the “islands/features” in the Spratly chain are entitled to a Continental Shelf.¹⁶

Although offshore oil possibilities fuel present claims, no one knows what may actually be found. China’s Geology and Minerals Resources Ministry has estimated some 17.7 billion tons of oil deposits in the Spratlys vicinity—a remarkable development, if true, when compared to Kuwait’s 13 billion tons; at China’s estimated level, the South China Sea would be the fourth largest reserve in the world. Whether and to what extent large retrievable reserves of oil actually will be found, however, is anyone’s guess. Some experts are persuaded that the actual commercial value of any reserves will be “modest at best because of the geology and deep-water conditions.”¹⁷

The disputed area is vast, and the claims are devilishly overlapping (Figure 7). Four of the five claimants—China, Vietnam, Malaysia, the Philippines—have forces garrisoned on claimed (disputed) islands (features) in the Spratly chain.¹⁸ International law

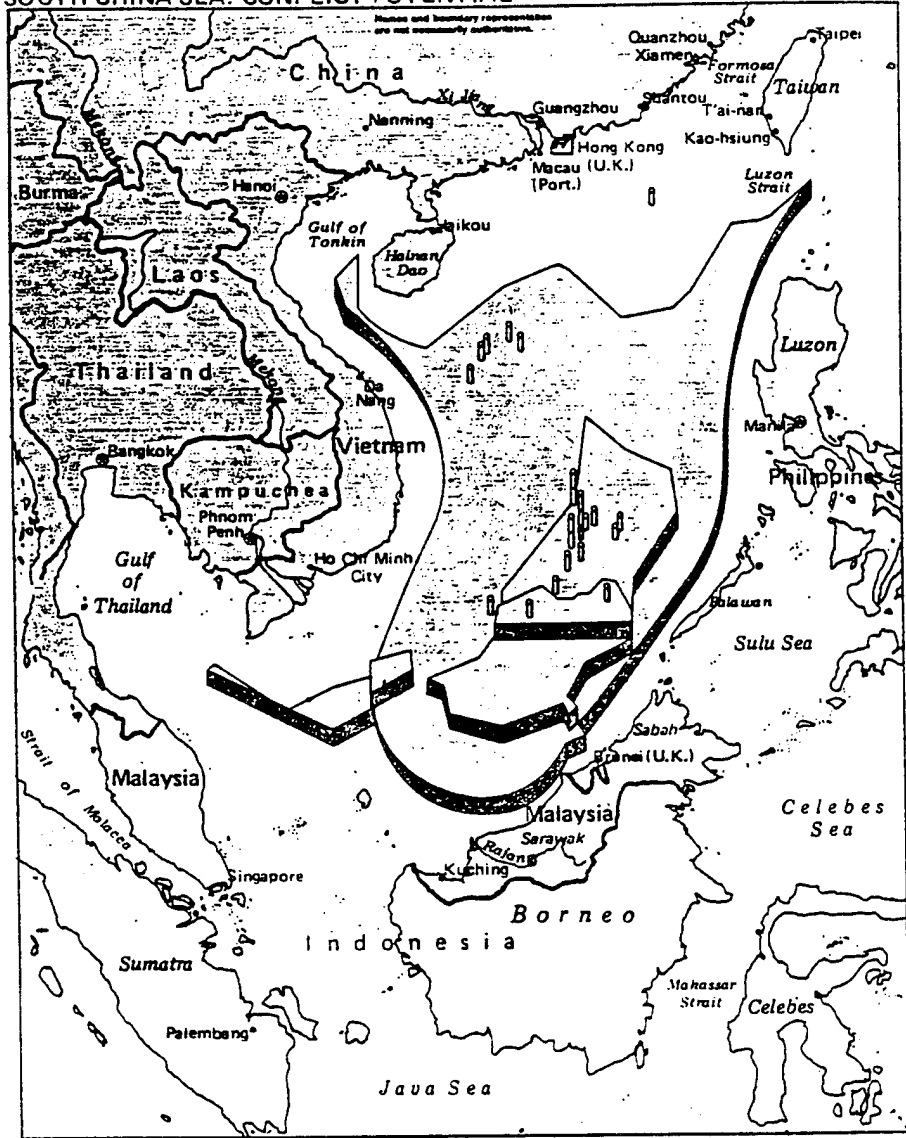
pushes to some degree in these directions. Typically a country is sovereign of an island if it demonstrates effective, continuous, and peaceful occupation (requirements for uninhabited islands are less strict than for populated territories)—discovery alone gives incomplete title. Although abandonment of a claim cannot be presumed by reason of mere nonuse, and must be effected voluntarily, putting forces on rocks in the Spratly chain serves to underwrite continuing interest and claim.¹⁹

Vietnam and China have clashed at sea once (1988) over conflicting Spratly Island claims—like China, Vietnam claims sovereignty over the entire Spratly island group—and both have embarked through contractors on oil exploration ventures that could come into conflict in the time ahead. Discoveries by Vietnam-sponsored British Petroleum to the west of the China-sponsored Crestone Corporation contract area in 1993, and the proximity of the Crestone area and the area that Vietnam has contracted to a Mobil Oil-led consortium, have narrowed the distance separating competing exploration ventures.²⁰

Although China has announced, in ASEAN and other forums, an intention to pursue the peaceful settlement of all claims, and has entered into a bilateral accord with Vietnam that says this as well, Beijing has openly advertised its 1992 “Law of the Territorial Waters and Their Contiguous Areas,” which explicitly authorizes the use of force in upholding China’s maritime claims. China publicized its guarantee to its American oil surveyor (Crestone) that interference with the survey by others would be met with force. Beijing also has made no secret of the Chinese Navy’s (PLAN) “offshore defensive doctrine,” which rationalizes a blue-water naval buildup on grounds that to “defend China against attacks from the sea, it is necessary to extend the depth of defense into the oceans and to have a naval capability of intercepting and destroying the enemy.”²¹

China evicted Vietnam from the Paracel islands in 1974. In 1988, it captured six Spratly atolls from the Vietnamese, and in 1992 put troops on another Spratly sandbar. (China points out in its defense that, when in 1988 it garrisoned the six Spratly atolls, 21 other islands, reefs and outcroppings already were militarily occupied by the Philippines, Malaysia, and Vietnam.) Until early 1995, the ASEAN claimants were content to view China’s moves as directed entirely against Vietnam (although Chinese and Philippine warships exchanged fire in March 1989, evidently an accident).²² But China disabused the notion that ASEAN claims would be left alone by occupying sometime in January 1995 the aptly named Mischief Reef, claimed by the Philippines.²³ On February

SOUTH CHINA SEA: CONFLICT POTENTIAL



The surfaces and lines depicted on this map are illustrative only. The extent of jurisdiction has been constructed using published claims wherever possible. Hypothetical equidistant lines giving full weight to all territories have been constructed where precise jurisdictional claim lines are unknown. Claims shown on this map do not necessarily reflect recognition by the United States nor by the countries involved.

4878 2-83 STATE(GE)

Figure 7. Disputed Areas, South China Sea²⁴

8, 1995, the Philippines government protested the seizure in a “firm” *aide-memoire*. Vietnam joined in denouncing the Chinese move, and reinforced its own troops in the Spratlys.²⁵ China reduced the number of ships it had positioned at Mischief Reef, but otherwise has not budged.²⁶

Beijing, which characterizes the disputes as “left over from history and [accordingly] need time to be resolved,”²⁷ has urged that sovereignty questions be put aside indefinitely in favor of joint explorations, and has been willing only to negotiate competing claims on a bilateral basis. Negotiations should be bilateral, rather than multilateral. Settlement of the disputes should be carried out one country after another and one area after another, rather than by ‘package’ settlement.”²⁸ China is very unlikely to be any more accommodating after the current regime passes.²⁹ For the Chinese, more than the thus-far-elusive oil fortune is involved. China’s claim—to essentially transform the South China Sea into a Chinese lake—is deeply rooted in history and strongly held notions of national sovereignty. Other maritime resources—fishing and other undersea mineral deposits—factor in China’s interests in the waters as well.³⁰ Jakarta (not a Spratlys claimant) has noticed, for example, that China’s historical claim places Indonesia’s rich, untapped Natuna gas fields at least 120 kilometers inside what China claims to be Chinese waters.³¹

China, which signed but has not ratified UNCLOS-III, has yet to declare an EEZ, and its island-hopping drive no doubt is aimed partly at establishing baselines for drawing an EEZ in the future. *To evict other occupants of the Spratly islands by force would not be difficult.* The current naval and air capabilities of the ASEAN countries—even if they could be put together (which is unlikely)—cannot match those of China (though it might take more than the single day that some have estimated for China to drive out the several hundred Vietnamese, 80 Filipinos, and 45 Malaysians from the island group).³² But China will try to avoid as long as possible coming into direct military conflict with ASEAN claimants (there was no shooting involved in the Chinese takeover of Mischief Reef), so as not to aggravate economic relations that, from China’s perspective, are moving along swimmingly. Indeed, if there is an ASEAN strategy at all, it is to play to China’s reluctance to upset political/economic relations—in one ASEAN analyst’s phrase, “China may have the military means to capture the islands, but we must raise the political costs.”³³

A sustained unified ASEAN front against China remains doubtful, however—Malaysia and Singapore prefer moderating Chinese behavior by engaging China economically over the stronger stands favored by Indonesia and the Philippines (and also Vietnam), and the ASEAN countries have their own conflicting claims to the Spratlys. In any case, a China that did not budge before pressure from the United States over Most

Favored Nation (MFN) trade status in 1993-1994, and that has sacrificed economic convenience in pursuit of strongly held political goals in the past, is not likely to be greatly impressed by attempts at linkages.

In the near term, the possibilities of serious armed conflict are remote. Skirmishes on rocks and reefs may increase in number and intensity, but they are likely to be confined to the “features” immediately concerned. *Retaliatory attacks on national homelands for military actions on isolated islands and at sea are improbable; a full-scale oil war in the South China Sea requires too much imagination to be seriously considered.* None of the claimants has an incentive to provoke a military showdown with China, and so long as no one does so, China has no incentive to push the issue much beyond “king of the hill” contests on particular atolls.

But assuming that commercially retrievable oil can be located in the quantities that some, including China and Vietnam, are banking on, expanding oil interests and requirements could elevate the dispute to more sharply contested dimensions in the longer term. Offshore gas, a poor cousin to oil in the disputants’ calculations up to now, could also be a factor in the future.³⁴

With or without oil at the end of the rainbow, China is not likely to be deterred from its strategic claims to the South China Sea’s expanses, nor will it budge on issues that it views to involve core issues of Chinese sovereignty. Although Beijing bases its claims in the Yellow and East China seas on the continental shelf principle, its case in the South China Sea rests on what China calls “historic claims” (historic use and administration)—the scope of which it refuses to clarify or in any way delimit. The ambiguity, perplexing to China’s neighbors—in the complaint of Indonesian Ambassador Hashim Djalal, “China tells us they still adhere to the historic claims, but does that mean it is claiming the islands or the sea bed or the water? They can never give us a straight answer”³⁵—could, of course, mean only that China does not itself know exactly what it wants to do.

Yet, even if this is so, there is little question that China wants to ensure that it has the capability to make good on its claims when it finally does decide on the specifics. Whatever the diplomacy of the moment, *China means to perfect and assert its wide-ranging claim to the South China Sea’s resources* (the largely unoccupied eastern Spratlys are likely targets in the time ahead). If China’s gunboat diplomacy of 1974 (seizing the Paracels) and 1988 (taking over part of the Spratlys) is anything to go by, *near term or long, China will use military force to this end if it concludes such is necessary.*

For the present and the near term, conflicting claims to sea and sea bed resources in the South China Sea are of direct concern only to the littoral states. In asserting a historic sovereignty (vice merely an EEZ) claim, however, China presents a larger (eventual) issue of freedom of movement through the claimed sea area as well. Korea and Japan both depend on unfettered commercial traffic through the South China Sea—97 percent of Japan's oil, for example, travels from the Middle East, an average of roughly 6.8 MMBD. Much of intra-regional shipping of cargo follows coastal routes that take it through the Southeast Asian straits and the South China Sea (though most shipping routes pass well west of the Spratly islands themselves).³⁶

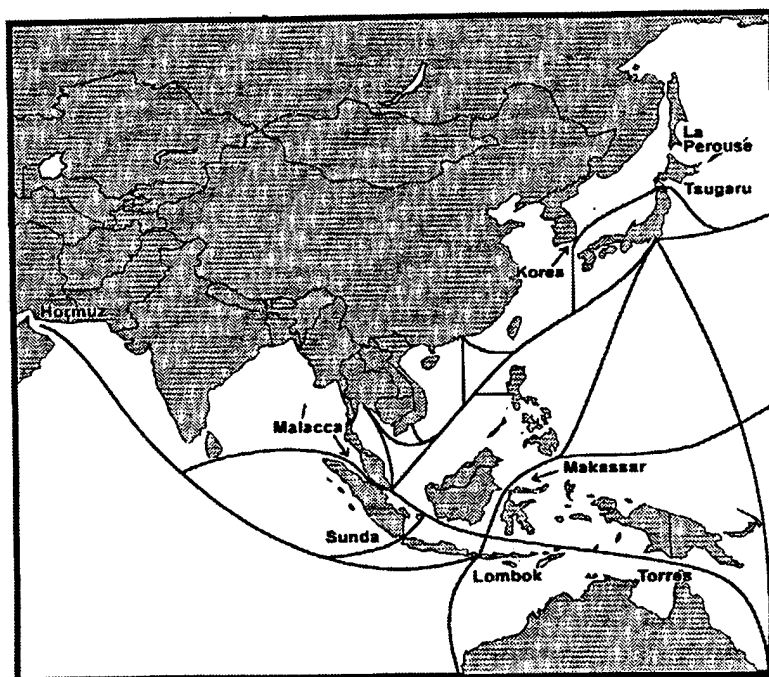


Figure 8. Major Shipping Routes³⁷

China has had nothing explicit to say about international navigational rights in the waters that fall within its claimed area. Still, *any prospect of a "Chinese lake," de jure or de facto, taking form would almost certainly engage the national interests of the energy-deficient and trade-oriented countries of Northeast Asia who would see a danger to their routes of trade and oil supply.*³⁸ It would also put Chinese ambitions and U.S. insistence on unfettered freedom of navigation on a potential collision course. The prospect, though

still remote in time,[†] is viewed seriously enough for DoD to telegraph publicly in its 1995 *EASR* that the United States is not disinterested:

It is worth noting in this context [the Spratlys] that the United States regards the high seas as an international commons. Our strategic interest in maintaining the lines of communication linking Southeast Asia, Northeast Asia and the Indian Ocean make it essential that we resist any maritime claims beyond those permitted by the Law of the Sea Convention.³⁹

Taiwan

If “simmering,” “long term” and “eventual” are the appropriate qualifiers when viewing the South China Sea, “near term” and “unpredictable” apply to Taiwan. Indeed, *if there is to be a serious military clash in the Asia-Pacific in the next several years, it will most likely be in the Taiwan Strait.*

Following the substitution of the mainland People’s Republic of China (PRC) for the Taiwan-based Republic of China (ROC) in China’s seat on the UN Permanent Security Council and U.S. (and most other countries’) formal recognition of the PRC (in the U.S. case in 1979), a condominium of sorts was established across the Taiwan Strait—a mutual recognition that there was one China, two rival governments: PRC on the mainland, Koumintang (KMT) on Taiwan. Only a few countries—Saudi Arabia, South Korea—formally recognize the ROC on Taiwan. No government has diplomatic relations with both, because neither will accept such “cross-recognition.”

This state of affairs was good for China and (arguably) good for the authorities in Taiwan. Politically, “one China, two governments” kept harder issues from being forced. Economically, the fiction was not troublesome either. Most of Taiwan’s exports to Hong Kong (which accounted for 19 percent of Taiwan’s total exports in 1992) were re-exported to mainland China. More direct cross-Strait trade also has increased in recent years. In 1992, Taiwanese investment in mainland China stood at \$4B while indirect trade between the two was over \$8B. For its part, Taiwan has prospered. Its per capita income of \$7,900 ranks sixth in the Asia-Pacific region and fourth in East Asia (and stands in spectacular contrast to China’s estimated per capita income of \$370). Taiwan’s foreign exchange reserves, currently valued at about \$84B, rival those of Germany and Japan as the world’s largest stock of foreign reserves. Its electronics industry is the fourth largest in the world. Though unrecognized politically by the United States, Taiwan ranks as America’s sixth largest trading partner, with 3.5 percent of U.S. exports going to Taiwan in 1993, and 4.3 percent of U.S. imports coming from there.⁴⁰

[†] We turn momentarily to the China-U.S. “Kittyhawk incident” of October 1994, which, although it occurred in the Yellow Sea, is relevant in this regard.

But liberalization of political rule on Taiwan by the KMT beginning in 1987 has fueled an inconvenient dynamic in the island/mainland relationship—the “Taiwanization” of Taiwan itself, and growing sentiments within Taiwan to declare itself a fully independent state.⁴¹ Independence has been a percolating issue for more than a decade, but China could count on the KMT to hold the line. The Kuomintang’s commitment is to increased separate international recognition of Taiwan—a posture that angers Beijing, but that still falls far short of Taiwanese independence. In recent years, however, the KMT has been losing ground to the pro-independence Democratic Progressive Party (DPP). Whereas in 1991 the KMT took 71 percent of the vote and 79 percent of the seats in the National Assembly against a 24 percent vote total by the DPP, the KMT’s percentage of the 1993 popular vote fell for the first time below 50 percent (to 47.5 percent) with the DPP netting an unprecedented 41 percent. With the margin thus narrowing, the DPP could become the ruling party in the next few years.

In 1994, the debate over whether there was “one China,” “two Chinas” or “one China, one Taiwan” stirred fierce arguments inside Taiwan and between Beijing and Taipei. China successfully derailed Taiwan’s bid in 1994 for readmission to the UN; in August, Tang Shu-Bei, China’s chairman of the Association for Relations Across the Taiwan Strait, publicly reiterated China’s “three no’s” policy toward Taiwan—China would not allow Taiwan to re-enter the UN, reopen diplomatic relations with the United States, or conduct indirect “vacation diplomacy.” Large-scale Chinese military exercises across the Strait from Taiwan at the time were widely viewed to be a signal of intensifying Chinese unhappiness with Taiwanese entertainment of independence options.

Since the early 1990s, the pace of military expenditure by both countries has accelerated—with increases of more than 10 percent annually and every indication that both intend to continue in the same direction into the early part of the next century. China’s strategic doctrine calls for acquiring advanced weapons with medium and long-range force projection, mobility, rapid reaction, and offshore maneuverability capabilities. Plans to blockade and invade Taiwan are known to exist (a popular 1994 Taiwanese book, *August 1995: China’s Violent Invasion of Taiwan*, is based in part on these plans),⁴² and Chinese forces in the Nanjing Military Region and the East China Fleet based at Ningbo regularly exercise the contingencies. Taiwan has embarked on major programs aimed at achieving air superiority over the Strait and naval approaches to the island, and at being able to apply air and naval power to break a possible blockade and prevent an amphibious landing.

The catalyst for conflict is not a mystery. *There is no ambiguity and not a lot of room for maneuver in China’s basic policy*; in the words of Premier Li Ping in 1991, “We will never tolerate Taiwan independence under any pretext ... and [we] are firmly opposed

to any activities aimed at splitting the motherland.”⁴³ Assertions of independence would surely be met by political pressure from Beijing and a step-up in military exercises across the Strait meant to intimidate the Taiwanese government. An actual declaration of independence by Taiwan would trigger an even harsher reaction, with a Chinese blockade of the island the most likely step. Given the Taiwan Relations Act, China surely would need to consider the U.S. reaction. For China, however, Taiwan is a matter of unambiguous national sovereignty. Even were it clear to Beijing that the United States would intervene on Taiwan’s behalf, the odds of China being deterred from taking some forceful action cannot be ranked high. Although affirming that peaceful reunification is the policy of the Chinese government, China’s White Paper on Taiwan in 1993, “The Taiwan Question and the Reunification of China,” pronounced that “Any sovereign state is entitled to use any means it deems necessary, including military ones, to uphold its sovereignty and territorial integrity.”⁴⁴

The catalyst may also not be very distant in time. The U.S. decision to allow Taiwan President Lee Teng-hui to visit the United States unofficially in early June 1995—a decision taken under pressure from Congress and over the fierce objections of Beijing—is viewed in Taipei as a triumph on the path to recognition of Taiwan’s “sovereign existence” and a precedent that Taipei will seek to replicate with Japan and Europe in the future.⁴⁵ Independence is bound to be a prominent issue in the run-up to the Presidential election in Taiwan in 1996—a prospect that already is contributing to a crisis atmosphere in Beijing.⁴⁶ The 1996 election could also result in giving the DPP its vehicle.

Hong Kong’s reversion to China in July 1997 is likely also to be a galvanizing development. Unless China displays more political sensitivity toward Hong Kong’s separated status at and after the takeover than it has up to now, the reversion precedent is likely to favor constituencies for independence in Taiwan over constituencies for unification. American politics are almost certain to be a factor as well. Taiwan long has been an emotional issue for many in the U.S. Congress. Having pressured the Clinton administration to grant Lee a visa (by a Senate vote of 99-0), Congress’s next moves could be to press the administration to support Taiwan’s admission to the World Trade Organization (WTO), the IMF, and perhaps also the UN.⁴⁷

All-out war across the Taiwan Strait is improbable in the near term—among other things, China is incapable of launching a successful invasion—but a lesser-order clash still could be nasty. Though the present and near- to medium-term balance of military capabilities between the two countries leads most analysts (including Taiwan’s) to doubt that an invasion is probable, Taiwan (in its 1994 Defence White Paper) and independent analysts take seriously the possibility of a punitive airstrike or missile attack, or, more

plausibly, an attempt at naval blockade by China of Taiwan in the event of a declaration of independence.⁴⁸ Taiwan is especially concerned about the mainland's submarine modernization program. This appears right; China's military planning seems to favor a submarine blockade as the most efficient way to isolate the island—its acquisition from Russia of (reportedly 10) state-of-the-art Kilo-class submarines, each capable of laying 22 mines, comports with this.⁴⁹

Any such conflict would be troubling for states in the region—not because the broader regional implications would be clear, but precisely because they probably would not be. Most East Asian states are content to view the Taiwan issue as *sui generis*—an internal matter left over from history that is China's affair alone to settle. It will be tempting for them, accordingly, to look at how China behaves toward Taiwan as a special case, and not necessarily as an indication of how China may deal with other issues. Yet, drawing broader implications will be hard to resist also. Military action by China against Taiwan would be in a different league than island-grabbing in the Spratlys. If difficult to dissect, and dismissable as unique, it would be nevertheless an unavoidable new factor in the region's strategic calculus.

Korea

The Pyongyang-Washington accord in November 1994 opening (over an extended period of time) North Korea's nuclear facilities to international inspection may have brought that issue under reasonable control for now, but even without nuclear weapons, the DPRK possesses "a massive and aggressively disposed military machine."⁵⁰ Certainly rhetorically, the North Koreans have demonstrated over the years an appetite for, and some skill at, high stakes brinkmanship when issues that concern them are in play. Though a bolt-from-the-blue attack by the North on the South would be wholly irrational, no prudent analysis would rule it out entirely. The same holds true for a missile attack against targets in Japan.

The peninsula is a dilemma for most states in the region. Although with the Soviet Union gone, the DPRK is the oldest remaining communist state, *North Korea is widely seen to be on its deathbed—it can persist independently of the south, but it cannot endure.* The few objective facts that can be assembled seem to bear this out. The North Korean economy has been shrinking by about five percent a year since the Soviet Union's collapse.⁵¹ The combination of negative economic growth and continued population growth has contributed to a probable 20 percent decrease in per capita income in the same period. The Pyongyang government publicly acknowledged in December 1993 that large sectors of the economy were in serious trouble. Russia and China have both required that

trade be at world prices in hard currency (vice the previous barter system). The North Korean regime (DPRK) has had some success in bartering weapons—the “oil for scuds” missile trade with Iran is estimated to be worth \$220M⁵²—but Pyongyang cannot hope to sustain itself on guns-for-butter trades alone. There is no evidence that the DPRK is considering a voluntary loosening of control over the economy and the society and, as Nicholas Eberstadt makes the point, the North Korean structure has “no self-correcting mechanisms for redressing long-term economic stagnation and decline.”⁵³

Ambivalence about the Korean situation is salient within the region. Virtually any issue on the peninsula has the potential to get out of hand and slip into armed conflict; armed conflict almost automatically would engage the Americans; no one in the region is comfortable with the prospect of a fourth American war in the Asia-Pacific. Although genuine concern about the DPRK’s nuclear program and ambitions does not extend much beyond the immediate Northeast Asia vicinity (the regime’s long distance arms transfers invite disdain but not any direct concern), Pyongyang has no supporters in the region for any of its “hang tough” approaches to political and security issues. Virtually everyone would prefer the North’s cage-rattling and boat-rocking to come to a swift end.

Yet, the obvious solution—peaceful political settlement of the Korean division—is not greeted with unqualified joy. The status quo has appealing features that would be lost in a reunification. In the view of a number of Asia-Pacific countries, a divided and hostile (but not “too” hostile) peninsula guarantees (as nothing else would) a continuation of the U.S. military presence in Northeast Asia. Political reconciliation or confederation/unification on the peninsula is widely assumed to mean American forces would eventually depart, not only from Korea, but also in large numbers from Japan.

That, plus the unwanted difficulties of dealing with a new strategic entity in Northeast Asia—a reconciled Korea—gives prolonging the present division a certain appeal. For its part, South Korea persists in the same ambivalence about the North’s future that it has had since the fall of the Berlin Wall, alternating between hoping that the DPRK will collapse of its own weight and wanting to provide help to avoid such a calamitous (for the South) turn of events. An abrupt German-style reunification is treated with genuine dismay by the South Koreans.⁵⁴ Absorbing a collapsed north overnight would involve massive political, social and economic costs for Seoul—nearly all negative at least in the short run. Although the South is likely to be encumbered by ambivalence about unification policy even as the prospect nears, it will continue to have strong reasons to take steps that buy time. Buying time will also be in the interest of Japan, China, and probably Russia.

Buying time, however, may prolong a situation that stands a good chance of getting worse over the short run. Six months into the nuclear accord, there are growing possibilities that the accord could collapse in the time ahead, with the DPRK resuming its nuclear weapons development where it left off and the United States and Japan forced back on the imposition-of-sanctions route, which China did not endorse originally and will not in the future, and which the DPRK has publicly denounced as tantamount to an act of war.

Buying time may not work for long in any case. *Probably the most worrisome prospect for states in the vicinity in the near term is not that the North will attack the South or lob missiles at Japan, but, instead, that the DPRK will implode, abruptly, unexpectedly, and possibly in internal violence.* South Korea has no clear policy on reunification, let alone in circumstances of chaos, and none of the players who could be drawn into the mess quickly—South Korea, the United States, China, Russia, Japan—has developed or coordinated policies for handling a political meltdown in the North (we return to this later).

U.S. Interests and Military Involvements

U.S. interests, and the possibilities of U.S. military involvement, enter this trilogy in varying ways. We need not elaborate on Korea—U.S. interests and involvements are immediate and direct. American forces on the line in South Korea virtually guarantee U.S. engagement in any crisis or conflict on the peninsula. The same presence guarantees a direct U.S. role in any political negotiation and solution of the peninsula's division—a role that others may or may not join in (Korea differs from Germany in this respect; involvement of the major powers in German unification was rooted in historical and legal realities with regard to Berlin that do not obtain in Korea).⁵⁵

The South China Sea disputes present a more nuanced case. The United States has dealt gingerly with the Spratly issues thus far. Though not a claimant to any part of the sea areas concerned, the United States in the past has interposed objections to what it has judged to be excessive claims—it protested Vietnam's straight baselines claim in the Gulf of Thailand in 1982, for example, and in 1993-94 conducted challenge "freedom of navigation" operations to protest excessive maritime claims by Burma, Cambodia, China, India, and the Philippines⁵⁶—but U.S. policy officially is to take "no position on the legal merits of competing sovereignty claims" in the South China Sea (though the United States "is willing to help in the peaceful resolution of the competing claims if requested by the parties").⁵⁷ This has distressed some within the region—in the complaint of one Japanese scholar in 1992, "It's a matter of concern that the U.S. has made so far no policy statement about Chinese actions in the South China or East China Sea."⁵⁸

Table 18. U.S. Challenges to Excessive Maritime Claims, 1993-1994⁵⁹

Burma	Prior permission for warships to enter 12 nm territorial sea
Cambodia	Prior permission for warships to enter 12 nm territorial sea; excessive straight baselines
China	Prior permission for warships to enter 12 nm territorial sea
India	Prior notification for warships to enter 12 nm territorial sea; historic claim to Gulf of Mannar
Philippines	Excessive straight baselines; claims archipelagic waters as internal waters

But the United States has two broader security interests that relate closely to the Spratly contretemps. One is “freedom of navigation.” Since UNCLOS-III’s signing in 1982, a number of analysts have voiced concern about the phenomenon of “jurisdiction creep.” In East Asian waters, unencumbered movement of U.S. warships (which increasingly must transit from homeports in Japan to regular and emergency deployments in the Indian Ocean and Persian Gulf) rubs against the expansion of multiple and conflicting coastal state claims that tend to imply, if not yet assert, rights to regulate maritime traffic.⁶⁰ (Notably, in the Kittyhawk incident in 1994, which we turn to momentarily, China did not object to U.S. harassment of its submarine at sea, but instead claimed a violation of China’s territorial airspace and waters.)⁶¹

Second, *the sea is the one place where the United States can visibly demonstrate—to China in the first instance, to others derivatively—its intention to maintain a military presence in the region, and to signal to China that there are at least some lines to be drawn in the face of Chinese expansionism.* It is evidently with this in mind that DoD’s *EASR* broke with pattern and publicly and explicitly telegraphed that the United States will “resist any maritime claims [in the South China Sea] beyond those permitted by [UNCLOS].”

In the “Kittyhawk incident” in late October 1994—in which, in response to the shadowing in international waters of the aircraft carrier Kittyhawk by a Chinese submarine, the U.S. Navy’s S-3 anti-submarine warfare aircraft dropped sonobouys to track the Chinese submarine, the United States also sent unmistakable signals of its intention to freely exercise freedom of navigation in East Asia’s waters. Similarly, in 1994 the United States reversed previous U.S. Navy transit patterns, whereby U.S. surface ships had stayed well clear of the Chinese coast on their deployments between Southeast Asian and northern waters. American warships will now transit in coastal waters. In the Kittyhawk incident, no shots were fired—the Chinese Air Force scrambled fighter aircraft, which then assumed mock attack profiles as they closed on the American S-3 aircraft, but banked off

before reaching the S-3 operating area—but the possibility of more serious incidents at sea involving the two navies is no longer as remote as it was previously thought to be.⁶²

Of the trilogy, Taiwan presents the most ambiguous and complex case. In withdrawing recognition from the ROC and extending it to the PRC in 1979, the United States joined the rest of the world in acknowledging Chinese sovereignty. The Taiwan Relations Act does not commit the United States to the defense of Taiwan.⁶³ Publicly, the United States will say only that “Peace in the Taiwan Strait has been the long-standing goal of our policy toward Taiwan.”⁶⁴ In public, Taipei assumes that it will get no external help from the Americans in any conflict with the PRC, including no help in the case of a full or partial air/naval blockade of the island by China.

Yet, it is inconceivable that the United States could sit by and do nothing in the event of a blockade of or attack on the island. If nothing else, Taiwan has been an emotional issue in the domestic politics of U.S. foreign policy since the late 1940s, and *an American administration would be under unremitting pressure at home to do something in a seriously-besieged Taiwan’s behalf.* A clumsily designed PRC blockade of the island that interfered with freedom of navigation through the Taiwan Strait (vice for the PRC a militarily riskier close-in blockade of Taiwan’s ports) could trigger a U.S. military response in any case—a sensible China would seek to avoid this prospect in particular.

DOMESTIC INSTABILITY

To complete the near term picture, we need to briefly consider problems that could arise from conflicts and instabilities *within* countries in the region. While some countries are remarkably homogenous—Japan, the two Koreas, Taiwan, for example—others have racial and ethnic minorities that have resisted assimilation in the past and, in some cases, pursue separatist causes at present.

Regime-threatening insurrections nevertheless are improbable in most countries, certainly in the short run. In most cases, the odds of separatist movements and insurgencies succeeding in their current goals are very small—the momentum (certainly the military momentum) has favored national forces. Except perhaps for Cambodia (and, more distantly, Pakistan), no government is at serious near-term risk of being overthrown by violent means. Movements for local autonomy or independence may be able to take advantage of weaknesses that develop for other reasons in national political fabrics, but they are not likely to get very far absent these other catalysts.

Given the nature and scattered geographical distribution of most of the internal conflicts, there is little risk that they will spread much beyond immediate border areas. Neighboring countries lend covert support to separatist movements in a number of cases, but, with the prominent exception of Kashmir, it seems improbable that this fact alone would give rise to armed conflict between the states concerned. Affected states are not threatened sufficiently by insurrectionist movements to raise the stakes in a broader conflict. Unlike the past, when China lent active support to insurrectionist movements throughout the region, no large power is presently inclined to exploit separatist unrest.

In a few countries, however, *the convergence of economic, social, leadership, and "regionalist" factors could be a potentially explosive mix, the impacts of which would not be readily localized were major upheavals to occur.* Although most of the attention along these lines has been paid in recent years to China, it is not the only possibility. All three of the region's most populous countries may be vulnerable to centrifugal forces.

Table 19. Internal Conflicts

Cambodia (residual conflict)
Sri Lanka (independence movement)
Sabah (separatist movement)
West Irian/Irian Jaya (resistance movement)
Papua New Guinea (secessionist movement)
Bangladesh (insurgency)
Thailand (Communist insurgency)
Indonesia (East Timor resistance)
Laos (resistance movement)
Sumatra (Ache independence)
Burma (Shan, Kachin, Karin rebellions)
Philippines (Communist/Muslim insurgencies)
India (religious/ethnic strife, secessionist movements)
Pakistan (Islamic militancy)

Indonesia

Indonesia's demographic composition, history and torturous geography are an almost naturally combustible mix. The world's fifth most populous country—after China, India, the United States, and Russia—its 180 million people speak 250 regional dialects and languages and are scattered over some 13,700 islands stretched out over 5,120 kilometers (see figure 9). Expanded over the course of the postwar period—West New Guinea was formally incorporated into Indonesia as Irian Jaya in 1969, East Timor followed in 1976—it faces what look to be enduring secessionist movements in both. Disparities in wealth and vast differences in culture characterize the polyglot. As *The Economist* put it in 1993, "It is possible these days to wander into valleys in Indonesia's remote Irian Jaya and find stone-age tribesmen, wearing nothing but penis sheaths."⁶⁵ Growth in per capita GDP has consistently lagged behind overall GDP growth.

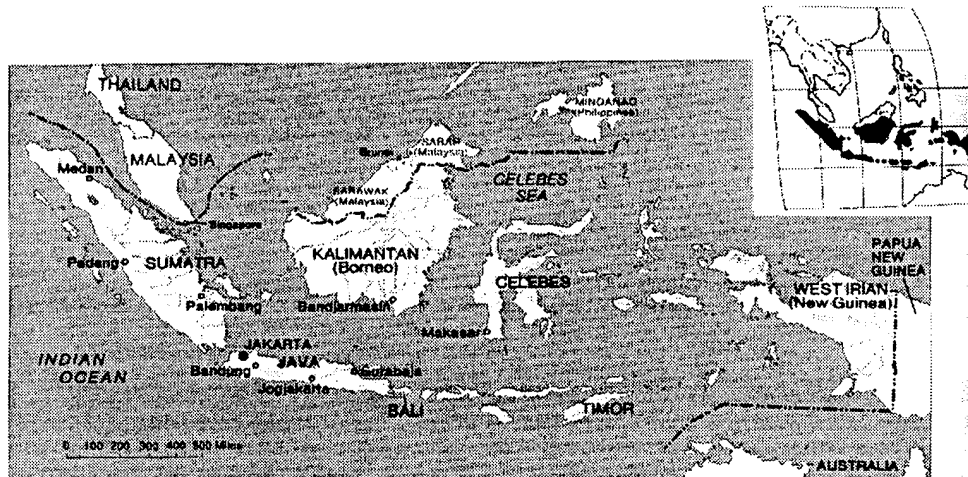


Figure 9. Indonesia⁶⁶

The Indonesian military (ABRI) is the dominant force in the ruling Golkar party, and plays an extensive role in national governance under the concept of *dwifungsi*, or dual-function, by which ABRI is also the guardian against sectarian and centrifugal forces. ABRI is widely seen, even by political activists who resent its intrusiveness in national and provincial politics, as the nation's single unifying force and hope for maintaining national cohesion, especially after Soeharto steps down later in the decade. Most (however reluctantly) agree with the prognosis offered by the *Jakarta Post* in 1993:

[W]e believe it is too early at present to surmise that the emergence of promising civilian leaders ... will speed up the "democratization" process. The fact remains that most of these civilian leaders have no grassroots support—or if they have, it is only superficial—and are too much dependent on their proximity to President Soeharto. And the fact remains that ABRI is still the strongest and best-organized institution in this country and will remain so even after the current leaders are gone.⁶⁷

Still, ABRI's political roles have been decreasing in recent years, while that of the Muslim community have been strengthening. The growing middle class has the potential to play a larger role in post-Soeharto Indonesia, but most analyses are skeptical that the potential will be realized.⁶⁸ An ABRI-Muslim struggle for succession to Soeharto, on the other hand, seems almost inevitable. That it could be fierce and possibly violent is also probable; factions within ABRI have threatened a coup if the next president is not drawn from the military—"the people still want a military man as their next president."⁶⁹ That the country could well begin to fracture (or turn into an Asian Yugoslavia) in a prolonged succession crisis is dismissed by much of the Indonesian elite as fanciful; that a country held together as tenuously as Indonesia is might defy this wisdom remains plausible nevertheless.

An Indonesia in internal disarray could be too tempting for China to ignore, but the broader strategic significance is likely to lie in a diminishment of the affirmative roles that Indonesia might otherwise play in regional balances and power alignments. We return to these aspects in Section IV.

India

India is not often thought of in these terms, partly because it has been remarkably stable since independence in 1947. Yet, there are two Indias on the sub-continent at mid-decade. One is “economic India”—a country of rich potential emerging from the backwaters of Cold War condominium with the Soviet Union, embarked on liberalizing economic reforms, slashing away (sort of) at customs duties (a drop in recent years from 85 to 65 percent in tariff rates), making respectable progress in terms of economic growth (an estimated GDP growth rate of 5.5 percent in 1994-95 compared with 3.8 percent in 1993-94), experimenting (however tentatively) in making its national currency convertible, and actively seeking to expand trade and investment ties with APEC countries and with ASEAN members. According to Indian Prime Minister Rao, “The Asia-Pacific could be the springboard for our leap into the global market place.”⁷⁰ Like China, this is an India whose population growth outpaces by vastly too much its economic growth (current per capita income is roughly \$330), and a country in which there exists an “east-west” divide in terms of wealth and growth disparities between subregions and provinces. Overall, however, economic India is widely seen to be on an upward glide.

The other India has a darker hue. Violence is a nagging fact in Sikh, Kashmiri and Assamese separatism, which at present tie down half of the Indian army. The most significant separatist issue turns on Kashmir—whose status was never clearly resolved in the 1947 partition of British India into India and Pakistan, and over which the two countries have fought three wars (1947, 1965, 1971)—which continues to be the one real, near-term possibility for significant armed conflict in South Asia. More darkly still, this other India is riven with ethnic/religious antagonisms, most prominently along Hindu-Muslim lines. Although Islamic fundamentalism is a minor factor in most of East Asia, it is a growing phenomenon within India, which, after Indonesia, is home to the world’s second largest Muslim population. Muslim radicals supported by Pakistan are increasingly at the forefront of the violent secession struggle in Kashmir. Within India itself, the radicalization of the Muslim community is fueled by the corresponding growth, and violence, of *radical Hinduism*. The combination has found increasing violent expression in sectarian riots in the 1990s.

Religious factors also permeate traditional political channels. Indian politicians of varying backgrounds have argued in recent years that if India seeks to avoid the fate of Yugoslavia or the Soviet Union, the Indian constitution will need to be substantially federalized, with greater devolution and decentralization of political and economic power to state governments. But religious/ethnic tensions are in many ways at their most acute at state levels, and regional politics have also fallen under the sway of contending nationalist visions. Communal violence, on fairly massive scales, has formed a large (if episodic) part of the pattern since 1947.

An India in serious, bloody disarray would have potentially destabilizing consequences across the underbelly of Eurasia. Countries as “regionally” distant as Iran and Russia would invariably recalculate their strategic opportunities, options, and requirements. Islamic fundamentalism, already a growing factor in the Central Asian strategic calculus, could be further aroused, inflamed, and propelled to uncertain effect.

China

Still, it is China where the questions loom the largest, if for no other reason than that the regional strategic ramifications of chaos within China are so great. That serious questions about China’s basic national integrity and cohesion have arisen should not surprise. No one had anticipated the Soviet Union’s collapse, why should China be different? *Given China’s size, population, and diversity, the potential for centrifugal tendencies is virtually built into the state construct.* The country has lurched in unexpected directions before. No one, from inside or outside China, had anticipated, for example, radical turns like the Great Leap Forward (1958) and the Cultural Revolution (1966). In the past two millenaries, China has been divided as often as it has been united. Whether national cohesion or fractionalization is the more natural Chinese condition is a matter of considerable debate. Divisive, chaotic, regionalized warlordism is not a matter of distant history alone; fractious warlordism reached its apogee in the period 1916-1928.

There are immediate factors that, when taken together, give reason for such questions in the time ahead. Outside analyses point to, for example—

- Regional separatism in Muslim Xinjiang, Tibet, and Inner Mongolia.
- Severe economic disparities between the growing southern/coastal provinces and the rest—per capita GNP in yuan in Guandong in 1990 was 2,320 and only 1,300 in Ningxia; it was 5,570 in Shanghai and only 1,060 in Sichuan.⁷¹

- Growing “regional protectionism” by which various provinces are resisting economic control from the center and imposing economic barriers to movement of goods (the several “rice wars” between provinces) and people from other provinces.
- Provincial tax revolts against the center.
- Widespread labor unrest.
- The emergence of *de facto* provincial currencies (in Hubei, Hunan, and Jiangxi).

—as evidence of centrifugal pressures that could result in political fragmentation.⁷² The vast gap between the two economic Chinas—by most estimates China will become the world’s largest economy by 2010 (2002 if “Greater China” is included), and at the same time will be, per capita, among the world’s poorest countries (for national GDP per capita, see Table 20)—is cited often as a continuing fuel for these fires.⁷³ The regional organization (roots and loyalties) of the People’s Liberation Army (PLA), and extensive corruption within the PLA, are viewed by some analysts as corrosive of this one potentially powerful nationally unifying force.⁷⁴

It is not only outside China-watchers who have raised alarms. A 1993 study by two researchers at the Chinese Academy of Social Sciences, Wang Shaoguang and Hu Angang, worried loudly that “In a few years, or at most in ten to twenty years, the country will go from economic collapse to political dislocation, up to its disintegration.”⁷⁵ In 1994 the Academy itself published its “Blue Paper” on *China 1993-1994: Social, situation, analysis, and previsions*, which listed among the serious “tests” in the immediate time ahead tensions between the center and the provinces, generalized corruption, disparities between regions and social strata, countryside turmoil, and widespread criminality.⁷⁶ There were over 12,000 labor disputes in China in 1993, of which 2,500 involved workers besieging plants, setting fires, staging strikes, or detaining leaders. Figure 10 reproduces a map of the political and social situation of mainland China prepared sometime in 1991 for the PRC’s State Council identifying those portions of the country thought to be “unstable” or “less than stable.”

Yet, care needs to be exercised in interpreting both China’s history and its present circumstances. History, for example, suggests two different dynamics in regional separatism in China. The country’s “outer empire” (including Tibet, Xinjiang, Mongolia,

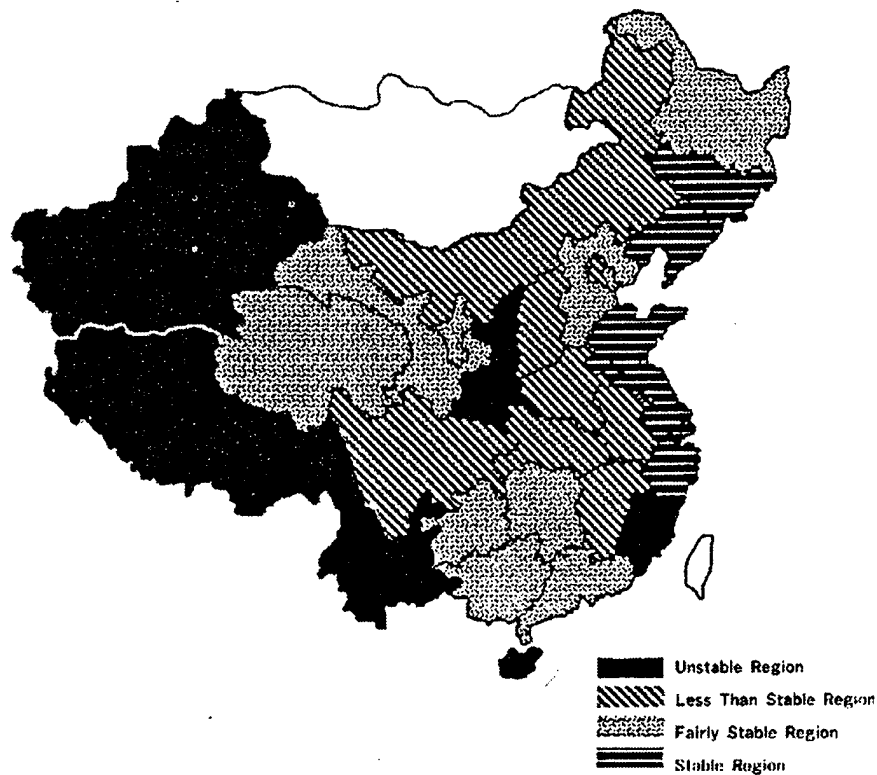


Figure 10. "Unstable China"⁷⁷

and other fringe territory) is a lesser-historical part of China (it is only since the time of Mongol rule that China extended beyond its core); its ethnic and religious differences from "core China" are prominent (of the 20 to 40 million Muslims in China, for example, by far the largest proportion are in Xinjiang).⁷⁸ Independence from China is not an unwelcomed thought in the outer provinces. That Beijing has and will continue to have difficulties with separatist inclinations and movements in the outer empire is not much in doubt.

In contrast, the core "inner empire" of China (geographically, about half the size of Brazil and slightly larger than India)—although divided by dialect, culture, and cuisine—is almost entirely Han. Unlike the Soviet Union (or the Habsburg and Ottoman constructs before it), in which an artificial, polyglot empire was imposed and maintained largely through force, there has long existed within the inner core of China the idea of a single, cohesive China. Even at the height of warlordism, regional factions considered themselves part of something called China; warlordism was about regional autonomy and struggles to take control of the whole, not about secession.⁷⁹ Historical arguments that there remain

nevertheless regionalist fault lines within the inner China are not without some foundation, but the case requires considerable imagination.⁸⁰

China's present circumstances also need to be kept in perspective. While there is abundant empirical support for many of the downbeat assessments of strains within present China, the open factional fighting, social turmoil and economic collapse predicted by some has not (yet) come to pass. Small facts do not necessarily have large meanings. It is true, for example, that when Beijing restricted access to centrally controlled energy resources in 1992, Guangdong province went off and bought its own oil on the international spot market. It requires a considerable leap, however, to read large centrifugal dynamics into this and similar events. The objects of much of China's labor unrest are local management and local enterprises, not the central authorities in Beijing. Economic disparities between coastal and inland China are real and visible; arguably, however, they are no greater than the same kinds of disparities in the United States in the 1930s and 1950s, or similar provincial have/have-not disparities in other countries in the 1990s.

Projections differ greatly about the possibilities for a core-China collapse—a DoD panel reportedly divided evenly on the question in 1994; the majority of analysts at a 1993 IISS/CAPS conference on the subject rejected the prospect as unrealistic.⁸¹ Some analyses see regionalist-driven chaos as a real and tangible near term possibility.⁸² Other analyses suggest that the core problem China will face in the time ahead will turn on weakness and division at the center, not strength and separatism in the regions. In this view, if the center can function sensibly, China may plausibly evolve into something akin to a "United States of China" or an EU-type "federalism" —or simply continue to muddle through with a maze of NETs—rather than come apart at the seams. Looked at in this way, China is at less risk than Canada in terms of breaking up into regionally autonomous pieces in the next decade.

In any plausible scenario, what happens at the center will be a crucial factor, and here the uncertainties and doubts are well-directed. The impending (post-Deng) leadership succession struggle could be a divisive calamity for the PRC. For one thing, struggles over succession could drag on for years. (We would note in this connection that nearly a year after Kim Il Sung's death in North Korea, there is still little clarity about what has followed and how durable it is.) Deng's death will be merely the starting point in the succession. As Ellis Joffe argues, "All of the octogenarian leaders, who returned to power from their presumed retirement during the Tiananmen crisis, will have to lapse into a state of terminal inactivity before the present era can be declared to have reached an end."⁸³

Continuation of the general courses that the country has been on since 1978 will be preferred by most who will have a say, but struggles over succession and power could

result in prolonged immobilism at the top, with a weak, divided center unable to establish effective control over the system as a whole, or in the outright breakdown of ruling authority by the Communist Party, with persistent confusion in authority among contending factions.⁸⁴ The crucial questions—which no one can answer at present with certainty—are whether (and how much) violence will accompany succession struggles and what the PLA will do during any succession crisis. Scenarios that have been assessed by others range on both counts from the plausible to the almost unimaginable; massive violence forms part of some scenarios and is not a part of others.⁸⁵

The strategic implications of a prolonged leadership crisis are broadly, if not very precisely, understood. A China that falls into political immobilism and possibly intramural violence (fiercer still if factions of the PLA get involved) could act erratically, even aggressively, towards neighbors. Separatism in the outer empire could intensify, and cross-border problems with the adjoining Central Asian states, minimal at present, could be magnified. Minority peoples in the western domains could try to take advantage of a mess in Beijing to throw off Han domination and possibly try to “re-unite” with co-ethnics across the borders in Central Asia.⁸⁶ (China, in these regards, faces two kinds of separatist dynamics—one with Islam at its source, the other Turkic in fundamental drive and character.) Frontier unrest could, in turn, invite destabilizing intrusions by outside influences (meddling by Russia and/or India but also possibly Turkish, Iranian and Pakistani machinations),⁸⁷ and possibly provoke xenophobic and imperial responses from Beijing.⁸⁸

At a minimum, a China whose national leadership is unsettled would be likely to give off very mixed signals to outsiders for some time—a factor that U.S. policy planners will need to keep in mind. Indeed, some analysts in the region attribute the growing aggressive behavior of the Chinese navy (PLAN)—as in, for example, the large-scale East Sea Fleet exercise in September 1994 involving surge deployment of a dozen Chinese attack submarines and more than two dozen surface warships—to PLAN exploitation of softness in central political controls.

THE LONGER VIEW

Beyond the near horizons, the security picture could be considerably more troublesome. The Asia-Pacific could have two very different-looking futures in store: in the short run, a relatively benign set of security circumstances; in the longer haul (i.e., the early parts of the next century), a more volatile set of security issues in which the possibilities for armed conflict could broaden considerably. In this longer term, more

countries will be more militarily capable, geographical distance will be less an obstacle to or natural defense against the use of military force, and resource issues pitting the interests of states against one another stand a good chance of intensifying.

Also, whereas in the near term there is no nearby major power positioned to exploit local grievances and thereby magnify their scope and strategic significance, in the longer term the prospects of small conflicts growing big through other states' involvement are more plausible. As during the Soviet-American standoff in the Cold War, *small things could take on disproportionately large meanings depending on the strategic context and who takes an interest in, or attempts to exploit, what.*

Traditional Geopolitics

The issues that will draw states together or lead them into confrontation and conflict will, by-and-large, embody very classical forms of geopolitics—issues of sovereignty and geography, trade and communication, national prestige, material wealth, and contests over raw materials.

Struggles over (clashes involving) civilization, language, religion, myth, and history that are quite plausible in the time ahead for Central and Western Asia, the Middle East, and parts of Europe seem improbable in East Asia and the Western Pacific. “Pan-Asianism” never took serious root, even when Japan sought to impose it by force in the 1930s and 1940s. Confucianism, Buddhism, an “Asian identity” may explain social (and perhaps even economic) behavior, and Islam could be an important factor in the fashioning of some national identities (notably in Malaysia and Indonesia) in the time ahead—but, outside Central/South Asia, where “ism’s” of various types could exert substantial influence on foreign and security policies—these will not be driving factors in external (state-to-state) security interactions and dealings in the Asia-Pacific.

Rather, the region’s geopolitics are likely to be driven by fairly traditional contests over essentially physical things. Having lagged behind Europe and the Americas in establishing

Table 20. Per Capita Income, 1993

Australia	\$18,000
Brunei	8,800
Burma	660
Cambodia	130
China	370
India	330
Indonesia	505
Japan	24,000
North Korea	200
South Korea	5,140
Laos	200
Malaysia	2,400
New Zealand	12,500
Philippines	700
Singapore	12,700
Taiwan	7,900
Thailand	1,140
Vietnam	215

the sovereign nation-state, the East Asians are not disposed to subsuming it within larger conceptual, ideological and political frameworks.

The physical things likely to be contested are not hard to identify. Per capita wealth is widely uneven in the region (Table 20). Rich-poor disparities between countries may narrow slightly over the next decade or so (and perhaps even dramatically in a few cases), but *the Asia-Pacific will still have a potentially volatile mix of haves and have-nots*. Intensified inter-state economic and trade competition could well take on nastier manifestations, as investment flows shift among countries and inadequate infrastructure takes a greater toll on productivity and competitiveness among some of today's economic winners.

Severe economic downturns, not unimaginable between now and the end of the decade, let alone over the longer haul, could influence the overall strategic calculus in unpredictable ways. How China manages its economy will be no less crucial to the region's sense of peace and prosperity than how it handles its domestic political affairs. At mid-decade, China is the locomotive pulling much of the region's economy—Chinese imports have grown by more than 25 percent in the last two years. As PECC put it in 1994: "Chinese growth is driven by domestic investment which spills over directly and indirectly into the rest of the region. With Europe still mired in recession, and Japanese imports either stagnant or declining, dependence on China for growth of export markets is unlikely to be reduced very soon."⁸⁹

Provincial and local governments in China, which have been the driving force behind the explosive growth in domestic investment, have little incentive to moderation, and thus policies of restraint must be centrally administered. But China's center, we have noted, could be weak in the coming years or, if reasonably in charge, could still overreact by slamming on the monetary brakes and striking at local and provincial economy. "With the Pacific region increasingly dependent on China's economy," in PECC's modestly stated assessment, "there is much concern that an extreme outcome be avoided."⁹⁰

Protectionist tendencies elsewhere (Europe, North America, Western Hemisphere) could spur the East Asian states toward trade-blocism of their own, but it could just as easily result in intensified economic nationalism and head-to-head clashes over trade and investment. Heightened economic friction and jingoist reactions to "foreign" threats and pressures could be one result.⁹¹ The existing mechanisms for economic conflict resolution—APEC, ASEAN, the World Trade Organization (WTO)—are still in very rudimentary and untested form. Although ASEAN and APEC are broadly touted as structures for maintaining a cooperative element in trade relationships, their moderating

influence in the face of economic setbacks is unsure. Suspicions about APEC endure. Some ASEAN members fear that ASEAN will be swallowed up by APEC, view the North American Free Trade Agreement (NAFTA) as a “regional organization that will inevitably further strengthen [the American] grip on APEC,” and see possibilities of bloc-like conflicts down the road.⁹²

In extreme cases, liberalizing countries could shift course dramatically to autarkic policies. Japan in the 1920s and 1930s is a historical example of this that should not be lost sight of—some analysts see eerie parallels between circumstances of the 1920s and those of the mid-1990s.⁹³

Population growth will add strains on both material wealth and political comity in a number of the East Asian countries also. Whether Asian countries will be able to feed and house expanding populations, especially as they urbanize, is one looming question; whether economic growth will be sufficient to employ large numbers of people is another. A Reserve Bank of India study in 1993, for example, projected that the jobless in India could double to 59 million by 2000.⁹⁴ Although economic refugees are a minor factor in the Asia-Pacific at present (compared, for example, with North Africa), unwanted population movements and dislocations could well grow into a genuine “transnational danger” for key countries in the decade or two ahead.

Energy availability will play a highly uncertain role. With the exception of Indonesia, most of East Asia, we have noted, will become more, not less, dependent on oil imports. Over the next decade, Asian oil demand will increase by 5 million barrels or more. If and when China reaches the oil consumption level of Korea early in the next century, its total oil consumption could be as high as 1,352 million tons, or nearly twice the volume of the United States today. Barring spectacular oil finds in East Asian waters, China will be enormously dependent on global supplies. Korea-level oil consumption in China would push up total oil needs by about 40 percent worldwide.⁹⁵

Energy, accordingly, will be an area of persistent and growing vulnerability to extra-regional developments. Unlike many other goods and vital resources, oil exists in only certain parts of the world, is subject to national control at the source, and must be moved to the rest of the world across transit axes that are vulnerable to disruption. Global demands for oil and oil products are almost certain to continue on an upward spiral in the decades ahead (we already have noted East Asia’s growing dependence on oil imports). Yet, the world continues to be enormously dependent on West Asian reserves in the Persian Gulf area—an unstable part of the world where controls at the source are exercised by unpredictable players like Iraq and Iran and a cluster of small and relatively powerless

sheikhdoms along the Gulf Coast, and where transport flows are vulnerable to disruption at various points.

Prolonged pricing or transport disruptions of a steady flow of oil to East Asia would have unpredictable effects in the Asia-Pacific. Energy-dependent countries such as Japan and South Korea would feel very quickly any sustained squeeze on oil deliveries from the Persian Gulf. Economies throughout the region would be adversely impacted over time. Sovereignty disputes over off-shore oil in Southeast Asia—at present a minor league play—could become tangible and acute (thus the delayed but real significance of present offshore oil and gas disputes). *National players could wind up assuming both different policies and different postures.* Indonesia, for example, which unlike most of East Asia continues to be an oil exporter (though it has been trying for a decade to diversify into non-oil and gas exports), could find itself closer to the center of regional attention than it might find comfortable.⁹⁶ Although Far East Russia and Central Asia are viewed at present largely as economic and strategic backwaters, their value on both counts could change rapidly. On the basis of what is currently known about proven oil reserves, the combination of Turkmenistan, Kazakhstan and Azerbaijan, for example, could form the world's third largest oil-producing region after Siberia and the Persian Gulf.

To be sure, there is a conjectural character to much of this. Yet, as Gerald Segal points out, “Sustained growth has been wrecked before by unchecked population growth, bottlenecks in infrastructure, dogmatic politics overriding economic rationality, stop-go economics leading to inflation, instability in the leadership, and external shocks.”⁹⁷ Suggested in section II, many of these problems persist in present circumstances.

National Destinies

The post-colonial period following World War II settled basic questions of history for much of East Asia viz. the former imperial powers. The post-post-colonial period that the region has now entered will still be about defining Asia's role in the world—manifested in such tangible things, for example, as prospective permanent UN Security Council membership for Japan and India—and the world's roles within the Asia-Pacific.

But *there are reasons to expect also that “unsettled questions of history” will be pursued within the regional setting as well.* Irredentism will form part of this (and thus conflict-potentials in Table 17 may have more future than near-term relevance), but only

part. There is also, in the case of a number of Asian states, a sense of national destiny and regional entitlement viz. other Asian states to be pursued and satisfied.[†]

By Land and By Sea

Though, as an offshore power, the United States tends to view Asian security inward from the water's edge, the Asia-Pacific is a continental as well as a maritime theater. Much of what it will struggle over in the future will concern land frontiers and lines of communication, and raw materials in the Asian/Eurasian land mass. How China, India, and Russia sort out their varying strategic interests in "inner" Asia, and how they and the older and the newly independent Central Asian states come to terms, will have large implications, not only for the overall strategic balance in Asia writ large, but also for how these powers will manage security issues and arrangements closer to Asia's shores.

Still, the sea will be a prominent stage for the region's security interactions and conflict potentials into the next century. Disputes about maritime boundaries constitute at present about a third of the region's "territorial" issues (Table 17). Sea-based disputes are likely to become larger factors in part because of the growing value of maritime resources to national economic growth and well-being. The Pacific accounts at present for 50 percent of the world's harvest of fish, and Pacific countries account for roughly 50 percent of the world trade in fish and fish products.⁹⁸ All estimates anticipate these shares to grow in the future. (China has estimated that the output of marine exploitation (fishing grounds and undersea mineral deposits other than oil and gas) could be more than two percent of China's GNP by 2000.)⁹⁹ Technical advances in seabed mining will make recoveries more feasible in deeper and more distant waters in the time ahead.

Conflicts over adjacent resources are not at present confined to the seabed. Disputes, including violent disputes, attend fishery resources also. Declining catches caused by intense exploitation of fishing stocks drove Japanese fishermen into the (disputed with Russia) Kuriles Islands region in 1994, where, for three months of the fishing season, Russian coast guard vessels fired on the Japanese boats.¹⁰⁰ Transboundary fishery resources—that is, mobile fish contained within one country's EEZ that cross into the EEZ of a neighboring coastal state or into remaining high seas—remain a testy and unresolved problem throughout the EEZ-dotted Asia-Pacific. UNCLOS, in the apt summary of one analysis, "lacks the clarity necessary to provide an adequate basis for the resolution of disputes, not only with regard to sovereignty matters but also in the case of navigational and environmental issues."¹⁰¹

[†] We return to this point in later sections.

The region's sea areas are also of growing importance in terms of the transit of trade and oil. We have already noted the dependency of Korea and Japan on the flow of commercial traffic across the southern sea stretches reaching westward to the Persian Gulf. They are not alone in this respect. Few countries in the Asia-

Table 21. ASEAN Merchant Fleets¹⁰²

	Number of Vessels	
	1980-81	1991-92
Indonesia	1,122	1,884
Malaysia	196	489
Philippines	620	1,420
Singapore	1,031	774
Thailand	136	296

Pacific come close to being self-sufficient with regard to foodstuffs, energy, manufactures, or strategic raw materials. For most, the sea is, and will grow in importance as, the basic medium for commerce between states. National flag shipping fleets have been steadily—in some cases dramatically—growing in the region.¹⁰³

Given the geography, the distances, and the weaponry being procured, for many Asia-Pacific countries future military threats will not be manifested in buildups of hostile armies along common borders. They will come, instead, by air and sea.¹⁰⁴

Military Means

Barring serious developments in arms control (see Section V), *the principal restraint on continued arms acquisitions within the region is likely to be economic.* To put it simply, growing economies will allow greater opportunities for military modernization and acquisitions than will economies that creep along or stall. In few cases (North Korea, possibly Taiwan) are security concerns so high an agreed national priority to be relatively impervious to competing interests and demands within national economies. In most cases, economic slowdowns and slumps will translate fairly directly, albeit imprecisely, into constraints on levels and timetables of military expenditures.

This said, the reach, if not also the lethality, of military means within the region is almost certain to grow. In part, this will be strategy-driven (a matter of perceiving opportunities and vulnerabilities at greater distances), in part, it will reflect technological means. Power projection, and the growing emphasis on sea lines of communication and marine resources, will shift emphases and priorities further yet in the direction of air and naval capabilities.

That the world is on the verge of another “revolution in military affairs” (RMA) is probable, even if the specifics are not as yet well in sight. RMA, variously conceived, will, if anything, make conventional warfare more sophisticated, effective, and lethal. In a region with the funds and technological base that the Asia-Pacific has, it would be

reasonable to expect that RMA-like developments will find their way into the strategic planning, acquisition programs and force constructs of key East Asian countries over time. High-tech weapons and systems, boundless battlefields, and seamless military operations depend as much on creative thinking about the applications and adaptations of existing advanced (and not so advanced) technologies as they do on developing entirely new technologies. *East Asia and Japan have been at the forefront of the global revolution in information and communication technologies. It would be naive to think that East Asia will be disinterested in or incapable of pursuing RMA possibilities.*

WMD, and more particularly, nuclear weaponry, are bound to be a factor; the question is how. An environment in which the residual nuclear capability of states—that is, the ability to develop and deploy weaponry fairly quickly—provides sufficient deterrence and a sense of security is not implausible. As India and Pakistan have not needed to actually deploy deliverable weapons to convince one another that they can, so, too, a Japan, Taiwan, and Korea might be able to employ capability alone in a credible deterrent role. Whether this would be credible or appealing is, of course, unsure. At the same time, a low nuclear development threshold is one that, by its nature, is fairly easy and quickly crossed. A region that for now is especially enamored with high-tech conventional weaponry could find its competitive instincts pressing down a nuclear path at some distant point.

IV. REGIONAL PLAYERS

“[T]he strategic affairs of the region will be increasingly determined by the countries of Asia themselves. A new strategic architecture will evolve as the structures of recent decades fade. Much will depend on the policies of the major Asian powers—Japan, China and India—and on their relationships with one another and with other countries in the region.”

Defending Australia: Defence White Paper 1994
Canberra, 1994

With no war at present and relatively few hot spots on the near horizon, the principal security concerns for Asia-Pacific states are the ambitions and capabilities of specific regional powers and the potential for varying types of power alignments. The region has entered a time in which regional players, in most cases for the first time in 500 years, will play a significant role in shaping the region's security future.

China, of course, is the focus of greatest attention. It dominates the region's geography. It is the one great power in the region with unsatisfied territorial demands. By the end of the decade, it will have the conventional military means to forcibly reshape at least some of the borders around it. But China will not be unopposed in its ambitions, and the balancing game ahead will not be restricted to China, Japan, and India. Medium powers have the potential to exert a greater influence on the larger Asian balance of power than was available to them in the past.

Although “the structures of recent decades” already have faded to a considerable extent—the Southeast Asia Treaty Organization (SEATO) collapsed long ago; the ANZUS Pact (linking the United States, Australia and New Zealand) is moribund; the Communist alliances are gone—it is improbable that a “new strategic architecture,” if and when one does take form, will be much more than a loose fitting-together. Nothing like Cold War Europe's relatively clear-cut patterns of alliance will emerge. Rather, a quilt-like set of overlapping patterns of cooperation and security affiliation will evolve, with some arrangements expressed more tangibly (in joint procurement programs, joint military exercises, reciprocal access to military facilities, etc.) than others. The basic construct will not be new; most countries in the region have had lengthy experience of living with *ad hoc* arrangements.

The process of positioning already is under way—albeit in fragmentary and mostly tentative form at present. Though new *alliances* are improbable, new and different *alignments* are plausible. China (perhaps by preference) and North Korea (by necessity) are likely to be the only major players in the region to pursue wholly unilateral, virtually self-contained security strategies in the time ahead. Nearly everyone else will look for security understandings and arrangements with others.

How specific states will conceptualize and act upon their external interests will vary. We examine a subset of the possibilities here—the major regional powers, and a few of the medium powers along the region's southeastern perimeter.[†]

CHINA AT CENTER STAGE

There is little question that China, more so than any other country, is positioned to set the region's security agenda into the next century. *Geography makes China central to regional security in a way that no other country is.* It dominates the landscape in virtually every direction. Strategically, it is regionally focused. Unlike Japan, which aspires to play a global as well as a regional role, China since Mao has few extra-regional political/security (vice trade and investment) agendas to push and goals to pursue. Its "strategic frontiers"—that is, the territorial parameters within which it will be willing to commit military forces in pursuit of goals that it defines to be in its national interests—are drawn fairly closely around its existing national boundaries. Whereas the United States must define its strategic frontiers globally, Russia thinks in terms of the "near abroad" of the former Soviet republics in Eastern Europe and Central Asia, and countries like Japan have to take into account distant places such as the Persian Gulf and the Malacca Straits, China does not have to reach over long distances to pursue and protect what it deems important in a strategic sense.

With the Soviet Union gone and Russia marginalized, *China is more secure from external threat than at any time, arguably, in centuries.* Traditional doctrines of "people's war" and "people's war under modern conditions" have been cast aside in favor of a limited war doctrine emphasizing well-equipped, well-trained, fast-moving rapid-reaction units. "Active defense" is now the central underpinning of China's military doctrine. In the name of a "three-dimensional strategic boundaries" doctrine, Beijing legitimizes expansion of sovereign rights and interests on land, in space, and, in particular, at sea, in terms of protecting China's trade, investments, and offshore oil resources and explorations.¹ In the

[†] We defer consideration of U.S. roles, and those of a reunified Korea, until Section VI.

near term, *countries in the Asia-Pacific will worry about China, not the reverse*. China is not encumbered by military/political alliances with others, nor does it (will it) require military alliances to exert its will in pursuit of its strategic interests.

Taiwan and the Spratlys are merely two of the sovereignty/territorial disputes on China's plate. The PRC has unresolved territorial issues with almost all of its neighbors. China in the past has claimed territories in Mongolia, the Russian Far East (RFE), Central Asia, the South and East China Seas, Indochina border areas, and the Himalayan and Pamir mountain ranges, and also has demonstrated a willingness to use force in support of many of these claims. China also has a history of political meddling in the internal affairs of neighbors that is still freshly remembered. During the Mao period, China actively supported insurgencies and guerrilla movements in a number of Southeast Asian countries. The nearby Chinese "diaspora" remains large. Though China disavows any interest in the fate of Chinese minorities in neighboring countries, some, like Indonesia and Singapore, see enough evidence to take the assurance guardedly.³

Table 22.
Chinese
Overseas
Communities
(in Thousands)²

Burma	673
Cambodia	188
Laos	84
Thailand	3,488
Vietnam	1,400
Malaysia	5,792
Singapore	2,146
Brunei	60
Indonesia	6,336
Philippines	317

China in 1995, nevertheless, is not the Soviet Union in 1945; nor, for that matter, is it the China of 1965. The PRC's future courses remain unclear, and in large degree remain unformed at mid-decade. China will face complex questions about independence versus interdependence in the time ahead. Its instincts, and to a large degree its political and strategic conditioning, will tempt it toward acting unilaterally in (arguably narrowly defined senses of) its self-interest. Yet, China is struggling to enter the General Agreement on Tariffs and Trade (GATT), and has ambitions also of joining the OECD. Economic development is likely to bring its own global view with regard to China's participation in advanced technology exchanges and development (space, telecommunications) and global financial markets. As it becomes increasingly enmeshed in economic interdependence, China may find it difficult to use force. Yet, whether and to what extent an appreciation of its economic interdependence will dampen China's historical irredentism and temper predilections to barge ahead in strategic/security affairs remains unsure—in part, because this is a new game for China, in part, because it is unsure that others would establish and enforce linkages between economic benefits and non-violent behavior.

One reason that others will be wary of using trade and investment as leverage on China's political behavior is the relative condition of China's economy. With the United States' decision to decouple China's MFN status from other issues in 1994, China shook

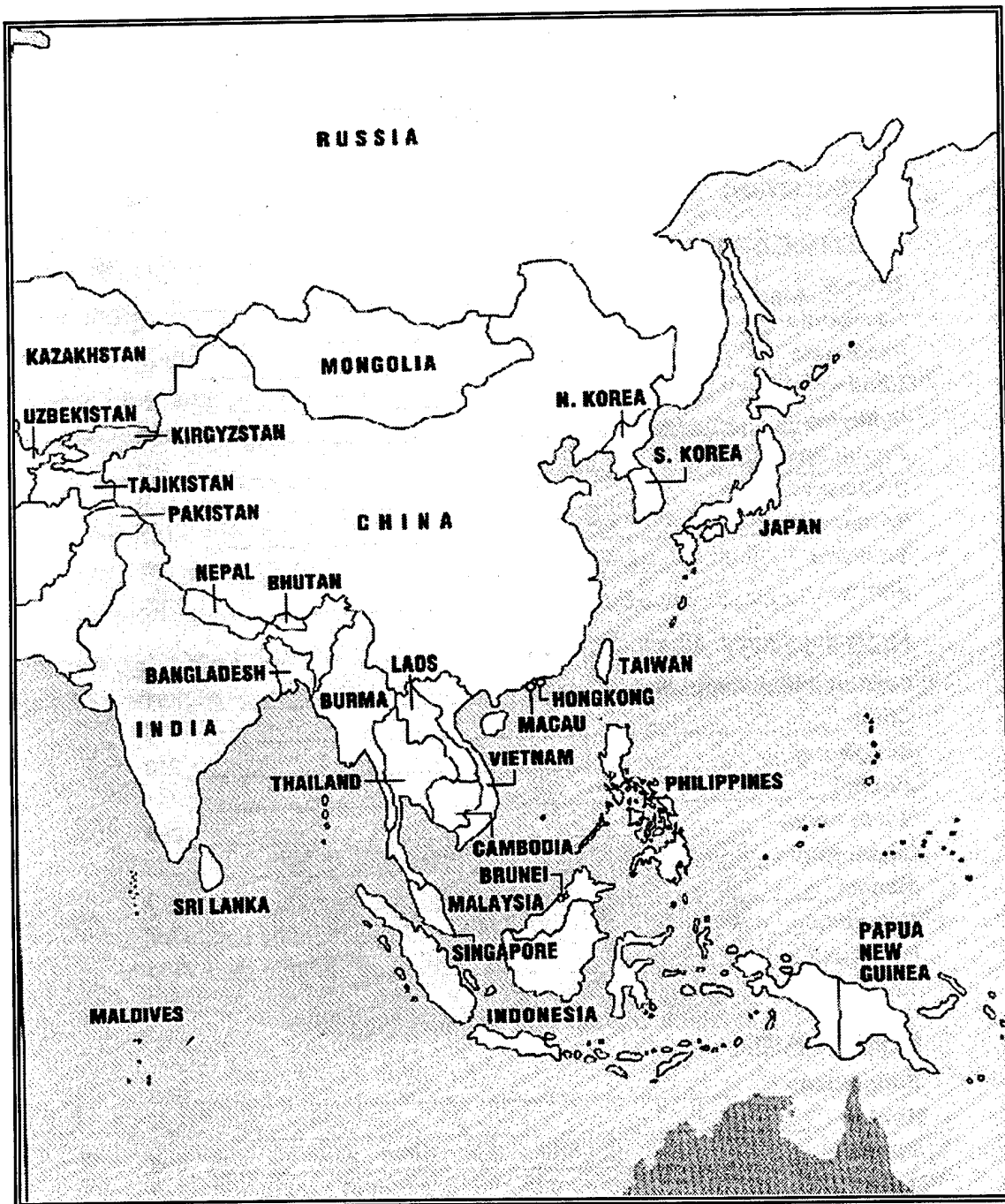


Figure 11. China, Center-Stage

off the last vestiges of the outside world’s sanctions imposed in the wake of the 1989 Tiananmen Square massacre. Following a post-Tiananmen dip, GDP growth in 1994 was expected to reach 11.5 percent, overshooting the government’s earlier 1994 target by nearly a third. Its economy, in PECC’s characterization in 1994, “has become an engine, and the principal one for the Pacific.”⁴ The debate, as the *Far Eastern Economic Review (FEER)* put it, has come down only to “whether China is already a superpower or about to become one.”⁵

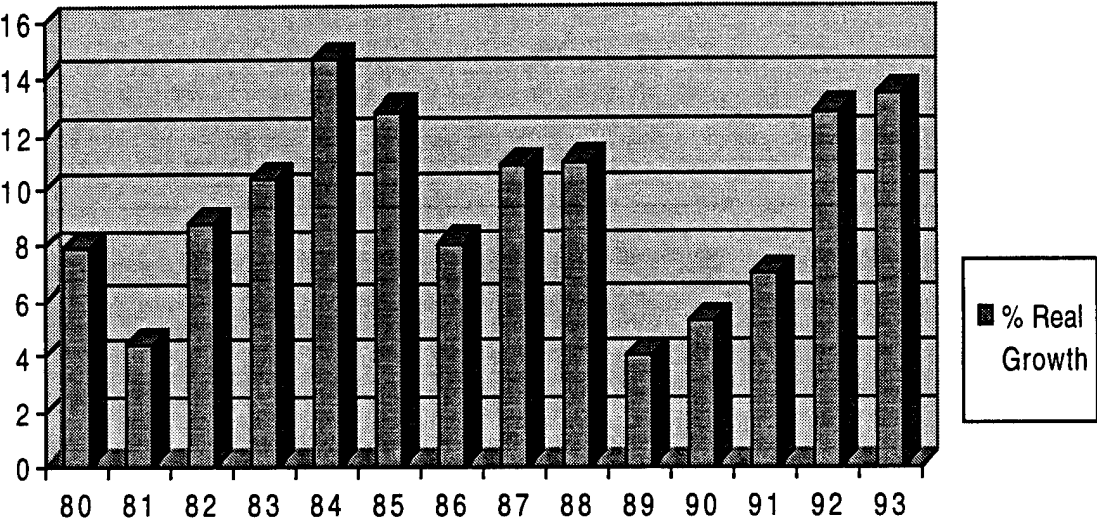


Figure 12. Real GNP Growth, China

A Pax Sinica nevertheless is a long time away. By dint of population, China will soon be the world’s largest economy, but it still will be one of the world’s poorest countries on a per capita basis. It will take China decades to overcome the formidable infrastructure shortfalls (a “monumental developmental traffic jam” in the phrase of one analysis)⁶ that stand in the way of achieving a world-class economy. Although its military modernization

Table 23. Real Export and Import Growth, China (Percent)⁷

Export Growth			Import Growth		
1993	1994	1995	1993	1994	1995
8.0	15.8	13.5	29.0	18.5	15.9

will yield a considerably more capable conventional force and the structural elements to project military power over longer distances, China will still operate within limitations. It will be a serious threat to its less powerful neighbors at decade's end, but it will still be a question-mark in force-on-force contests with sophisticated militaries such as Japan's (and even Taiwan's in specific circumstances).

*Unless it is crippled by internal leadership chaos, however, China, whoever leads it, will be undeterred in pursuing the influence and prerogatives of a major regional power. Eerily, China is a near-perfect fit for what Graham Fuller has suggested will be the profile of the "radical leadership state" in the time ahead, combining, to use Fuller's words, a "depth of historical civilization, a sense of national superiority of its culture, some continuity in a meaningful role in history, plausible claim to regional leadership, perhaps some experience in the adoption of an anti-status quo ideology in the past, and a particular sense of frustration at not having been able to fulfill its cultural-historical mission because of Western colonialism."*⁸ In Gerald Segal's phrase, Chinese irredentism "must rank as the largest challenge to the status quo, either in the Pacific or anywhere else."⁹

What others may condemn as Chinese hegemony, China will view as regional entitlement. China, self-perceived, is the "natural" dominant power in relations with the two Koreas, Burma, Southeast Asia, and the Central Asian states. Keeping peoples on the periphery of the Chinese empire in a weak and fragmented state was Chinese policy from the Han dynasty onward. Notably, China was generally at its most interventionist when it felt strong itself. As one historian phrased it: "Generally speaking, periods of political consolidation, stability, and strength in China coincided with periods of active intervention in and political subordination of most of the states of Southeast Asia. Conversely, there was a greater measure of autonomy and independence in Southeast Asian states when the central authority in China was questioned by the Chinese people."¹⁰

Strategic Compass

How China will conceptualize and act upon its strategic requirements and opportunities, and how it will view others, are likely to remain unsettled until after the Deng-succession issue is put to rest. Still, a general roadmap can be sketched.

Japan will loom large in China's calculations in almost any set of future circumstances. The experience of the 1930s and 1940s is seared in China's strategic consciousness as probably no other historical fact is. China looks with particular concern at the modernization of Japanese air and naval capabilities, and is extremely sensitive to the growing Japanese emphasis on "autonomy" in security policy (more on this under Japan,

below). For at least a decade war-gamers of the People's Liberation Army (PLA) Academy of Military Sciences have worked on scenarios for military conflict with Japan.¹¹ Concerns about almost anything military in Japan are not confined to the Chinese military. Japan has long been a rallying point for renewal of nationalism in China. "The level of attention paid to Japanese military developments in the Chinese press is significantly more pronounced than that given to other military establishments," Tai Ming Cheung, then the *FEER's* Beijing correspondent reported a few years ago, "These views tend to be alarmist, assuming that Japan is aiming to become a regional military power."¹²

The alarms, however, may be less genuine in the future. The younger (emerging) generation of Chinese political and military leadership seems more confident than its predecessors about China's ability to take on Japan in the future. China, in this view, is the region's emerging political and economic power; Japan's days of ascendancy are over. Japan is likely to eschew the use of force, and can have few illusions of becoming again a military power with offensive military force. Tokyo, in this perspective, is also severely limited in translating its economic strength into political influence in the region's political and security affairs. Japan's recession and lackluster management of its own political succession issues have made Japan look more like a normal country and less the invincible global power of images past.

The United States, on the other hand, is viewed more critically than in the past. The approving nods that earlier generations gave to the U.S.-Japan alliance are less in evidence among the younger leadership, which is discernibly more suspicious about possibilities for an enhanced Washington-Tokyo tie, especially joint U.S.-Japan moves toward the development of theater missile defenses (TMD). (Beijing could only see an operational TMD as a profound and provocative step toward altering the regional balance. China has been sending very negative messages about TMD prospects—messages that to some degree have been registered within Japan.)

The U.S. military presence, tacitly welcomed during the time of Sino-American détente—is also looked on more critically. China's concerns are less about theoretical military threats posed directly to China by the U.S. presence than about what the Chinese see as a continuing U.S. propensity to intervene in Third World conflicts, and a perceived American willingness to use force if political pressures and sanctions do not get it what it wants (though Chinese analysts seem to appreciate more now than a few years ago the constraints on American military power). China genuinely grates at American hectoring over issues of human rights and domestic enforcement of international conventions (such as intellectual rights protection) that China has entered into. For China, coming off a long

history of foreign interference in Chinese internal affairs, such external pressures are both inexplicable and offensive to China's sovereign political integrity.

On all but the most implausible assumptions, *China will avoid if it can serious confrontations with Japan or the United States in security matters*—though it probably would risk this in the case of Taiwanese assertions of independence. China and Japan have only one outstanding territorial dispute—the Senkaku Islands—and although episodic low-level violence is a feature, both countries have striven to keep the issue under tight control. A big-three condominium in which China's regional entitlements are acknowledged and accepted by Japan and the United States is acceptable to, perhaps favored by, Beijing.¹³

Along China's other strategic frontiers, what happens in Korea will remain a keen interest in any set of circumstances. Before the 20th century, China was traditionally the dominant influence in Korean affairs. It has continued to prop up the DPRK with trade (albeit at reduced levels compared to during the Cold War), and has steadfastly opposed economic sanctions as a means to deal with the North Korean nuclear issue. China would expect, not without reason, that a reunified Korea would seek close ties with its traditional "big brother" China.¹⁴ At a minimum, it will be strategically crucial, in Beijing's view, that any Korea that emerges from reunification will be disassociated from alliance with either/both the United States and Japan—at a minimum, that a unitary Korea will be neutral with its neutrality guaranteed by all relevant powers.

Mongolia, to its misfortune, will be at risk of being a matter of Chinese interest also—adjacent to the independent Mongolia (population 2 million) are 4.8 million ethnic Mongolians in China's Inner Mongolia. China is almost certain to increase its influence in Mongolia, and may well assert its hegemony to prevent Mongolia from becoming a base for subversion in the PRC's Inner Mongolian Autonomous Region—the poorly equipped 20,000-man Mongolian army will be in no position to resist.¹⁵

China is a growing economic magnet in Central Asia (in ways that Russia cannot at present rival) and may become the only serious foundation for regional geopolitical stability in that part of the world.¹⁶ Although China is likely to resist temptations to sort out problems in Central Asia, Islamic fundamentalism and pan-Turkism necessarily concern it. While China claims that "China's and Central Asia's security interests are identical," it also maintains substantial security forces in Xinjiang, Ningxia, Gansu, Xizang, and Qinghai.¹⁷ Forces freed up as a result of the troop reductions along the borders with Russia have been relocated to the provinces bordering Central Asia.

Russia is an unresolved question for Beijing. Like many European countries, China preferred the world that existed between the end of 1989 and August 1991, when the Soviet Union was weak and retrenching, but still a coherent entity. *Post-Soviet Russia is a near term opportunity and a long term hedge for the Chinese.* China clearly has benefited from the resurgent military relationship with Russia since 1989, which through bargain-basement military transfers has greatly accelerated and abetted China's military modernization. In a strategic scenario with intriguing parallels to the old Cold War, China also sees the development of Sino-Russian military ties as a strategic counter over the longer haul to an aggressive U.S.-Japan security alliance. Russia has a similar perspective. Russian arms reductions in the Far East have been focused almost exclusively along the Chinese border, with Russian forces deployed in the maritime provinces facing Japan left virtually untouched.¹⁸

At the same time, China does not see (does not want) Russia in more than marginal roles in East Asian security affairs. In this connection, the Sino-Russian relationship has a triangular character. In a point we return to shortly, China finds itself dealing with two Russias—one in Moscow, successor to the Soviet Union; the other a RFE with unsure connections to the "national" Russia.

Points South

Still, the most significant factor in the time ahead for China and the region, and for the United States, may lie less in these directions than on *the pull of points south and southwest on China's strategic compass and ambitions.* In Northeast Asia, China faces American and Japanese power and presence, and also the latent power of Russia. Similarly potent barriers do not currently exist along China's southern/southeastern perimeters.

Southeast Asia is of keen economic interest to Beijing. In 1992, between 10 and 15 percent of the foreign trade entering China came from ASEAN members. (Bilateral trade with ASEAN countries expanded at an average annual rate of 8.5 percent between 1990 and 1992. In 1993, it rose by 26 percent to \$10.7B.) We have noted previously China's interests in the sea and sea-bed resources of the South China Sea. Since 1991, Chinese strategists also have spoken increasingly of the strategic value of the Southeast Asian shipping lanes and the Straits of Malacca to China's foreign trade.¹⁹

Chinese hegemony over Southeast Asia was the reality of the old Middle Kingdom. To Beijing, the subregion falls naturally within China's sphere of influence. In this sense, more than disputed territory and interests in resources colors Chinese thinking. China will seek to dominate because, in China's perspective, this is the natural order of things.

Gerald Segal points out, for example, that bullying Vietnam is in large part a matter of asserting dominance: “How else can one explain China’s systematic humiliation of Vietnam, even in the years after Hanoi withdrew from Cambodia and normalized relations with China?”²⁰

The pull south extends west also. India is the one other potential hegemon and imperial rival to Chinese power within the greater region.

The Sino-Indian strategic relationship is yet to take clear form. Until the 1960s, the two never warred against one another since contacts between the two started in 200 BC. China’s trade with India picked up in the 1980s, and the two countries—which share the world’s longest common border—effected a political reconciliation of sorts in 1993.²¹ In the time ahead, they will share many of the same anti-Islamic calculations about Central Asia (and globally as well). China has expressed keen interest in India’s huge defense science and industrial complex centered in Bangalore. Both countries, however, have a sense of destiny as regional powers, and they have clashed before—in the 1962 border war between the two, and in a serious border crisis again in 1987. The two have yet to resolve conflicting territorial claims in Aksai Chin—of little strategic value to India but of great strategic importance to China because it provides road access between Xinjiang and Tibet.²²

The near-term playing field (with longer term strategic implications) is Burma.²³ China has sold the Burmese military about \$1.2B in arms since 1990.²⁴ There is large strategic consequence, if still only piecemeal strategic design, in the deepening security relationship. China is helping Burma build a deepwater port at Hainggyi Island at the mouth of the Irawaddy river—a facility that will have no evident economic use, but could be used by Chinese submarines for deployments in the Indian Ocean. Beijing is also helping Rangoon build radar stations and a signal intelligence base on Great Coco Island in the Bay of Bengal—facilities that will be capable of not only monitoring shipping and communications in the Indian Ocean and the Malacca Straits, but also of observing missile tests across the Bay of Bengal (Coco Island is a mere 55 kilometers from India’s naval base on the Andaman Islands.) China also has gotten military access to other strategically located islands along Burma’s coasts—Ramree and St. Matthews Island.

China’s military penetration of Burma concerns India most obviously—in May 1994 the Indian army chief went to Rangoon for “discussions,” the first such visit by an Indian army chief to Burma—but it is also of strategic concern vis-à-vis Southeast Asia. St. Matthews Island, for example, is close to the northern entrance of the Malacca Straits.

Whether a “southern arc” strategy is in the making is unsure, but there is a fair degree of logic for China to follow these points on the compass. Japan is highly vulnerable

to interruptions of oil and trade flow through the Indian Ocean and the Southeast Asian straits, but has at present no ability to deploy and project military power in the southern areas. Although Moscow, with Vietnam's acquiescence, seems intent on clinging to a limited military presence in Cam Ranh Bay,²⁵ Russia is out of the southern picture for all intents and purposes. The United States maintains a naval presence, but in the wake of the loss of the Philippines bases, this originates at considerable distance in Japan, Hawaii, Guam, and the American west coast. The so-called "tyranny of distance" in the Asia-Pacific is not an exaggeration (Figure 13). Moreover, the U.S. Seventh Fleet has an assigned area of responsibility that covers, in addition to the northwest Pacific and Southeast Asia, the North Indian Ocean, the East Indian Ocean, the Southwest Pacific, and the Southwest Indian Ocean, an area of approximately 52 million square miles. The southern waters of East Asia have to be tempting to Chinese strategists and naval planners.

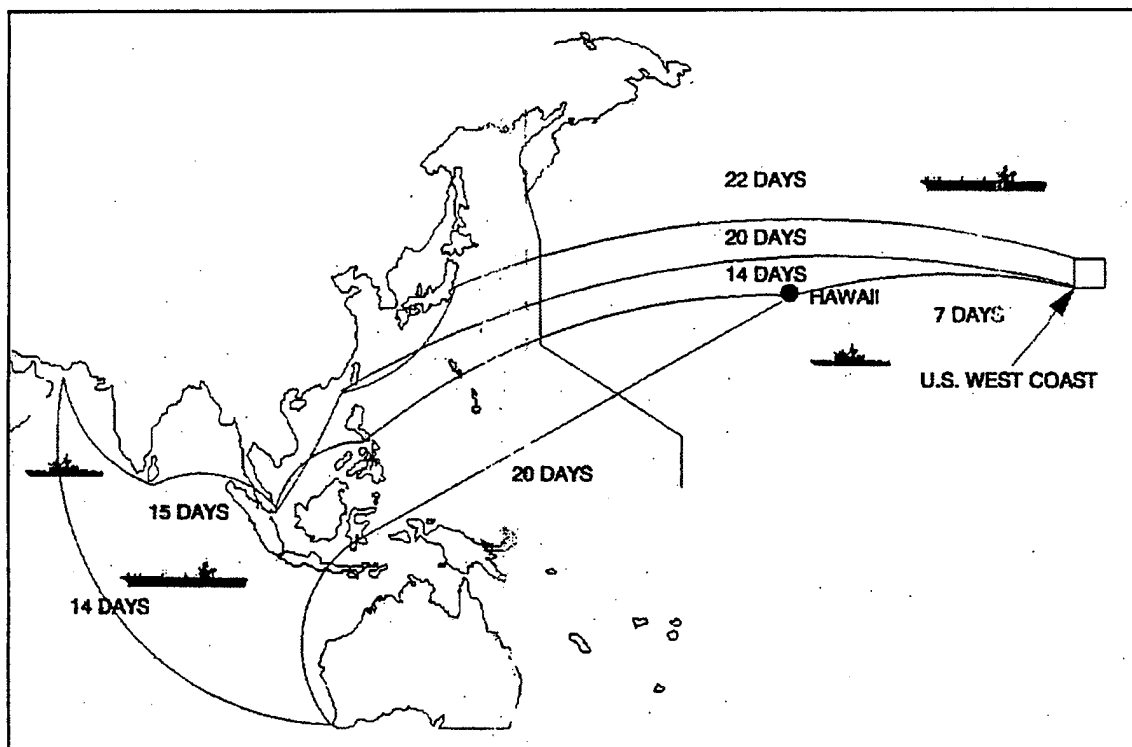


Figure 13. "Tyranny of Distance"²⁶

Questions of Leverage

China is a pointed dilemma for countries in the region, and for the United States, at mid-decade. "The nightmare in 2020," Gerald Segal ventured in 1994, "is a united, authoritarian China with the world's largest GDP, perhaps the world's largest defence spending, and a boulder rather than just a chip on its shoulder."²⁷ Yet, playing a heavy

hand towards China runs the risk of creating the nightmare that might not otherwise unfold. Even were a “China containment” strategy a realistic possibility in organizing regional security—it is not in the foreseeable future—it would be, at best, premature; at worst, a provocative step that would almost certainly embody a self-fulfilling prophecy.

China will not have an entirely (or even mostly) free hand in shaping its roles in the region. Its economic interests, and therefore its susceptibility to political/economic pressures from concerned others, are, in principle, a large constraining factor. Michael Leiffer has argued in this connection, for example, that, “Given the current limitations in the sustained projection of military power, China’s option of engaging in creeping assertiveness according to military capability and opportune circumstances would seem constrained by the requirement to make a judicious assessment of the importance of conciliating regional neighbours in the interest of economic reform.”²⁸

This may be so. But China has foregone economic benefits and convenience in the past in pursuit of deeply held external interests and policies, and has hung tough with some considerable success in the face of external pressures before. The blunt fact is that *our current understandings of what will (could) influence and/or leverage China’s military/strategic behavior are limited and imperfect*. We do not have a developed sense, empirically and analytically, about how specific economic linkages might work. As we take up in Section V, absent strenuous activity in the next few years on the part of the United States and others, serious security multilateralism, which might serve to integrate and tether China, is a dubious prospect. Even with a hypothetically invigorated ARF and/or other mechanisms, the region (and the United States) will be dealing with a country that, unique among great powers, has little practice in working multilaterally with the international community. Segal reminds that it was only in April 1994, 23 years after China assumed its UN seat, that it drafted an important Security Council statement.²⁹

RUSSIA AT THE MARGINS

Russia will not be entirely inconsequential for regional security. It is likely to insist on playing some role in the process of Korean reunification, and it will continue to play a more general role in Northeast Asia. (Vietnam, interestingly, has shown no hurry in having the remainder of the old Soviet presence at Cam Ranh Bay depart, and Russian warships continue to make calls.) Should crises develop in Korea or Northeast Asia generally, Russia might play an important role. Otherwise, however, *it is improbable that Russia will be the source of much initiative*.

Post-Soviet Russia has become more an object of regional security politics, not an actor in its own right as it was during the Cold War. It remains on the fringes of APEC and the ADB. The absence of progress in resolving the Kurile Islands/Northern territories dispute with Japan—an area of rich fishing grounds where low-level armed confrontations between Russians and Japanese trawlers are a recurrent fact—has stood in the way of Japan's providing any large-scale financial assistance to the RFE. (In late 1994, Russia again declared that there are no plans to withdraw Russian troops from the islands.) Like Japan, South Korea's direct investment in the RFE has been minimal.

To be sure, there is the China connection, and Russia has considerable interest in further developing it. But the Sino-Russia relationship is complex and likely to grow more so with time. At the "macro" (Moscow-Beijing) level, relations are, and probably will continue to be, friendly. In July 1994, Russia and China signed a "prevention of military incidents" agreement covering, among other things, the handling of unintentional border intrusions. Two months later, they also agreed not to target nuclear missiles at each other. In economic terms, the "macro" relationship is on a friendly course as well. China has become Russia's second-largest trading partner after Germany; in 1993 Chinese-Russian trade showed a 30 percent increase over 1992.

There are downsides to the affair as well. Russia's assistance in rearming China has set off alarm bells in many neighboring capitals. At the regional level, there are growing problems and tensions between the two countries. Unresolved border questions along the Amur River is one issue. "Creeping expansion" of Chinese immigrants into the RFE is another. Relatively free cross-border trade and movement of people has resulted in a substantial influx of Chinese traders and workers into major cities in the Russian Far East (RFE) like Vladivostok and Khabarovsk, who have been sharply criticized by RFE officials for taking over jobs and markets from Russians. Although local Russians have benefited from the Chinese trade, there is evidence of growing resentment about the poor quality of many of these goods, and about increasing economic dependence on China.

RFE military officials are wary of China's comparative economic might, expanding military capabilities, and explosive demographics as potential security threats—Russia estimates that there at present between one and two million Chinese in Siberia and the Russian Pacific region. There is evidence of RFE fears of Chinese irredentism—that China hardliners intend to reclaim the RFE as Chinese territory that was unjustly annexed by Russia in the last century—fears that are not entirely without factual foundation. There are also growing suspicions in the RFE that sinister Chinese motivations lie behind the stalled Amur River demarcation talks. Moscow cannot ignore such concerns in the RFE, however

low a priority it might otherwise wish to assign them. Given the troubled "west-east" political dynamic within Russia (a breakaway RFE still cannot be counted out in the longer haul), the dynamic in Northeast Asia is becoming increasingly triangular, involving Moscow, the RFE, and China.

Furthermore, Russia has reasons to be concerned about growth in Chinese military power. As this effectively surpasses Russian strength in the Far East, a small Russian population sitting on top of valuable natural resources will be vulnerable. As one analysis has framed it: "A China that grows fast will require precisely those minerals and energy resources that are so close by in the Russian far east. A Russia that knows it grabbed much of this territory from a weak China in earlier centuries, must fear for its own ability to hold on to "imperial spoils."³⁰

Still, *Russia's major play in Asia in the time ahead is likely to be in Central Asia, not East Asia and the Western Pacific.* In the latter, it will insist on playing some kind of strategic/security role, though it is unsure whether former Soviet republics will offer it too formal and explicit a say in any of the region's major security issues.

JAPAN

Although for very different reasons, *Japan also is not likely to be a source of great strategic initiative in the Asia-Pacific in the time ahead.* To be sure, Tokyo's enormous economic strength (approximately 15 percent of global GNP) and comparative military advantage (after the United States, the strongest air force and navy in the region) make it automatically a major player in the strategic calculus. That Japan should assume a more active security posture has been periodically recommended from within over the decades, the most recent being the 1994 report of the advisory commission charged with reviewing Japan's National Defense Program Outline: "Japan should extricate itself from its security policy of the past that was, if anything, passive, and henceforth play an active role in shaping a new order."³¹

At mid-decade, Japan (in the apt phrase of Michael Green and Richard Samuels) "is faced with a new world order for which it has no compass."³² Its long-standing conceptions of "comprehensive security"—in which historically it has opted for solidarity with the United States to deter and defeat military threats over measures at achieving self-reliance—have come under growing question within Japan, as the "price" of alliance with the United States has increased in the Cold War's aftermath, while the military benefits of alliance have become less clear.³³ The explosive economic growth of the early postwar

decades is gone. From 1955 through 1970, Japan's economy grew at a 10-percent real annual per capita rate. This slowed to three percent from 1970 to 1990. Since the recession of 1992, the economy has showed real strain—registering a strikingly sparse 0.1 percent GNP growth in 1993.³⁴ The military alliance with the United States, in the meantime, is still framed largely in Cold War terms (though the security threat posed by North Korea has to some extent kept these terms relevant).

Table 24. Real Economic Growth: China, U.S., Japan ³⁵

	Real GDP/GNP Growth (percent)		
	1993	1994	1995
China	13.4	10.0	8.2
Japan	0.2	1.1	2.7
United States	3.0	3.7	2.6

The Japanese face two sets of strategic policy issues in the decade's second half. In both, the future is less clear than perhaps at any time in the past 40 years. Japan has to decide whether it wants to be firstly a global or a regional power. Its global aspirations are relatively clear; what is not clear is how a regional security role fits in—whether to assume more of a political and security posture in Asia-Pacific affairs advances, detracts from, or possibly weakens the influence Japan already enjoys through trade, investment, and economic means. The second set of issues concerns the definition of the U.S.-Japan security relationship.

World Stage

The global/regional choice may seem artificially framed, but Japan in fact has played a fairly minor role in the region's security affairs since its defeat in 1945. (Apart from the Senkaku and the Kurile islands, disputed with China and Russia, respectively, it has no outstanding territorial claims in the region.) On most issues of interest and concern to the United States, Japan simply has followed the U.S. lead. Its security interactions with other Asia-Pacific states have been minimal. In political/security affairs, as one analyses put it, Japan has more in common with the United States and Europe than with Indonesia and India.³⁶

Antagonisms left over from World War II, and Japan's spectacular inability to face squarely its roles and behavior in Asia during the war, have contributed to the Japanese distance from the rest. Any move by Japan towards international activism is acutely sensitive to its neighbors. (Of Japan's three recent dispatches of military personnel overseas under UN auspices, two, Mozambique and Rwanda, were to distant points on the globe; only the small contingent sent to Cambodia was "regional.") Japan has interests in the region but, apart from the United States, it does not have friends. (The United States,

as a RAND analysis put it, “remains to many Japanese their only friend in a world of hostile states.”)³⁷ Thus, while regional multilateral security structures and dialogues have had a growing appeal for Japan (we take this up in Section V), they are also an obstacle-laden path.

A larger role on the world stage presents fewer (or at least different kinds of) obstacles. Japan has long (since 1957) embraced a “UN-centered diplomacy,” but for decades this was mostly a fiction within which to carry on in direct bilateral military alliance with the United States.³⁸ By the 1970s, though, Japan began to see the UN as also an important venue for advancing foreign policy objectives that diverged from American positions. The Persian Gulf war was an accelerator in these regards. As Michael Green of IDA writes, “The 1991 Gulf War demonstrated for Japan that deliberations in the United Nations could, in fact, have a direct and profound impact on Japan’s economic interests vis-à-vis the United States and in third regions.”³⁹ A permanent seat on the UN Security Council would allow Japan an opportunity to influence collective decision-making there. In mid-1994, Japan declared publicly for the first time that it aimed to become a permanent member of the UN Security Council, provided that this could be reconciled with maintaining the country’s constitutional ban on overseas uses of its military forces.

History is inconclusive, however, on the practicality and effectiveness of states playing on the global stage while weak within or disconnected from their regional base. Some analysts question whether Japan’s form of “omni-directional” diplomacy could fit with or survive an activist role in the UN, and whether on the global stage any more than the regional stage, Japan will be able to afford getting ahead of or away from the United States on issues of U.S. concern.⁴⁰

Regional Security

A more activist role in regional security affairs presents another, related hard choice for Tokyo. North Korea’s Nodong missile test brought home the post-Cold War vulnerability of the home islands. The unresolved sovereignty dispute with Russia over the Kurile Islands, always-present concerns about whither China?, and a deep appreciation of the country’s vulnerabilities to distant disruptions in the international flows of trade and oil keep alive for Japan very fundamental questions about security forces and frameworks in the Asia-Pacific.

In the short run, Japan does not seem to be unduly worried about China (though a factionalized and fragmented China does give rise to worries in both Japan and South

Korea of a renegade PLA exporting weapons and running crime syndicates throughout the region). Over the long term, given the character of its military modernization, China will have to be a major security priority for Japan, as well as a unified Korea, especially if, by the terms of a Korean settlement, that country would retain its naval and air force capabilities and also possibly keep a nuclear weapons capability as well.⁴¹ The sea lanes linking Japan's ports to Hormuz, the Middle East, and on to the markets of Europe have long been Japan's greatest vulnerability; this will not change.

But non-military means have gone an extraordinary length in advancing Japan's influence and, arguably, in advancing its security interests throughout the region. Nearly all of the Southeast Asian countries are dependent economically on Japan, which is also the largest donor of aid to Asia and targets most of its aid (about 62 percent) to the region. Although Japan has largely eschewed linking its trade, investment, and aid programs to the pursuit of specific foreign and security goals (it flirted briefly and inconsequentially in 1991-1992 with conditioning aid to recipient restraint in arms acquisitions and buildups), the potential to exploit economic influence as leverage in areas of strategic and security concern to Japan is considerable. Thus, the question of activist security and military policies in the region is a complicated one for Tokyo. Given historical sensitivities, stepping too fast or far into regional security issues and concerns could, as an ASEAN government official phrased it, "really spoil a really good thing" for the Japanese.⁴²

U.S. Security Relationship

The U.S.-Japan bilateral security relationship is too richly nuanced to be dealt with in detail here, but three related aspects warrant mention. One is that, for all of Japan's periodic struggles over notions of "security autonomy," *there remains no serious constituency for replacing the U.S. tie with nationally self-sufficient defense*. Achieving security through multilateral mechanisms—current or prospective—is problematic and dubious. Japan has no multilateral alliance to turn to to help minimize dependence on the United States, and the ASEAN regional security forum (section V) is little more than a talking shop. Self-reliance and defense autonomy are burdened with severe political difficulties (an almost universally negative and anxious reaction throughout the region) and costs (which Japan has been traditionally reluctant to bear, and now at a time when Japan is seeking to shrink somewhat its military establishment out of fiscal needs).

Second, there has been growing awareness within Japan that the U.S. security alliance has been drifting and requires much better definition in the decade's second half than what obtained in the first. Trade and market access frictions are well known and

require no rehearsal here. But to the extent that Japan would like to increase its out-of-region peacekeeping responsibilities under a UN pennant, it will at least strive to move the cooperative aspects of the U.S. more in this general direction.

Third, *technology is likely to be an even more important playing field in shaping the Japan-U.S. security relationship than before.* Co-development of TMD will sharpen the alliance's security rationale. Most big-ticket defense items acquired by Japan are being procured from or co-produced under license from the United States: F-15s, Aegis, AWACS, multiple-launch rocket systems. But there is a large difference heading into the future. The United States needs defense science and technology from Japan as much as Japan needs it from the United States. This potentially provides Tokyo with a leverage within the alliance that it has not had previously.⁴³

All of this, of course, assumes a Japanese political leadership that can think and act strategically. In the short run, this is unsure. After decades of one-party (LDP) dominance, a series of weak, divided coalition governments could be in store in the time ahead.

INDIA IN-OR-OUT

U.S. regional defense policy has historically treated India as falling outside the Asia-Pacific (it came under the purview of DoD's directorate for East Asia and the Pacific Region, for example, only in 1994). Yet, India—arguably far more so than Japan—is strategically positioned to play potentially important balancing role vis-à-vis China. In terms of regional security developments, next to whither China?, whither India? could well rank as one of the more strategic questions in the period ahead.

“It is difficult,” an Australian/Indonesian team of analysts wrote in 1990, “to develop any systematic view of India's planning processes, and strategic commentary from non-governmental sources, which is never a substitute for cohesive national policy, is particularly diverse.”⁴⁴ A large part of the difficulty is that the struggle for India's national identity and regional purposes is still only taking form. The past is a poor guidepost in India's case—an independent political identity reaches back only to 1947. India has spent most of the intervening decades preoccupied by Pakistan and caught up in the Soviet Union's embrace.

India is the dominant power in South Asia, an all-but-declared nuclear power, and China's only serious competitor as a regional hegemon. Its historical sphere of influence, self-perceived, stretches from the Persian Gulf to Southeast Asia, and inland. India was prominent in the 1950s in advocating extension to Southeast Asia of the five principals of

peaceful coexistence—*Panchasheel*—embodied in the 1954 Sino-Indian agreement on Tibet, that in effect urged a policy of “hands off” in all of Southeast Asia and neutralization of the region.⁴⁵ Unlike China, which avows no interest in the fate of overseas Chinese communities, India has shown no similar disinterest regarding the large Indian diaspora in Southeast Asia. India’s assertive behavior in South Asia in the late 1980s—it sent troops to Sri Lanka in 1987 to quell ethnic unrest and to the Maldives in 1988 to contain a military coup staged by mercenaries; in 1989 it imposed an economic blockade against Nepal partly on the grounds that the latter had turned from China to India for the supply of weapons—did not go unnoticed in Beijing, which began sending warships to the Indian Ocean “to show that China did not recognize that the Indian Ocean belonged to India.”⁴⁶

The collapse of the Soviet Union had significant military and political effects on India. Moscow had provided about 70 percent of India’s military equipment; supplies of spares and munitions immediately suffered. Since 1993, military transfers have picked up. India’s naval modernization and growth, truncated in the early 1990s, have partly resumed. India long has been the only Asia-Pacific country with aircraft carriers, and except for China, the only regional state with a nuclear-powered submarine. It has interest at present in acquiring from Russia three Kiev-class carriers, and has managed in the past two years to commission four new conventional submarines. Politically, the Soviet collapse destroyed two of India’s worlds: its comfortable embrace of Moscow in foreign and security dealings, and its congenial leadership role in the Non-Aligned Movement (NAM)—which has effectively all but collapsed, too, in the wake of the Cold War.

India has both the opportunity and the requirement to establish a fresh national and regional security identity. Yet, its strategic compass remains unset at mid-decade. With the Soviet Union’s disintegration, India finds itself encircled by Islamic states (including the newly independent Central Asian republics). It could, accordingly, be more strategically focused on its northern and western frontiers than on East Asian balances in the future.

China and India improved relations in 1993, when they agreed to set aside long-standing border disputes and dissolve military tensions. But the complex nuclear triangle of Pakistan-China-India, and China’s long and extensive military assistance and support for Pakistan, will continue to be complicating factors, along with deep-rooted suspicions in Beijing and New Delhi about the imperial ambitions of the other. China’s penetration of Burma is taken extremely seriously by India in this regard. India may retain strategic interests in South East Asia—because of China, and quite apart from China—in addition to its interests to be the dominant power of South Asia and the northern Indian

Ocean. India recently has sought membership in APEC (APEC countries currently account at present for 45 percent of India's exports and 30 percent of its imports), close association with ASEAN, and participation in ARF.

Indian strategic assertiveness in the time ahead, especially a military/strategic role in the Southeast Asia area, receives mixed views at present from within the region. India's military activities in the immediate Indian Ocean vicinity in the late 1980s "caused a tremor of anxiety as far away as the eastern ASEAN states and rather stronger reactions in the other Indian Ocean island groups of the Comoros, Madagascar, Mauritius and the Seychelles."⁴⁷ In one Southeast Asian assessment, "Were [India] to seek to behave in the same way towards South-east Asia and South Pacific countries as it does towards its South Asian neighbors, regional strategic concern would be heightened greatly."⁴⁸ In 1994, however, Vietnam praised India's "stabilizing role," and suggested that Vietnam, for one, views India as a helpful counterbalance to Chinese power.⁴⁹ Less explicitly, Singapore and Australia also see India as potentially a constructive balancer of China. India is keenly interested in admission to APEC and "partner" status with ASEAN.

A tentative but growing India-U.S. connection is a new, potentially significant, but uncharted development for both countries—the relationship began informally during the 1990-1991 Persian Gulf War when India lent logistical and refueling help to the United States. Military personnel exchanges are set to begin in 1995, and also "joint exercises of progressively higher levels of scale and significance."⁵⁰ Relations with the United States were tepid to brittle during the Cold War; there are thus few historical guideposts for judging how the U.S. factor will enter into India's strategic adjustments and directions in the time ahead.

At bottom, though, whither India? is clouded in ambiguity. India sees itself as a player on the global as well as a regional stage. It cherishes its founding role in NAM. New Delhi expects a seat in any enlarged permanent Security Council at the UN, declaring its expectations in the UN General Assembly in September 1994. Regionally, however, India has yet to define itself. Indeed, this will probably be among the larger struggles as the decade matures. Hindu nationalism could bring a much harder edge to India's regional security approach than before. As China sees India as a natural imperial rival, the reverse is also true.

SOUTHERN PERIMETER

We take up ASEAN and ARF in Section V. Neither the association nor the forum, *as such*, is likely to play much of a role in the region's developing security arrangements. ASEAN is too encumbered by its history and self-protective predilections to take up security issues explicitly and directly, and ARF is little more than an unstructured and deliberately unintrusive occasional dialogue at present.

Australia

Yet, fragments of security adjustment can be seen along the region's southern perimeter. Australia—which, with New Zealand, had long taken a leading role in the immediate affairs of smaller South Pacific islands—has been prominent both in rethinking its strategic concepts and recasting its security relationships. The U.S. security tie will remain important to Canberra, but Australia no longer sees itself as an American (or European) outpost in Asia, and anticipates that the U.S. alliance will undergo definite, if unspecified, adjustment in the time ahead.

American expectations of the alliance [with Australia] will change ... as the previous emphasis on alliance cohesion against the Soviet Bloc is replaced by a more complex and evolving U.S. posture. Equally, Australia's requirements of the alliance will change as we develop our capabilities further, and become even more active in regional strategic affairs... With the passing of Cold War certainties, we will need to work hard to make sure that the alliance continues to meet the needs of both parties.⁵¹

Asia's odd-man-out until recently, Australia is intent on finding its own place in the strategic balance running from Southeast Asia through the Indian Ocean. It is reshaping its long-standing "Five-Power Defense Arrangement" (FPDA) military ties to Malaysia and Singapore in order to "keep the arrangements relevant to changing needs," and to develop the security relationships "in important new directions." FPDA remains the only multilateral military alliance in the region, and has long been a vehicle for bilateral and multilateral military cooperation.

The more striking development, however, lies in the emerging Australian-Indonesian security relationship—a development that has advanced with remarkable swiftness and intensity given the previous history between the two.⁵² The deepening security ties are viewed by both governments as a strategic, not merely tactical, realignment. In the Australian government's words: "A constructive relationship between Indonesia and Australia, as two substantial military powers in the region, does much to support the security of our nearer region in the more fluid and complex strategic environment we face in Asia and the Pacific."⁵³ In this vein, Australia has a low-key but

determined interest in developing closer ties with India also, although officially expectations are restrained: "We will develop our modest defence relationship with India to improve our understanding of its strategic perceptions and priorities, and encourage India to understand our interests."⁵⁴

Australia has been long involved in developing closer relations with Vietnam also. Though Australian troops supported the Saigon government in the early period of the Vietnam war, Australia opened an embassy in Hanoi in 1973, and established a bilateral aid program in 1976 (which was suspended in 1979 following Vietnam's invasion of Cambodia, but re-established in 1983). By the end of 1994, Australian investments in Vietnam amounted to \$684 million—the sixth highest total among all foreign investors and more than any European or North American nation.⁵⁵

Yet, whither Australia? questions still loom at mid-decade. In striving for closer political and economic integration with East Asia, Australian governments are still a distance ahead of Australian public opinion.⁵⁶ Australia could become the anchor—or, with Indonesia, the fulcrum—of a southern/southeastern security alignment in the Asia-Pacific that would function between the contending powers of China and India. But Australia could also stumble and retrench into a New Zealand-like presence in the region, noticeable but not noteworthy.

Indonesia

Indonesia also might seem to be an odd entry in this context. Yet, Indonesia "will be there for a long time and ... no sound policy can ignore the country's fundamental aspirations."⁵⁷ Noted in Section III, the country is vulnerable to possibly paralyzing internal strife near the end of the decade. At the same time, it is poised, along with Australia, to play a potentially significant role in anchoring and underwriting a new security alignment in Southeast Asia.

The fifth most populated country in the world, straddling the region's major shipping lanes (and thereby its oil transit flows), Indonesia sees itself as an important part of a regional counterweight to China's influence in and domination of Southeast Asia. It is both vulnerable to outside threat (that is, China) and possessed of a sense of subregional destiny proportionately as grand as China's sense of regional prerogative—caught between "a sense of vulnerability because of its physical size and social fragmentation and a sense of regional entitlement due to its vast size, rich natural resources and revolutionary experience."⁵⁸

Yet, there is little doubt that Indonesia "sees itself as *the primus inter pares* in Southeast Asia and wishes to be recognised as such by other countries, both from within and without the region."⁵⁹ The Indonesian political and military elite have long been ambivalent about ASEAN. On the one hand, the association is seen as a comfortable vehicle for regional stability and cooperation. Indonesia is the least developed member of ASEAN, with the lowest GDP per capita, and needs ASEAN for economic development and growth more than other ASEAN members need Indonesia at present. On the other hand, Indonesia, which still cherishes its leadership role in NAM, also sees ASEAN as relatively small beans, and constraining. For the Indonesian political elite, if Indonesia is to carry out an activist foreign policy in the time ahead, it will need to do so outside the ASEAN forum: "ASEAN is regarded as being much too small for Indonesia to project itself internationally."⁶⁰ Jakarta views security ties with Australia in this light, and sees Vietnam, which it has long viewed as a buffer against China, as a useful longer term ally against Chinese ambitions and excursions in the region.

Vietnam

Vietnam enters the picture as a dedicated and credible opponent of Chinese expansionism in Southeast Asia, with growing security ties to both Indonesia and Australia. Though the 1978 Soviet-Vietnamese friendship treaty and military alliance died in the collapse of the Soviet Union, and Russian forces have been mostly withdrawn from Cam Ranh Bay, Vietnam has not been keen to push the Russians out of that facility entirely, on the theory that, if now only occasional, Russian port visits remind China of Vietnam's resolve to stand up to Chinese pressure. Vietnam's impending accession into ASEAN will be a new and uncertain ingredient in the ASEAN security calculus. Whereas ASEAN members have tread lightly on virtually all security issues where China is concerned, Vietnam can be expected to press a harder line.

PRAGMATIC ALIGNMENT

Nothing discussed above amounts to a military alliance, traditionally understood, and the sum is scarcely the makings of a security "architecture." Much at this juncture is more aspirational and promissory than real. But intra-regional security relationships are almost certain to be a growing feature of the regional security dynamic. Smaller states will need security options in the face of pressures from larger and overbearing neighbors, China especially.

Japan, we have suggested, will be limited in the China-balancing security roles it might realistically pursue on its own; an enhanced U.S.-Japan security tie could credibly

underwrite the balance in Northeast Asia, but this will still leave the southern areas and approaches at considerable distance. The web of possible security interconnections among states along China's southern perimeters could thus serve an important, strategically balancing purpose. The arrangements will take the form of pragmatic, mostly bilateral alignments, rather than find expression in multilateral security forums like the ASEAN-inspired ARF. How multilateralism fits in is taken up next.

V. PROMOTING SECURITY

“Asia’s time has come.”

Goh Chok Tong
Prime Minister, Singapore, 1994

The launching of the ASEAN Regional Forum in 1993, and the forum’s inaugural meeting in Bangkok in 1994, were widely heralded as watersheds in the handling of security issues in the region.[†] Some commentators see the forum as “the most significant institutional development in the security sphere is post-Cold War Asia,”¹ and “the opening of a new chapter of peace, stability and cooperation for Southeast Asia.”²

Although the United States was not involved in the formulation and design of ARF, it endorsed the forum’s establishment in 1993, and has spoken generously about ARF’s potential in the time since then. U.S. national security strategy speaks of supporting “new regional exchanges—such as the ASEAN Regional Forum—on the full range of common security challenges. These arrangements can enhance national security and understanding through dialogue and transparency.”³ In DoD’s characterization, “We envision that ARF will develop over time into an effective region-wide forum for enhancing preventive diplomacy and developing confidence-building measures.”⁴

Two years after its establishment, however, the forum’s purposes, directions, and prospects remain elusive. Little of substance has been discussed in ARF, and nothing of substance has been decided. At Bangkok in 1994, the participants agreed on a list of areas “which might be the subjects of further study” to include “confidence and security building, nuclear non-proliferation, peacekeeping cooperation, including a regional peacekeeping centre, exchanges of non-classified military information, maritime security issues and preventive diplomacy.”⁵ But the study list resulted from only generalized discussion,⁶ and is not viewed as either a framework or a blueprint for action.⁷

Procedurally, the forum is essentially formless—there are, for example, no voting rules and no agreed mechanisms for making decisions. ARF has no institutional existence

[†] A companion paper in the IDA study—*Stonework or Sandcastle? Asia’s Regional Security Forum*, IDA P-3110, July 1995—deals with the ASEAN forum in considerably more detail than here. Portions of this discussion are drawn from it.

and apparatus beyond that provided by ASEAN, and the annual chairmanship rotates exclusively among ASEAN member countries. Although a “regional” forum whose participating countries are drawn from outside and well as inside ASEAN, it remains unclear whether ARF is intended by its ASEAN sponsors to be genuinely “Asia-Pacific” in its approach to security issues, or is more narrowly conceived as a mechanism for the enhancement security of Southeast Asia, firstly or exclusively.⁸ Not all arguably key Asia-Pacific countries participate in ARF—North Korea, Taiwan, Burma, Mongolia, India, Pakistan, Nepal, Bangladesh, Sri Lanka, and Afghanistan are not represented at present, nor are the South Pacific Island states.⁹

The forum nevertheless has taken center stage at mid-decade. At present, it is the only security-oriented mechanism that draws broadly, if not completely, from the region and takes in, among others, China, Japan, and the United States. Other multilateralizing efforts have yet to acquire any comparable momentum. Hopes for a separate subregional security dialogue in Northeast Asia—involving the United States, Japan, China, Russia, and the two Koreas—have been stymied by North Korean hostility to the idea, and by issues concerning the additional participation of Canada and Mongolia.

Discrete “trilateral” discussions—involving the United States, Russia, and Japan, and the United States, Japan, and South Korea—aimed at progress on long-standing issues and tensions between the non-U.S. parties, have been easier thus far in the conception than the doing. The South Pacific Forum—most of whose members are excluded from ARF and a forum that has been largely ignored by ARF—has managed to establish and dispatch the Asia-Pacific’s only regional multistate peacekeeping operation, but the size is small and the circumstances are idiosyncratic.¹⁰

<i>ARF Participants</i>
Australia
Brunei
Cambodia (1995)
Canada
China
European Union
Indonesia
Japan
Laos
Malaysia
New Zealand
Papua New Guinea
Philippines
Russia
Singapore
South Korea
Thailand
United States
Vietnam

LEADING UP

There is no question that ARF breaks with pattern in the Asia-Pacific. Nothing like the elaborate multinational alliances, organizations, and forums that took form in Europe after World War II—NATO, Western European Union (WEU), Warsaw Treaty Organization, and later, CSCE—took root in Asian soil. One reason was the absence of a shared definition of threat. But the Asia-Pacific also lacked the cultural and political unity to

forge a durable multilateral alliance. There have been no all-Asia multilateral organizations or agreements spanning the region, and the few arrangements that have been specific to parts of the region have had a spotty and uneven record. SEATO never acquired the structure or status of NATO, and was disbanded in 1975.¹¹ Although ostensibly a security sub-grouping, ASEAN (until very recently) assiduously avoided military/security issues.

The South Pacific Forum (SPF)—comprising Australia, New Zealand, and the South Pacific island states—has been active in security affairs sporadically, but SPF has not aspired to be a security forum as such, and is widely regarded elsewhere in the region as marginal and peripheral. Apart from the modest FPDA in Southeast Asia linking Britain, Australia, New Zealand, Malaysia, and Singapore, and the ANZUS pact (which, in fact, was always little more than a nominal cover for a bilateral U.S.-Australian security relationship),¹² the alliances and security arrangements of Cold War Asia were bilateral constructs on both the communist and the Western sides of the line.[†]

In a similar vein, there is no Asian history of multilateral arms control and confidence-building akin to what took place in the later decades in Cold War Europe—no Asian equivalent of Europe's multistate conventional force reductions (CFE) agreement, and nothing remotely similar to the pan-European security dialogues and confidence-building measures (CBMs) of CSCE.[‡] Although states in East Asia have been signatories to a number of global conventions—the Nuclear Nonproliferation and the Outer Space treaties are examples—there have been very few agreements that deal directly with regional security issues. The 1988 Regional Air Safety Agreement between Japan, the United States and the Soviet Union following the Korean Airlines (KAL-007) shootdown, and the Sino-Soviet border agreements of 1990 and 1991, are perhaps the closest East Asia has come to regionally specific arms control-like arrangements.

The United Nations was not much of a factor in East Asian security thinking, diplomacy, and politics during the Cold War. Whereas states in other regions found in the UN a congenial forum for expressing interests and airing complaints about the industrialized world, the Asians mostly stood apart. The UN Economic Commission for Asia and the Far East (later renamed the Economic and Social Commission for Asia and the Pacific) was set up in 1947, but has never been more than a talking shop, with virtually no

[†] Farther afield, and beyond the scope here, is the South Asia Association for Regional Cooperation (SAARC), a subregional consultative arrangement in South Asia which, in principle, could play a role in South Asian security issues, but which has not done so to serious effect thus far.

[‡] The terms "confidence-building measure" (CBM) and "confidence- and security-building measure" (CSBM), both coined in the Cold War European context, are used interchangeably in these pages.

power to dispense monetary assistance. The Colombo Plan, established in 1950 to establish and coordinate economic assistance to developing Asian countries, has been a useful clearing-house for information, but nothing more.¹³

To the extent that there was an “externalizing” influence in the region’s security affairs, it was provided by the Soviet Union, China, and the United States. Moscow and Beijing played the role of patron, often in competition with each other, in bilateral treaties of friendship, security, and cooperation with clients ranging from North Korea and Vietnam to India and Pakistan. The clients themselves had little to do with one another. On the “Western” side, the United States operated as the hub of a wheel of bilateral pacts—with Japan, South Korea, Thailand, the Philippines, and, for a time, Taiwan. America’s allies in the region worked closely with the United States in military and security matters (the treaties of alliance authorized, although they did not require, the stationing of U.S. forces on the ally’s territory). *Seldom, however, did America’s allies deal closely with one another.*

The Cold War’s wind-down was accompanied, beginning in the late 1980s, by growing feeling within the Asia-Pacific region that a patchwork of bilateral understandings, undertakings, and alliances is an inadequate foundation for dealing with the region’s security concerns in the time to come.¹⁴ In this perspective, wider (and in most formulations, more structured and better organized) consultation, cooperation, and coordination will be essential first steps in averting and managing crises in the region’s future. If East Asians are to have an effective say in their own and global security affairs, they are going to have to, in this view, organize on a more coherent, multilateral basis. Given large asymmetries in the distribution of military power and potential in the region, multilateralism also promises some security in numbers.

Proposals offered variously by the Soviet Union, Australia, and Canada to establish an all-Asia security forum modeled on Europe’s CSCE—in the Asia-Pacific’s case, a “CSCA”—received little more than polite notice in the region in the early 1990s, however. China was opposed; Japan was ambivalent; the ASEAN countries were unhappy with “out-of-region” forays into subjects that were, for ASEAN, not the business of outsiders. The United States was opposed to anything that smacked of more than *ad hoc* multilateralism in Asia-Pacific security affairs, and doubted in any case that pan-regional approaches (vice more discrete subregional efforts) could work in an area so vast and strategically diverse.

In 1991, however, ASEAN, with Japan’s strong endorsement, agreed to sponsor a broadly inclusive forum to deal with political/security issues. In 1992, the Bush administration softened U.S. opposition somewhat in acknowledging that the United States

“should be attentive to the possibilities ... of multilateral action without locking ourselves into an overly structured approach.”¹⁵ In 1993, the Clinton administration broadened U.S. policy towards “constructive participation in and support for regional security dialogues.”¹⁶ Of particular interest to the administration are possibilities to engage China in regional security dialogues:

Given its growing economic potential and already sizable military force, it is essential that China not become a security threat to the region. To this end, we are strongly promoting China’s participation in regional security mechanisms to reassure its neighbors and assuage its own security concerns.¹⁷

MID-DECADE

ARF is the centerpiece at mid-decade. But *ARF thus far has yet to get much beyond dialogue about dialogue*. To be sure, the forum is new, and to be too critical at this early stage would be unfair. The Asia-Pacific is encumbered by threshold diplomatic obstacles that Europe basically surmounted in the postwar period. Not only does Asia lack a Helsinki-like region-wide recognition of national frontiers and sovereignty, several pairs of key actors—China-Taiwan, North-South Korea, Japan-North Korea, the United States-North Korea—do not have diplomatic relations with one another, thus making sustained official dialogue difficult.

Still, the globe is littered with regional organizations that speak to security concerns but with no practical meaning or effect—dialogue, consultation, and security cooperation are the mantra of them all. Security dialogue can be an important step forward, but it can also be (and often has been in history) an excuse for inaction on issues of substance. Dialogue can build confidence, but not necessarily; the world has had its share of confidence-sapping negotiations and dialogues that confuse more than clarify security relationships. Asia (and ARF) would not be the first (or alone) in building sandcastles that fade with time and tide. Viewed in this light, it is not inappropriate to look at ARF for evidence of whether solid foundations are being laid for the future.

Regional Forum

Multilateralism can be a matter of the few or the many, configured broadly or narrowly, dealing with some issues but not others, embracing all or only parts of the Asia-Pacific region. In ARF, however, multilateralism became synonymous with regionalism (writ large) almost automatically.¹⁸ To some extent, ARF is CSCA by another name and

route. Although some arguably key states do not sit at its table, the forum nonetheless draws in much of the broader Asia-Pacific region.

ARF, nevertheless, is “regional” in the broader (looser) sense that CSCE is regional; it includes Pacific but not Asian states (the United States, Canada, Australia, Papua New Guinea, New Zealand), an Asian but not East Asian member (Russia), and representation of the EU for good measure. In this sense, ARF embodies in a partial way traditional ideas of “Pacific Community”—the notion that (at least parts of) the eastern, western, northern, and southern shores of the Pacific share in some tangible way a community of values, interests, concerns, interactions, etc.¹⁹

The decision to “go regional” at the outset is relevant in terms of what the forum can be expected to deal with and accomplish. In a part of the world where security issues, interests, and concerns do not travel well over long distances; where the security connections between Northeast Asia, Southeast Asia, and Australasia are still tenuous at best; where power balances are multiple and diffused; and where there is little real experience with region-wide inter-governmental approaches to any problems[†]—the forum must assume a *commonality* of interest in security matters for which there is little past or present empirical basis. (In ARF’s case, the political/strategic/geographical construct is especially puzzling—Australasia is partly in; the EU is represented; Central and South Asia are not; Japan participates; India does not.)²⁰ Consensus on issues, priorities, problems, and the like in super-regional mega-forums not only becomes more difficult, it also almost invariably gravitates to a low common denominator. *Temptations to emphasize matters on which there may be a basis for common understanding, and shy clear of issues where interests are likely to diverge, are bound to be strong.*

DoD is sensitive to the downsides. The Department emphasizes that U.S. bilateral security ties remain the priority. “United States interest in developing layers of multilateral ties in the region will not undermine the significance of core bilateral ties.”²¹ In *EASR*, DoD went the further step in signaling that the United States sees other forums as better suited for specific issues. “[T]he United States believes that the unique long term security challenges in Northeast Asia argue strongly for the creation of a separate sub-regional security dialogue for Northeast Asia.”²²

[†] APEC, it should be recalled, is scarcely regionally inclusive.

Problem-Solving and Dialogue

Some of the forum's tentativeness can be attributed, of course, to the newness of the undertaking. But *the construct is also notably gun-shy in basic conception*. If there is a discernible, albeit *de facto*, consensus about the forum's substantive agenda, it is concerned with what will *not* be addressed.

- Although in principle ARF will engage in "dialogue and consultation on *political and security issues* of common interest and concern,"²³ politically sensitive subjects will not be on the table. *Human rights, forms of governance, environmental issues, and political/social issues are out of bounds for the foreseeable future*. Unlike Europe's CSCE, there will be no separate "baskets" for non-security subjects.²⁴
- *Territorial disputes, including the South China Sea, are not likely to be addressed*. An Asia-Pacific version of Europe's 1975 Helsinki Conference extending cross-recognition of national frontiers on a regional basis is beyond the pale. Specific disputes, nearly all of which are bilateral in character to begin with, are off the table for the foreseeable future. Although the Philippines has proposed inclusion of the Spratlys issue on ARF's agenda, other ASEAN countries were not enthusiastic (three of the five Spratlys disputants, it will be recalled, are ASEAN members), and China's unambiguous opposition to multilateralizing inter-governmental discussions of the conflicting claims effectively killed the idea in the run-up to ARF's formation in 1993. While China's move on Mischief Reef seems to have galvanized the ASEAN members, the odds remain long that any clear position on the Spratlys issue will be on ARF's agenda any time soon.
- *Prophylactic measures that might regulate or constrain the acquisition of military systems and weaponry, or constrain defense spending, in the interest of forestalling or moderating a conventional arms race will not be considered*. However much states may be concerned about arms buildups by neighbors, they are disinclined to open up discussions of measures that might put a crimp on their own freedom to build and modernize forces. At most, ARF will consider at future annual meetings imposing non-intrusive "transparencies" on acquisitions and force levels and capabilities.
- *Arms control (cutting the levels and capabilities of existing forces) and operational CBMs (aimed at regulating and/or constraining military exercises, deployments, and operations) are off-the-table*. The confidence-building that ARF will pursue will be informational and chiefly political in character.
- *The forum will "study" nuclear nonproliferation in the time ahead*. Although in the end all Asia-Pacific states signed on to the permanent renewal of the Nuclear Non-Proliferation Treaty (NPT) in May 1995, earlier (Cold War-era)

interest in regional NWFZs, which in theory could supplement the global regime, is nowhere evident.²⁵

Although “preventive diplomacy” is a putative goal, there is as yet no agreement, and no evident discussion, about how ARF as ARF might go about this in the face of a dispute, armed conflict, or military aggression in the region. With concrete problem solving effectively out of consideration for the present, the content of cooperative dialogues and undertakings has taken the softer terms of military “transparency” and political confidence-building measures.

Transparency

In lieu of constraining arms buildups, the emphasis will be on making military holdings and acquisition plans more transparent. The aim is not to restrict any state’s acquisitions of weapons or dispositions of forces, but rather to make information about these matters available to others. In theory, such transparencies serve a reassuring purpose. “Given differences in threat perceptions,... with some [countries] worried about the plans and intentions of their nearer neighbors, transparency is necessary to prevent misunderstandings and unanticipated and unfortunate reactions.”²⁶

But *coming to agreement on even modest transparency measures has not been easy*. Proposals (as in ARF’s present agenda) that the East Asians sign on to the UN Conventional Arms Registry (an incomplete and unverifiable register in any case)²⁷ or establish a regional registry of their own (Malaysia made the latter proposal in 1989 and again in May 1992, but has not pursued the matter since then) have been strongly opposed by China, and thus far largely ignored by regional governments.²⁸ Arguments that countries should regularly publish defense white papers in the interests of transparency also have not been taken seriously in the past. China continues to express suspicion of almost any process that might promote military transparency. China is not alone. If anything, the inclination in much of the region is to view openness about military details with almost as much suspicion (about intentions) as secrecy about those details.²⁹

It is probably for such reasons that, in the lead-up to the ARF Bangkok meeting, the Australian government suggested early agreement on areas where information-sharing probably should *not* be considered: “intelligence sources and methods; surveillance targets; detailed performance characteristics of weapons platforms, their actual operational deployments and availability; detailed characteristics of weapons delivery systems (for example, tactical missiles) and their support measures (electronic, software); levels of military readiness and sustainability, including specific details of war stocks of ordnance;

research and development in support of classified military capabilities, including the adaptation and modification of weapons for uniquely national requirements.”³⁰

The Australian suggestion removes a lot. Arguably, it still leaves enough. Canberra has proposed for ARF consideration exchanges on strategic policy, military doctrine, and national military arms; orders-of-battle and main characteristics of major platforms; acquisition plans for new weapons platforms; historical data on weapons acquisitions; and data on military exercises (size and composition) and on major military deployments or movements; and “information relevant to the management of potential conflicts over resources exploitation.”³¹ The United States would like ARF participants to discuss such measures as “limited exchanges of defense data, the publication of defense white papers, and submission of information to the UN arms register.”³²

At Bangkok, however, the ARF participants agreed only to study exchanges of *non-classified* information. In a region where most things are classified, and countries like Singapore operate under sweeping Official Secrets Acts, this might not leave much.

Confidence-Building

Arms control-kinds of confidence-building—that is, measures that directly affect military deployments, operations, and capabilities—are not what ARF will be about—at least, not anytime soon. The reason, in the Australian government’s formulation, is political sensitivity:

Arms control approaches to confidence-building and greater openness and transparency that have developed in Europe raise many sensitive issues in relations between other states. They cannot be applied in an indiscriminate and open-ended manner to the Asia Pacific region.³³

Instead, “[A]pproaches to security in the region should ... focus more on establishing the political preconditions for trust-building than relying heavily on technical military matters and intrusive inspections.”³⁴ ARF will focus essentially on “political” CBMs—or, as phrased by the Australians, “trust-building measures” (TBMs) “to convey the idea of a less formal approach, built upon a base of personal political contacts and relationships.”³⁵

What this means precisely is unsure at present. It would appear to embody fairly elementary, threshold diplomacy—meetings, consultations, dialogues. The idea is for a graduated approach to trust-building. This, in turn, will produce over time a basis for dealing constructively with specific issues and problems. As Australia puts it: “It *might* then be possible at a later date to build on the establishment of greater dialogue and

information-sharing and to consider the possibility of more formalised and more structured security relationships that deal with particular issues.”³⁶

Peacekeeping

Although the *Bangkok Statement* is cryptic on the point, references to peacekeeping evidently do not reflect interest in or agreement on establishing multinational peacekeeping forces from within the region to intervene in disputes and conflicts *within the region*. Rather, the reference seems to be directed along two general lines. One is preventive diplomacy. That mechanisms such as ARF could be useful in the diplomacy of averting and managing crises seems to be the point—in Australia’s Evans’ argument, “Regional organizations have a special role to play in preventive diplomacy. Being close to the conflicts in question and with obvious interests in their resolution, they are often (but not always) better placed to act than the UN.”³⁷ Training forces from the region for service as peacekeepers *outside the region*, under a UN or some other institutional banner, is the second thrust. Military forces from Asia-Pacific countries already have served under UN peacekeeping pennants in distant operations like Somalia (Malaysian forces) and Bosnia (Pakistani forces).

Where the forum will head in either of these aspects is unsure. ARF is a long way from being able to play even the modest kinds of preventive diplomacy that CSCE has attempted in the Cold War’s aftermath. The conception is one of “consultation rather than confrontation, reassurance rather than deterrence, transparency rather than secrecy, prevention rather than correction, and interdependence rather than unilateralism.”³⁸ This no doubt smoothes things considerably when everyone more-or-less behaves. But it does not address what is to be done when a member or members of such a common security community are miscreants. Faced with the unpleasant reality that one of its participating members might behave badly, CSCE has managed (only after prolonged debate) to move from a rule of unanimity as a condition for group action to the notion of “consensus-minus-one” so as to deal with an errant member. But CSCE—which at present is struggling over whether to move further to “consensus-minus-two”—has yet to try this out in practice. ARF has yet to entertain the question.

Peacekeeping in distant locations is a subject that takes us too far afield to consider here. Better training of peacekeepers is no doubt very useful. But the financing of peacekeeping operations, the equipping of forces, the command of operations, the logistical support required, and a host of other ruggedly difficult questions also form part of an equation in which it is difficult to merely carve out one aspect for special attention.

WHO LEADS? WHO FOLLOWS?

The approach is incrementalist. To be fair, ARF is meant to build over time towards a consensus on security matters; it does not begin with one—at least, not with much of one. Yet, in looking at what consensus will build upon, and where the momentum for forward movement will come from, the picture is cloudy.

China is not likely to provide leadership and forward momentum. It has long viewed multilateralism in security affairs with suspicion, and long has considered military transparencies and confidence-building to fall somewhere between tricks and irrelevancies. Though it is hard to tell what China thinks of ARF as such, it is improbable that it sees the forum as especially reassuring or useful: ARF is either about tethering China (in which case China has little reason to be accommodating), or about nothing in particular at all (in which case China has no reason to take it seriously). Were it a part of the Asia-Pacific regional forum—which, inexplicably it is not—India probably would have much the same kinds of skepticism. India historically has favored the UN over regional approaches to security issues (though it is currently interested in developing closer trade and economic ties with ASEAN), and in the past has seen arms control and confidence-building as mischievous distractions from dealing with core political/strategic issues.

ASEAN took a high-profile role in the Cambodian conflict in the 1980s, but it is questionable whether ASEAN itself or ASEAN members individually will provide the accelerator in security matters. ASEAN countries remain divided among themselves about how to perceive and deal with China, differ in their views of Japan, have differed historically in attitudes toward American military engagement in the region (with Malaysia and Indonesia far more “neutralist” on big power involvements than Singapore, Thailand, and the Philippines), and have a wide-range of unresolved territorial issues among themselves (the South China Sea being only one). ASEAN members are most agreed on areas that ARF should *not* venture into. The ASEAN countries have historically been “extremely concerned about external interferences in their domestic and regional affairs;”³⁹ ASEAN itself has stood for “the development of national and regional resilience free from any external interference.”⁴⁰

In ARF’s case, this means, among other things, keeping the forum well away from subjects like human rights, environmental management, and social/political issues. While ASEAN interest in a stable security environment is genuine, the priority for ASEAN governments will be on ensuring that ARF does not stray into anything deemed sensitive to and by ASEAN members. ASEAN’s principal concern in the time ahead will be in seeing to it that ARF does not lose sight of its “ASEAN parentage.” “While we build up the ARF

process,” Malaysia’s acting foreign minister told an ASEAN forum in December 1994, “it must not be at the expense of ASEAN.”⁴¹

Australia, Canada and Russia—early proponents of CSCA—traditionally have been enthusiastic about ARF evolving into a wide-ranging forum to deal with specific issues and broader measures like arms control and military confidence-building. But the three are on the East Asian periphery (a geographical fact that East Asians regularly noted during the heydays of CSCA proponency); Russia and Canada are increasingly preoccupied with internal affairs; Australia appears to be downsizing its expectations for ARF, treating the forum almost incidentally in the 1994 Australian defense white paper.⁴²

Japan actually may be the most eager of the Asia-Pacific countries for ARF to develop and grow in relevance. Multilateral venues are increasingly important in Tokyo’s endeavors to build a security posture and regional role beyond the bilateral pact with the United States. ARF provides the kind of political cover for a larger security role and influence in the region that Japan, given the history, could not dare venture absent a multilateral framework.

Japan’s split from the U.S. position in endorsing ASEAN’s proposal to enter into regional security issues in 1991 (the United States at the time was still opposed) was one manifestation of this. The August 1994 report by the senior level advisory group on Japanese security appointed by Prime Minister Morihiro Hosokawa—*The Modality of the Security and Defense Capability of Japan: The Outlook for the 21st Century*—is another. Though only advisory, the report calls for a new comprehensive security strategy for Japan resting on three pillars: the bilateral alliance with the United States, multilateral cooperation, and a modern and efficient military. The U.S. alliance is strongly reaffirmed. But as Patrick Cronin and Michael Green have spotlighted, “The report’s attention to strengthening the bilateral relationship with the United States is overshadowed ... by the emphasis given to multilateralism and autonomous capabilities.”⁴³ Noting that Japan has “involved itself positively in the establishment of [the ARF] forum from the beginning,” the advisory group urged that further efforts be taken by Tokyo in strengthening the ARF process.

Japan, however, is poorly positioned to assert a too-visible leadership role within ARF. Japan can endorse and support, but it is too encumbered by history (and its own ambivalences toward the region) to be the source of any large initiative. Up to now, the *United States* has declined such a role as well. Apart from generalized statements about ARF’s long-term potential and DoD’s publicly expressed hopes for progress on modest transparency measures, there has been little elaboration on the Clinton administration’s endorsement of multilateral security dialogue in the region. Having moved decisively from

opposing to encouraging greater multilateralism in the region's security dealings, the United States seems as uncertain as others about what should come next, and what after that.

DOES IT MATTER?

Arguably, the cautious peace that obtains at mid-decade imparts no particular sense of urgency about getting organized or focused. It is healthy that countries in the region sort out their own security issues; if incrementalism and indirection are their preference, so be it. Given the region's history, any measures, however modest, that could serve to broaden the security horizons of countries and their militaries should be an improvement. For this reason, and *because it would be prudent to have even a modest mechanism in place for future conflicts and crises than no mechanism at all, it is better to have ARF than to be without it.*

Moreover, in the absence of a recognized and acknowledged threat (China is widely recognized to be such, but not as widely acknowledged), it is conceptually difficult to structure multinational security dealings. ARF is constructed on notions of "cooperative security"—the idea, in Evans of Australia's formulation, of a "commitment to joint survival, to taking into account the legitimate security anxieties of others, to building step-by-step military confidence between nations, to working to maximize the degree of interdependence between nations; putting it simply, to achieving security with others and not against them."⁴⁴ This is good rhetoric. It is a good overall goal. The difficulty is in translating it into tangible details and specific actions—substantive, architectural, procedural. ARF has yet to begin the translation. Historically, regional security communities have been "formed in the face of perceptions of external threat and where sufficient common security interests can be melded to agree on a common front."⁴⁵ CSCE is a marred model for ARF; formed at it was 30 years into the Cold War, at a time when there were still clearly opposing sides and everyone more-or-less knew which side was which, which they were on (or not), and what, in a general sense at least, was at stake. Such conditions are absent in the Asia-Pacific of the 1990s. In this light, ARF with all its limitations may be the best to expect.

Institutions

Still, the judgments that led to opening the door to multilateralism in the region's security dealings would seem correct. *If security issues and problems in the region's future are going to be dealt with sensibly, this almost certainly will require some degree of*

multilateral consultation, coordination, and collaboration. Bilateral security alignments will be an important feature of the Asia-Pacific's security future, but bilateralism will carry only so far in managing the region's security problems. Similarly, establishing frameworks for cooperation and conflict resolution is an important foundation for setting and enforcing rules of conduct among the key regional actors. Bilateralism and *ad hocery* are likely to fall short in this connection.⁴⁶

Multilateral security arrangements do not automatically or necessarily imply region-wide forums like ARF, nor does the implicit value of "multilateralizing" security horizons and dealings within the Asia-Pacific say much itself about *institutionalizing* the process. (ARF, which for now has no institutional existence independent of ASEAN, is hardly a structure, and is at best only arguably a mechanism.) It is difficult to look at other multinational security institutions—the UN, CSCE, NATO, WEU—and see anything working spectacularly well. In this light, the case for the institutionalization of Asia-Pacific security is no more self-evident than the case for regionalization. Certainly regime-building for its own sake is scarcely a compelling objective. Yet, it is also difficult to look at the Asia-Pacific's security future without a respectful notice of Jean Monnet's counsel about Europe in the 1950s—"nothing is lasting without institutions"—and corresponding questions about whether the difference between stonework and sandcastles does not in fact turn on the development of an institutional foundation.

Arms Control

Arms control in its broadest sense has not been entirely missing from the Asia-Pacific's recent past, though it bears little resemblance to the elaborate formalism of Cold War Europe and the Cold War's superpower dealings. The process has been almost entirely bilateral, *ad hoc*, informal, and devoid of the kinds of extensive verification measures that have been a feature of the superpower/European experience.⁴⁷

Structural arms control—that is, cutting back on existing forces—is not beyond the pale in the region's future, but it is doubtful that multilateralism will play any part in this. Threat perceptions simply are too asymmetric, overlapping and highly diffused to give rise sensibly to multilateral measures. The heavy maritime security character of much (though not all) of the region also sets it apart from the European experience.⁴⁸

This, nevertheless, leaves open the question of influencing *arms buildups*. The same asymmetries that argue against multilaterally-arranged cuts in existing forces present a reasonable case for multilateral approaches to prophylactic measures. Bilateralism in this vein is simply too narrow; the strategies and politics of weapons acquisitions are too multi-

directional to lend themselves to bilateral deals; *multilateral arrangements and accords make much greater sense in managing the region's propensities for arms racing*. In this light, that conventional arms control has been pushed to the side in ARF makes for a decidedly incomplete picture. (The present emphasis on WMD nonproliferation is not misplaced, but it is not complete.) The area of greatest growth and proliferation in the Asia-Pacific's near future involves conventional weaponry. In arms-racing terms, the region's present fondness for acquiring strike capabilities—attack aircraft, anti-ship missiles, submarines—has an inflammatory potential. Conventional weaponry, and advanced conventional warfare concepts and technologies, also are likely to be a large growth area over the longer term.

To be sure, arms control of any kind is not on ARF's table at present. Noted above, there are compelling substantive reasons why a lot of Cold War-Europe-type arms control and confidence-building is not translatable to or appropriate in the Asia-Pacific in any case (earlier IDA papers have examined some of the reasons).⁴⁹ Compared with WMD, there also are complex and controversial questions concerning the relative legitimacy of regulating, constraining, and controlling conventional military means—similar kinds of opprobrium simply do not attach. Whether, accordingly, invocations of prophylactic forms of conventional arms control, variously conceived, would amount to tilting at windmills in the Asia-Pacific case is unsure.

China's opposition to discussing arms control is often cited as a major obstacle—no one else will move without China, and China will not move at all. Yet, China has shown that it can be pressed to cooperative approaches to international arms control. In July 1991 it agreed to discuss limiting arms sales to the Middle East. In November 1991 it agreed to accede to NPT (it acceded in March 1992). In early 1992, it agreed to observe the "parameters and guidelines" of the MTCR. Having earlier resisted U.S. attempts to get it to adhere to generally accepted Western definitions in MTCR, it agreed, in the October 1994 joint statement with the United States, to accept the concept of "inherent capability" in interpreting the regime's restrictions, and also to ban all exports of ground-to-ground MTCR-class missiles.

China's attitude on arms control subjects is complicated. For each case cited above, one can point to multiple instances of opaqueness and truculence. China is scarcely alone in the region in its reticence about the subject. Still, if countries concerned with Asia-Pacific security are serious about averting arms races and limiting the risk of conflict, getting some sort of controls over weapons buildups, arsenals, and force dispositions is an unmistakable and unavoidable element—*transparency, for all its merits, is a decidedly weak substitute*.

U.S. Interests

The United States is in a tricky posture in all of this: the Asians have to sort out many of their security problems and arrangements on their own; *Americans, at best, can facilitate the process, not lead it or dictate its terms.* Yet, U.S. interests will require more than merely having a seat at the table, and consulting on agendas designed by others. Indeed, *the United States may have the strongest interest of anyone in seeing to it that opportunities for multilateral approaches and eventual institutionalism are not missed, misdirected or stalled.* That countries in the region develop mechanisms to deal effectively with the region's security issues will be in the U.S. interest. Although the United States is pledged to stay engaged, it also expects increasingly prosperous and secure countries to pull more of their own weight in solving problems and averting crises.

There are two other reasons for U.S. interest. One is to channel Japan's growing interest and roles in regional security affairs in constructive and regionally reassuring directions. The bilateral security tie with the United States can fill this bill only partly. Nearly everyone (Japan included) would prefer that Japan develop its place in the region's security dealings within a multilateral setting, as a better alternative to (and tether on) inclinations to doing so unilaterally. The second reason is that multilateral arrangements in which the United States participates can help to anchor U.S. interests and "presence." The United States will need some such mechanisms as part of shaping its own continuing role in the region's security affairs. This point was addressed in an earlier IDA study:

[A] United States interested in the promotion of regional stability [in the Asia-Pacific] will itself need some conceptual basis, and associated procedural and institutional mechanisms, for playing a regularized (versus episodic) role in regional security affairs, and for security interactions with regional players. In this, [the United States as] a "balancing wheel" may be a good metaphor, but it is likely to come up short as government-to-government policy. Existing bilateral arrangements will fit the bill only partly; the United States will still need mechanisms for dealing with regional states which have not been traditional "allies" in the past.^{50†}

† We take up specific U.S. options regarding ARF in the next section.

VI. U.S. POLICY AND FORCES

“U.S. military strategy must be intrinsically constructive, proactive and preventive, helping to reduce the sources of conflict and at the same time blocking the effective use of force by potential adversaries.”

NMS, 1995

Coming in the same month as the Soviet Union's formal collapse, the Philippine government's decision in December 1991 to require U.S. withdrawal from remaining military (naval) bases in that country could have been a catalyst for a comprehensive reappraisal of U.S. strategic policy and force posture in the East Asia area.¹ Not only had a key ally unilaterally turned U.S. forces out, loss of the bases reduced the fixed-site presence of American forces in the Asia-Pacific to the Northeast Asian pocket (Japan, South Korea). U.S. naval patrols were still available for showing the flag and preserving a “presence” in the region's southern areas, but the Philippines exit complicated this by undercutting much of the synergism in regional basing structure that the United States had developed during the Cold War.² Loss of the bases also removed important training and logistics support for U.S. military operations in the Indian Ocean.

At the time, however, it seemed in everyone's interest to minimize the political and operational significance of the Philippines' decision. The Soviet collapse was unexpected and uncertain in implication; U.S.-China relations had deteriorated following the 1989 Tianenmen massacre; North Korea remained a high-strung, hostile wild card; U.S. trade and market access frictions with Japan were sharpening. For the United States and regional friends alike, it was important to disabuse any inference that America was on its way to disengaging from the region in the Philippines aftermath. The United States assured Southeast Asian countries that there would be no reduction in the U.S. “naval profile” in the region.³

Force posture adjustments to the Philippines basing exit were relatively modest. Of the 11,310 troops affected by the closures, only about 3,000 were reassigned in East Asia and the Pacific, including Guam. The rest were reassigned elsewhere or their billets were “disestablished.”⁴ In a program dubbed “places, not bases,” air and logistics support arrangements were made with Singapore and Malaysia (there are proposals at present to also acquire training access at places like Siabo in Indonesia). Ship repair facilities were

scattered in five sites. The searching reappraisal of policy and force posture that might have been occasioned by the development did not occur. A “who lost the Philippines?” debate never materialized in the U.S. Congress. There was, in fact, relatively little domestic debate about the why’s and wherefore’s of continuing a forward-deployed posture in the aftermath of the Philippines exit.

Table 25. U.S. Deployments, Asia-Pacific

Japan	One and one half wings USAF fighter aircraft Carrier battlegroup Amphibious Ready Group forward deployed Marine Expeditionary Force (MEF) including air wing
Korea	One wing equiv. multi-role fighters Two brigades of 2d Infantry Division
Guam	Prepositioned equipment for 2 brigade-sized MEFs (1 Army brigade set elsewhere)
Region	Routine operations of 7th Fleet (carrier, cruisers, destroyers, amphibious assault ships, submarines, maritime patrol aircraft)

The Philippines base-loss was the one vivid exception in an otherwise incremental and largely uneventful Cold War-to-afterward transition for U.S. policy and force posture in the Asia-Pacific in the first half of the decade. The absence of immediate or imminent conflict in the Asia-Pacific abetted a relatively smooth adjustment. The lack of pressing strategic issues in the region removed any impetus to revisit the assumptions and essentials of U.S. regional defense policy, and also any grounds to launch major security policy initiatives. U.S. strategic policy assumed a different frame of reference in the Cold War’s aftermath—“cooperative engagement” and “engagement and enlargement” replaced containment—but the adjustments, by-and-large, were measured, and the essentials changed little.

The adjustments played against the backdrop of the general post-Cold War drawdown of U.S. military forces. Overall defense expenditures were gradually reduced—between 1988 and 1995, DoD outlays as a percentage of GDP declined from 5.9 percent to 3.7 percent; as a percentage of net public spending, from 17 percent to 11 percent.⁵ Overall force structure was pared down—in the first half of the 1990s, active Army divisions were reduced from 16 to 12; active Air Force attack and fighter squadrons from 76 to 53, and active battle forces ships from 393 to 303. Active manpower strengths were reduced by about 470,000, and reserve strengths by about 170,000.⁶

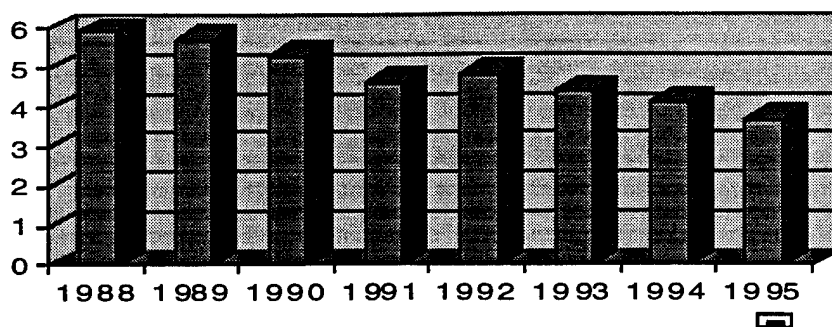


Figure 14. DoD Outlays as Percent of GDP

The change in U.S. administrations in 1993 brought no large alterations in U.S. policy and forces in the Asia-Pacific. American policy toward China was an issue in the 1992 presidential election campaign, chiefly on human rights grounds, but that was the

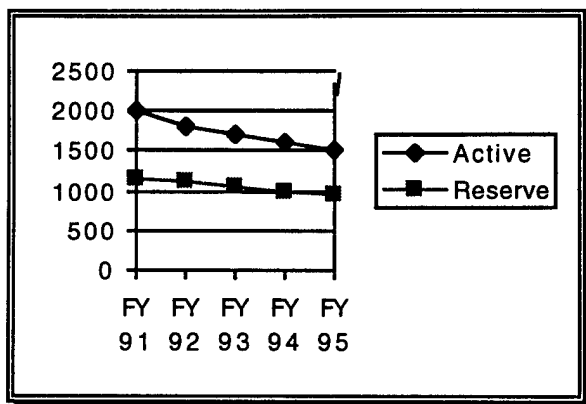


Figure 15. U.S. Active and Selected Reserve Personnel Strengths (In Thousands)

extent of the Asia policy debate. The Clinton administration took office more favorably disposed than its predecessor towards “multilateralizing” regional security dealings—participation in and support for regional security dialogues were a “significant new element of this Administration’s Asian security policy”⁷—although, ARF, we have noted, was an ASEAN initiative in which the United States played no formative role.

MID-DECADE

Despite frictions over trade issues, human rights policies and democratic reforms, *the United States remains in a generally favorable position in the region at mid-decade.* America enjoys the friendship of most Asia-Pacific states, and of virtually all the wealthy and fast-developing ones. Although there have been rough patches in America’s bilateral security relationships in the region, the alliances forged during the Cold War endure; none is at risk of abrogation or radical redefinition. The United States deploys fewer forces and fewer ships in the Asia-Pacific in 1995 than in 1990, but the reductions have been smaller

than those that have been taken in Europe. The widest and strongest constituency in the region is for retaining, not diminishing or withdrawing, the remaining U.S. military presence.

The Korean peninsula excepted, the U.S. need to be prepared to wage war in Asia has diminished significantly since the late 1980s. Outside Korea, U.S. forces face no hostile opponent in the Asia-Pacific. No adversary contests U.S. freedom of movement in Asia-Pacific waters. *Outside the Korean peninsula, there is virtually no chance of the United States waging war on the Asian continent.* Except for the potential “hot spots” discussed in Section III (Korea among them), the United States has little—and then only generalized—strategic interest in most of the region’s potential conflicts.

Yet, *there also are frailties in the U.S. strategic circumstance at mid-decade that carry longer term implications.* Growing numbers of Asians question both the character and the durability of the U.S. commitment to regional security. “Cooperative engagement” as an expression of U.S. strategic interest and purposes in the region has failed to persuade regional players otherwise, or to clarify what in fact the United States sees to be its roles in regional security. With general defense resources being reduced, requirements for U.S. military attention and resources in the greater Persian Gulf area compete with U.S. pledges to keep 100,000 troops in the Asia-Pacific indefinitely. The point of U.S. bilateral security alliances is less clear than previously. The United States has alliances in the region, but at present it has no proactive allies prepared to shoulder greater responsibility for security within the region and provide support for U.S. forces in contingencies outside the region.

Presence and Commitment

U.S. strategic policy assigns enormous value and weight to the physical presence of U.S. forces in the region. Peacetime military presence is closely associated with engagement and commitment. In DoD’s formulation, “Nothing conveys the same clear message of our security commitment as much as our visible United States military presence, proving we are engaged and consulting closely with our allies and friends, vigilant to protect our shared interests.”⁸ Forward military presence is “a tangible indication of the United States’ *interest in the security of the entire region,*” and is also assumed to “enhance [the U.S.] ability to influence a wide spectrum of important issues in the region.”⁹ Having U.S. forces in Asia “also promotes democratic development in Asia,” and facilitates and supports U.S. trade and economic interests.¹⁰

The conceptual and empirical support for attributing political and economic *influence* to military presence is not abundant. The relationship between economic access

and military power, and economic interest and forward deployed forces, is not well-developed, and there are ample cases of political/social influence attained without a corresponding military presence to raise doubt about the premise.¹¹ But assumptions that forward presence *does* convey to countries in the region U.S. *interest* in and *commitment* to regional security are broadly accepted.

Yet, expectations within the region that American interest in and commitment to Asia-Pacific security are on the decline have, if anything, become more prevalent in recent years. Even allies like Australia, who see the United States as a major long term influence in the region's security affairs, contemplate a reduction in the American role and influence:

Although the United States will remain the strongest global power, the relative military strength of others in Asia will grow over time. The United States will remain a major contributor to security in the region over the next fifteen years, but it will neither seek nor accept primary responsibility for maintaining peace and stability in the region

[T]he strategic affairs of the region will be increasingly determined by the countries of Asia themselves. A new strategic architecture will evolve as the structures of recent decades fade. Much will depend on the policies of the major Asian powers—Japan, China and India and on their relationships with one another and with other countries in the region.¹²

Others in the region see the United States already declining in security relevance—at least so far as their own national security worries are concerned. Malaysia's Prime Minister Datuk Seri Mahathir Mohamad has been especially outspoken along these lines.

I don't think U.S. military presence guarantees security in Asia. The best security is for Asian countries to maintain friendly relations [with one another].... If we are invaded it is not certain that the U.S. would extend a helping hand. I think the U.S. would only help us when its own position is threatened.¹³

To be sure, there is a dismissably idiosyncratic character when Mahathir, a prominent "West-basher" on a range of fronts, is the source. Yet, Asians less critically disposed toward the United States make the point that, since the Guam Doctrine in 1970, U.S. strategic/military policy has been more explicit and specific about what the United States *will not do* militarily in the Asia-Pacific than about what it will do. The remarks in 1991 of General Colin Powell, then JCS chairman—

In broad expanses of the Pacific there are not any real major threats out there with the possible exception of Korea. We are not going to get into a major war on the Asian land mass any time soon For the most part it is an economy of force region. Maritime forces. marines. Some Army presence, but light Army presence.¹⁴

—are often cited as illustrative of a narrow American conception of U.S. interests and security commitments.

In truth, the trans-Pacific dialogue on this score has tended to be excruciatingly oblique. When Asians talk about America's security commitment, Americans typically respond by referring to America's military "presence." To some Asian governments, however, the U.S. military presence is a fact; it may be a policy, but, standing alone, it is not a commitment to do anything concrete or particular.

The manner in which U.S. policy makers have articulated the purposes and strategic nature of U.S. engagement in the region has been of little help on this score. It has been customary since the end of the Cold War to self-characterize U.S. interests and purposes in the region as those of an "honest broker"—an impartial actor with no specific ambitions or self-interested agendas of its own, concerned only with fair play and even-handedness.

[W]e are the most trusted nation in Asia.... Only the U.S. has both the capability and the credibility to play the "honest broker" between nervous citizens—establishing a solid foundation for stability by making it clear that the most solid citizen in the neighborhood wants everybody to play by the rules.¹⁵

Regional actors, however, have not viewed the proposition to be especially comforting or, in fact, very believable. A referee impartial to outcomes provided that everyone plays by the rules (in this case, avoiding use of force) is not very reassuring to countries in the region that care very much about outcomes (and less about rules), and that doubt anyway that, in most cases, the United States would use force in local conflicts to stop a belligerent party from using force. *To many in East Asia, "honest brokerdom" and "commitment" are more contradictory than compatible*, implying as it does a hands-off, not a hands-on, security relationship. The American argument that U.S. interests and purposes are "altruistic" in nature has made little headway—"breathhtakingly unconvincing" in the phrase of one otherwise America-friendly Asian commentator.¹⁶

Southeast Asian countries in particular question the parallel proposition that a U.S. military presence in Northeast Asia evidences U.S. commitment to security in the region as a whole. As one Southeast Asian commentator put it, because U.S. forces are positioned along the line of confrontation in Korea, America's commitment to South Korean security is "believable." "But the security of the Asian-Pacific [beyond Korea] has no similar tripwire over which foes could stumble." In this perspective, U.S. ground forces in Korea and Japan mean little for the security concerns of other countries in the Asia-Pacific. "From the viewpoint of direct relevance to South-east Asian security, having a heavy, 20-000-

strong US marine corps force sitting in Okinawa, Japan, is the equivalent to having a similar force sitting in Fort Worth, Texas.”¹⁷

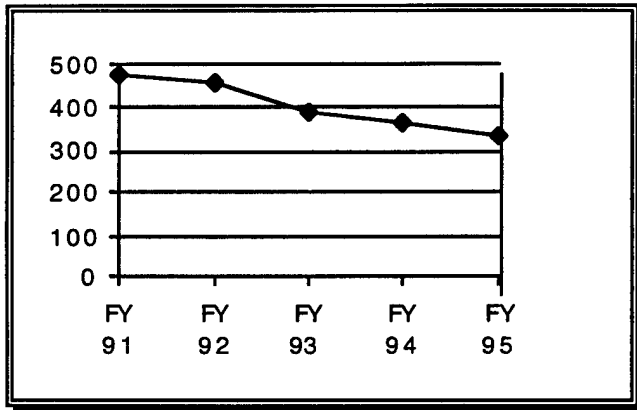


Figure 16. U.S. Navy Battle and Support Forces Ships¹⁸

Although U.S. naval forces provide a continuing measure of larger “regional” presence, the post-Philippines U.S. naval “profile” in Southeast Asia is less than it was. As part of the broader U.S. military drawdown, the size of the active U.S. fleet has been reduced—from 476 battle forces and support forces ships in FY 1990 to 338 in FY 1995. The U.S. Pacific Fleet itself has shrunk by nearly 25 percent in

numbers of ships, from 259 in the late 1980s to 197 in mid-1995.¹⁹ Moreover, the Seventh Fleet’s area of patrol responsibility takes in all of the Indian Ocean as well. In actuality, much of the fleet’s strength is “out-of-area” (i.e., away from East Asia) much of the year.

U.S. declaratory policy is also much hazier (and less committal) about U.S. strategic objectives in the region’s southern areas than in the northeast. The lack of a substantive U.S. statement on China’s behavior in the South China until *EASR*’s publication in early 1995 was noted in Section III. DoD’s “strategic framework” report to Congress in 1992 was focused primarily on Northeast Asia and the impending exit from bases in the Philippines.²⁰ The 1995 *EASR* takes a broader regional view (see, e.g., Table 27). While the 1995 report speaks in muscular terms of “*Maintaining our Strong Presence in Japan*” and “*Sustaining Deterrence in Korea*,” the language regarding points south, however, speaks tepidly of “*Recognizing the Value of Access in Southeast Asia*.”²¹

Defense Secretary Perry’s well-publicized reaffirmation in February 1995, that the existing level of about 100,000 U.S. troops will be maintained in the Asia-Pacific area “for the foreseeable future,” may have satisfied doubts within the region about the durability of the U.S. military presence. But that pledge alone is not likely to have much effect on the foregoing perceptions.

Global Context

The 100,000-troop commitment is not without opportunity costs for the United States, especially as overall U.S. military strength is still being drawn down. Active Army divisions are to be further reduced between fiscal years 1995 and 1999 (from 12 to 10), and Navy ships from 373 to 346. Rhetoric about the political values of the Northeast Asian presence notwithstanding, deterrence and response in Korea—one of the two “major regional contingencies” (MRCs) on which overall U.S. force size and structure are predicated—remain the principal rationale for the large investment.

Table 26. U.S. Force Structure, End of Decade²²

	FY 1995	FY 1999
Army		
Active Divisions	12	10
National Guard Divisions	8	5+
Navy		
Aircraft Carriers (active/training)	11/1	11/1
Airwings (active/reserve)	10/1	10/1
Attack Submarines	85	45-55
Ships	373	346
Air Force		
Active Fighter Wings	13	13
Reserve Fighter Wings	8	8

Requirements for U.S. military attention and resources elsewhere, however, complicate (and strain) the picture. Since the Cold War, the greater Persian Gulf area has been a large draw on U.S. military resources—the Persian Gulf war of 1991 was a vivid illustration. There is little reason to expect that the Persian Gulf—indeed, the broader Eurasian underbelly stretching from western China to Turkey—will be less

demanding of U.S. military attention and resources in the time ahead. If anything, deterrence and crises response demands on U.S. forces are likely to increase along this southern arc. Deployment and operational demands on the assets of the U.S. Seventh Fleet already draw a significant component of the fleet from Western Pacific waters to the Persian Gulf/Indian Ocean—in the case of the U.S. carrier homeported in Japan, nearly half of the time it is “out-of-area” (in terms of East Asia and the Western Pacific) in the Indian Ocean/Persian Gulf area.

Ground and air forces based in Northeast Asia are not of any great help in meeting crisis/surge requirements in the Persian Gulf. Even if they could be redeployed—not feasible given the Korean stand-off—they present only marginal benefits, in terms of the timing and cost of redeployment, over similar forces deployed from the continental United States or Hawaii. For time-sensitive missions in Southwest Asia (SWA), the advantage of homeporting an aircraft carrier in Japan over homeporting it in California also is not very significant. (The same is the case with regard to routine patrols and deployments in the

SWA area.) Were the Yokosuka, Japan, carrier homeport to go, the effects on carrier presence in the Southwest Asia area, averaged over 10 years of deployment, would be about a 10 percent drop in SWA presence.²³

So long as North Korea remains an immediate threat, the balancing of competing demands on forces will operate to keep U.S. troops in Northeast Asia largely in place. The “tax” of crises elsewhere will be borne chiefly by other parts of the U.S. force structure.

The “presence tax,” nevertheless, is almost certain to be a looming factor in U.S. strategic calculations if and when the Korean peninsula moves toward a political disposition. With the size and structure of U.S. active forces growing smaller, the competing demands for forces from less stable regions will be harder to meet. Operational pressures to free up forces from old Cold War “forward presence” locations (Northeast Asia included) will intensify. Regardless of the close association drawn in U.S. policy between the troop presence and U.S. commitment to regional security, the remaining fixed-site presence in East Asia is likely to be difficult to rationalize in a post-Korean reunification environment. In this light, the 1995 U.S. reaffirmation of the commitment of 100,000 troops in Asia is best seen merely as Act One, Scene One, in a script of multiple parts.

Responsibility-Sharing

The financial contributions by Japan and South Korea in hosting U.S. forces were noted in Section II. “Burden-sharing” by allies has not been the issue for Congress in the Asia-Pacific that it has been in Europe.²⁴ DoD’s argument, that “it is actually less expensive to the American taxpayer to maintain our forces forward deployed than in the United States,”²⁵ is broadly accepted in the case of the Asia-Pacific.²⁶

But, whereas *burden-sharing* is not a present issue, *responsibility-sharing* is—and is likely only to grow larger as an issue in the time ahead. In theory, U.S. allies will support U.S. forces with forces and assets of their own in major crises and contingencies. According to DoD:

Often in . . .MRCs, the United States will be fighting as the leader of a coalition, with allies and friends providing some support and combat forces. *In fact, DoD assumes that regional allies will fight along with U.S. forces. It is also expected that other friends and allies from beyond the crisis area will contribute forces to any MRC.*²⁷

This has not been the case in the Asia-Pacific, however. Gerald Segal recalls the “near-farce” of the 1980s when the United States and western Europe were protecting primarily Japanese oil supplies in the Persian Gulf as a “vivid symbol” the kind of passive

alliance relationship the United States has had in Asia.²⁸ Thailand's rebuff in late 1994 of the U.S. proposal to preposition equipment for a Persian Gulf contingency in Thai waters is a more current reminder. In truth, for contingencies both within and outside the Asia-Pacific area, the United States has allies, but not proactive allies prepared to actively and affirmatively support U.S. forces in military operations.

This state of affairs did not matter greatly during the Cold War. The United States defined its security in terms of forward containment; Asia-Pacific allies provided the facilities on their soil to make this possible, and enjoyed the benefit of immediate U.S. protection also. The mutuality of bargain is harder to see with the Cold War over. With few or no direct threats to the immediate security of Asia-Pacific allies and with fewer U.S. forces to respond in less stable areas of the world, the United States reasonably expects prosperous Asian allies to actively lend support.²⁹ If not, why alliance?

INTO THE FUTURE

The issues just discussed will need to be addressed in the second half of the decade. They will be joined by a host of others. Korean reunification, which would be vastly consequential for U.S. policy and forces throughout the Asia-Pacific, is not implausible before the end of the decade. China will continue to be the wild card of regional security, and a persistent challenge to U.S. security policy. If the United States is to retain a measure of influence in the region's security affairs, greater clarification of U.S. strategic interests in the region, and a regional broadening of the U.S. strategic framework will be required. Developing viable long-term security arrangements for the region will be one large challenge; coming to grips with arms control obstacles and opportunities in the region will be another. With or without Korean reunification, the U.S. force posture will need to change.

Korean Reunification

For more than 40 years, U.S. security policy and military planning have been focused on deterring the DPRK from another cross-border assault on the South. In the past two years, U.S. policy has been heavily focused on Pyongyang's nuclear weapons development program. Neither priority has been misplaced; both will persist. But the second half of the 1990s could elevate a third set of issues in U.S. strategic policy and analysis priorities—how to manage the circumstances, conditions, and implications of political settlement on the peninsula.

It is impossible to predict with confidence the timing or the circumstances of a Korean resolution. *Absent efforts by outsiders to keep the Pyongyang regime propped-up and thereby buy time, however, the end of the DPRK as a sovereign, independent entity will likely be sooner rather than later.* If Pyongyang is left to its own devices, the odds would favor an ending before the decade is out. Outsiders, we have noted earlier, may find it strongly in their interest to delay the inevitable. (China is especially concerned about the fallout from a sudden DPRK collapse—refugees, armed conflicts, production disruptions in China’s mostly industrial Northeast region.) None is yet prepared to think through and appreciate what fundamental political change on the peninsula will mean for it and the others. (When post-Korean reunification scenarios are brought up by the United States in bilateral discussions with South Korea and Japan, the atmosphere almost immediately becomes tense and uncomfortable.)

But buying time may not work anyway. The regime’s present economic policy can only lead to an eventual systemic breakdown. (As one analysis puts it, “[E]ven the sturdiest diving bells must eventually surface, and it is not clear how North Korea would locate a breathing space on its present economic course.”)³⁰ Although outsiders still understand very little about Pyongyang’s domestic condition, what we do know tilts the odds toward a sooner rather than a later end-game. As the century draws to a close, the DPRK simply is on the wrong side of history.³¹

The circumstances of political merger are highly uncertain. That the DPRK could simply, suddenly, and (possibly) violently collapse is by no means implausible. None of the neighboring countries concerned seems to have given serious and detailed thought about how to respond to and manage a rapid political meltdown in the North. It is also plausible that a deliberative process will ensue, in which the terms of settlement and the character of the resulting (merged) entity will be matters of negotiation. Absorption of the North by the South is one possibility. Also possible is that the governmental entity that would manage and preside over a political merger would not look like either of the contending governments, but would be, instead, some new kind of third construct.

Who will have a say in all of this also is not settled. Neither of the Koreas trusts its friends, yet it hard to imagine a scenario in which the two sides would be left entirely on their own to work out a merger.³² The United States clearly will be a direct party in interest—in part because of its legal status as party to the 1953 armistice; more importantly because of its security pact with the South and the fact that more than 30,000 U.S. forces are on the peninsula. China will claim direct party status by reason of its role, too, in the 1953 armistice. Russia and Japan also will have interests. But notions of a German-like

settlement along “two-plus-two” lines (China, the United States, the two Koreas—China’s vision of the appropriate parties) or “two-plus-four” lines (with Japan and Russia added, the evident vision of the United States and these others) could get derailed. The geostrategic differences between 2+2 and 2+4 are large and will not be easy to bridge: China fiercely opposes 2+4; Russia is adamant about a 2+4 international peace conference under UN auspices.

A negotiated merger would present a host of policy/analysis issues for the United States. In the expectation that the United States will have (will insist on having) a say in what a unified Korea would look like—in terms of levels, kinds and deployments of military forces, nuclear capabilities, defense spending levels and the like—*it will be crucial to have U.S. positions and alternatives thoroughly analyzed and well-developed in advance*. Others—China, Japan, Russia—will almost certainly insist on having their say in these matters. To the extent possible, it will be important to strive for coordination and compatibility of U.S., South Korea, and Japanese viewpoints on these questions well in advance also. Suggesting this, of course, is a lot simpler than actually doing it. Defining what a (variously) ideal, preferred, or manageable unified Korea would look like from a U.S. strategic vantage point is very difficult. Japan and China will bring their own perspectives. For DoD planners, all such questions are likely to arise sooner rather than later.

The single Korea that results from merger (unification or confederation) could take a number of forms. It could be, as some analyses suggest, confident, economically robust, militarily powerful—“a potent new force in East Asia” whose presence almost certainly would set in motion intensive maneuvering and rivalry among neighboring powers.³³ It could also be insecure, bracketed with economic and political problems, and hungry for security in a reassuring alliance with another. The “another” in this case could be the United States; arguably, it could be China instead. The third Korea might simply be “neutered” by big-power and neighboring power influences on its creation—denuclearized, demilitarized, sworn to a Switzerland-like existence as the price for acceptance.

Where the United States, especially U.S. forces in Northeast Asia, will be left as a result of north-south merger is very unsure—the circumstances of unification, bloody or peaceful, narrowly or broadly negotiated, will be large determinants. Some analyses predict an even stronger U.S. security role in Northeast Asia to emerge at the end; as a RAND analysis phrased it, “the United States might be positioned to assume a distinctive if substantially reconfigured security role in the aftermath of reunification.”³⁴ This is plausible, especially if a unified Korea is insecure and anxious about the neighborhood it

will find itself in. Current U.S. strategy speaks somewhat elliptically that “Even after the North Korean threat passes, the United States intends to maintain its strong defense alliance with the Republic of Korea, in the interest of regional security.”³⁵

Yet, the principal contingency for which forces in the area have been sized, structured and deployed for decades is renewed fighting in Korea. A reunified Korea would sweep that contingency away. Arguably, the rationale for retaining some forces in Korea (and derivatively, Japan) may not be entirely eliminated, but it will need to be a very different rationale, with different implications for force posture, than what has obtained up to now. The terms or the realities of unification could require withdrawal of U.S. forces from the peninsula.

The question then would be whether pressures to draw down would extend to U.S. forces and facilities in Japan also—pressures that could arise from within Japan or from within the United States.³⁶ Japan would be in the extremely awkward (and probably politically unsustainable) position of being the only country left in the Asia-Pacific still “occupied” by foreign troops. In such circumstances, *a political settlement on the peninsula could set in motion a substantial drawdown of the American presence in Northeast Asia broadly or, taking the outcome further, set in motion the end of nearly all of the fixed-site U.S. military presence in Asia.* With few realistic possibilities to relocate these forces elsewhere in the Asia-Pacific, they would come home (if a shrinking domestic base structure permits) or be flushed from the force structure.

Significantly sized drawdowns/withdrawals from Northeast Asia would essentially remove the final leg from the U.S. Asian “presence” stool. This will have rippling effects on the strategic calculations of virtually every country in the region. Because the American and most Asia-Pacific governments have invested so much strategic meaning in the physical presence of American military personnel, conceivable arrangements for maintaining commitment without presence, or presence without forces, will be all the more difficult to sell as viable alternatives.

The specific pre- and post- issues that reunification poses for the U.S. military force structure are enormously complex. Where (if anywhere) will forces drawn out of Northeast Asia be relocated? Present U.S. force levels are frozen matters in place for now, but could likely realignments be planned in advance? Should (when should?) U.S. air forces move from Misawa to Alaska? Should (when should?) the Third MEF in Okinawa be moved to Korea to allow a staged and orderly draw-out of Army forces on the peninsula? Is there an eventual home elsewhere for the Third MEF, or is the only viable long-term option breaking it up and re-distributing the assets?

In broader force structure terms, a significant drawdown of ground and air forces would shift greater responsibility to U.S. naval forces for the maintenance of a forward presence and the projection of power in the region. With ships in the Pacific Fleet already reduced by a quarter, and likely to be continuing "swing" demands for fleet assets in the Persian Gulf/Indian Ocean area, the magnitude of the structural adjustment could be enormous.

Korean reunification is probably the most complex Asia-Pacific security policy issue that U.S. military planners and decision-makers will face in the time ahead. The problems in developing and coordinating viewpoints and positions among the players involved are breathtaking. At the same time, reunification will be one of the few discrete occasions to tangibly shape the region's strategic frames of reference for the next century. In this sense it will rank high among the salient opportunities for U.S. policy and strategic planning.

China

The biggest shift in the Asia-pacific's security environment has been the rise of China. *China will remain the great wild card of regional security and a dilemma for U.S. foreign and security policy in the foreseeable future.* Neither a policy of cooperative engagement nor one of tough-minded opposition to Chinese assertiveness in the region is likely in itself to yield favorable results. Cooperative engagement suffers from, among other things, imperfect understandings of how to influence China's strategic thinking and leverage its external policies and behavior. Tough-mindedness as singular policy runs the risk of encouraging in China precisely the kinds of external attitude, policies and behavior the United States would seek to dissuade.

Some degree of ambiguity will be unavoidable in Sino-American security dealings. Yet, it will be important that the United States continues to press China toward greater clarification of its security interests, concerns, policies, and military programs. It will also be important that *the United States be persistent in clarifying its strategic interests and concerns.* In the latter connection, *it will be essential, in appropriate cases, for the United States to clearly and unambiguously draw lines in the sand.* We have emphasized the South China Sea territorial issues and the Kittyhawk incident in the earlier discussion precisely with this point in mind. Signaling forcefully and unambiguously a U.S. resolve to exercise fully its unfettered navigation rights in Asian waters is both appropriate and strategically useful.

A useful model, although also one with enormous obstacles in its immediate path, is *trilateralism*—the idea that China, the United States, and Japan have a common interest in managing the interactions of their respective security interests and policies, and would be better served by directly “*trilateralizing*” *the consultative dimensions of the U.S.-China-Japan relationship*. Among other things, trilateral political dialogue and military contacts might help ease tensions and anxieties within China as the United States and Japan move to strengthen their bilateral security ties—especially as that strengthening moves into areas such as TMD.

Strategic Engagement

The United States as the region’s “honest broker” was not a bad metaphor in describing the application of U.S. strategic policy, but it has contributed to confusion and skepticism within the region. The resulting impression of a United States committed to regional security in the abstract, but playing the hands-off referee when it comes anything specific, has not helped U.S. credibility. The tendency to jumble together commitment and presence, and mistake one for the other, has blurred more than clarified.

U.S. policy and forces in the region support two overlapping but separate objectives at mid-decade. One is to deter aggression and political intimidation by North Korea. The other is to manage the multipolar balance of power in the region that has emerged and will evolve in the time to come. The objectives overlap in the sense that specific, targeted, concrete deterrence and the broader goal of maintaining a favorable balance of power in the region are complementary. But they are separate in the sense that the political and operational demands of each are very different. They are also separate in the sense that a political settlement on the Korean issue would remove the first, while the second would still obtain.

The concept (and terminology) that would seem to best fit these circumstances is “strategic engagement.” The concept connotes directly that U.S. engagement in the region’s security affairs is strategic in character, and that the prism through which the United States will view, evaluate and act upon security issues and developments in the region is not regional stability, broadly construed, but regional balance, finely monitored and modulated.

Within a framework of strategic engagement, the United States will not seek or accept primary responsibility for maintaining peace and stability in the region—under appropriate conceptions of security responsibility-sharing, this task will fall to states within the region. Formulating U.S. strategic interests in these terms should help to make clearer divisions of responsibility and burdens between the United States and states in the region.

The concept could also help to lessen the artificially close association at present between U.S. interests, commitments, and peacetime military presence in the region. "Cooperative engagement" may imply a large peacetime presence, involved in the day-to-day business of regional security. Strategic engagement would not preclude such routine interactions and military cooperation, but it would more clearly connote a credible resolve to use military means as an instrument of national policy when the interests and the stakes warrant.

While the United States might lend its good offices to the management and resolution of the region's plentiful but essentially "sub-strategic" conflicts and disputes (and may in this sense play the role of honest broker), it will pick and choose where and how to intervene (and where and how not) according to criteria framed in terms of regional balance. Seemingly small things could matter depending on where they are, who is involved, and their contribution to overall balances. Thus, while the United States will have no direct interest in who claims which rock or reef in the South China Sea, it will have an explicit and enduring strategic interest in dissuading even small efforts at restricting U.S. freedom of transit, access, and maneuver in Asia-Pacific waters.

Regional Strategy

Current U.S. security objectives in the Asia-Pacific (Table 27) reflect a well-developed snapshot of the region's security problems and opportunities at mid-decade, but less than a regional policy framework.

The period ahead will require further development along these lines for several reasons:

- China bestrides nearly all of the Asia-Pacific, parts of Central Asia, and parts of South Asia. China's external interests and policies point in multiple directions. How China behaves in one part of this wider regional area will be strategically inseparable from considerations of China's behavior in other parts.
- Countries in the region that could safely view their strategic requirements and opportunities at relatively short ranges in the past are increasingly having to think strategically over much longer distances. In the Asia-Pacific no less than other parts of the world, disputes and conflicts will still be predominantly between close or nearby neighbors. But the economic health of countries in the region will be increasingly vulnerable to developments at a distance. The sea lines of communication running south and then westward from Northeast Asia will be strategic as well as commercial arteries.
- Security relationships and alignments between countries in the region are also likely to take on more of a long-distance character than before. India's interest

in developing closer ties with APEC and ASEAN is suggestive of the future possibilities along these lines.

- With military bases in the Philippines already removed from the picture, and preservation of the heavily concentrated U.S. presence in South Korea and Japan much less assured, U.S. access and support opportunities and requirements will invariably have to take in a broadened and fully inclusive conception of the region. The post-Philippines “places, not bases” access policy is a step in this general direction. Expansion and extension of the policy should be a prominent feature of U.S. security policy as a political settlement in Korea moves closer in time.

Table 27. U.S. Security Objectives, Asia-Pacific³⁷

Work with allies and friends to refocus security relations on new post-Cold War challenges
Strengthen bilateral partnership with Japan
Maintain defense commitment to and ties with South Korea
Work closely with Australia to pursue shared security objectives
Engage China and support its integration into international community, including its participation in nonproliferation efforts, and foster transparency in its military affairs
Fully implement Agreed Framework on North Korea’s nuclear program
Develop with Russia mutually advantageous approaches to regional stability
Contribute to maintaining peace in the Taiwan Strait
Work with ASEAN and others to explore new “cooperative security” approaches through ARF
Encourage creation of subregional security dialogue in Northeast Asia
Support efforts by countries in the region to strengthen democracy
Continue to seek fullest possible accounting of U.S. missing action in Korean and Vietnam wars
Prevent proliferation of weapons of mass destruction
Work to halt the flow of narcotics

Expanding the “regionalization” of U.S. regional defense policy will entail, among other things, *broadened conceptions of the contributions to be made to regional balances by smaller powers, and a close appreciation of the security linkages that they may forge among themselves. It will also entail development of a comprehensive “southern strategy”* beyond the framework set forth in the 1995 *EASR*. The opportunities and potential would seem considerable. The opening of a closer military/strategic relationship with India in recent years has enormous promise, but, to be optimal, this will need to be conceptualized and developed within a regional as well as a bilateral context and framework.

Regional Security Arrangements

Although there is considerable consultative activity involving non-governmental organizations (NGOs), multilateral security consultations and arrangements at the government level have gotten off to a very slow start. *Given its history, structure, and the security environment in which it operates, the ASEAN Regional Forum has limited potential.* As a venue for the periodic discussion of security issues and tensions in the Asia-Pacific region, the forum serves a useful purpose. At best, however, ARF will be a “talking shop-plus.”

The “plus” will depend on participants’ willingness to, and capacity for, getting beyond the talk and “trust-building” stage to a modest but focused agenda in the near term ahead. Two areas that might usefully lend themselves to a modestly but usefully fashioned agenda to focus the forum are:

- Multilateral cooperation in external law enforcement and order maintenance, to include anti-piracy, drug and smuggling interdiction, surveillance and policing of fishing and maritime economic zones, search and rescue, and management of environmental mishaps and calamities.
- Dispute management through the sponsorship of technical research, arbitration, mediation, and negotiation in discrete areas for which some general agreement may be possible—such as transboundary fishing, exploitation of seabed resources, and multistate approaches to cross-boundary environmental problems—where international law has left jurisdiction and ownership issues clouded and conflicting, and where gaps exist to be filled.

In any case, *the forum will need a degree of institutionalization that will permit it to operate more independently of ASEAN.* Failing this step, which should be taken sooner rather than later, it is improbable that the “A” in ARF has a serious chance of meaning “Asian” with time. *Reorienting the forum will require governmental initiatives and action.* Non-governmental organizations provide a useful “second track” for supporting ARF through research, analysis and consultation, but they are not a substitute for governmental initiative.

U.S. interests will be best served through a two-track policy with respect to the forum; U.S. initiative is likely to be *sine qua non* in developing and promoting a modestly useful near-term blueprint for action within ARF. At the same time, the United States will need to initiate and pursue a broader range of multilateral dialogues and interactions in Asia-Pacific security outside the ARF orbit.

A discrete subregional consultative forum in Northeast Asia remains a keen interest to DoD, but the obstacles along that path were discussed in Section V. "Trilaterals," on the other hand, could be a highly productive venue for U.S. security dealings in the Asia-Pacific in the coming period. *Trilateral security consultations—such as the ongoing U.S.–Japan–South Korea trilateral—can, in principle, enhance bilateral alliances, get a degree of multilateralizing momentum under way in the region, and provide an avenue for U.S. leadership that is not easily available in the ARF mega-forum.* Substantively, a trilateral dialogue involving Korea and Japan could be a helpful early step toward easing the inevitable tensions and distrust that will take sharpened focus as Korean reunification comes closer in time.

The possibilities can be taken further. In theory, trilaterals (or something reasonably close) could facilitate, without cumbersome formalizing, closer U.S. political and military involvement with the security accommodations between countries in the region that have begun to take early form. *Combinations of trilaterals that could involve the United States with Australia, Vietnam, Indonesia, and Singapore, for example, might enhance bilateral U.S. undertakings with these countries while by-passing unwelcoming larger mechanisms like ASEAN and ARF.* A closer U.S. security tie with the FPDA as it evolves over the next several years would be in similar vein.

This path, too, is scarcely lacking in issues and obstacles—the U.S. experience thus far in the Japan/Korea and Japan/Russia trilateral talks has not been spectacularly encouraging. Still, trilaterals, and variations on them, have a distinct advantage over regional forums like ARF in terms of both discrete participation and discrete issue focus.

Arms Control

At present, the temptation within the region is to write off conventional arms control measures (including operational forms of CSBMs) as neither needed nor regionally-appropriate. Major-power participants like the United States have been reduced to promoting the publication of defense white papers and annual reports of weapons buys to the UN.

Two arms control possibilities should loom large, nevertheless, in the time ahead. The first is U.S.-Chinese agreement on measures that would prevent dangerous military activities involving the two forces. The 1994 Kittyhawk incident is scarcely likely to be the last in which American and Chinese forces confront one another in ambiguous, tense, or provocative circumstances. Developing and reaching agreement on rules of behavior to manage these kinds of situations will become increasingly important in the time ahead.

There are Cold War precedents for such an arrangement in the 1972 U.S.-Soviet Agreement on the Prevention of Incidents On and Over the High Seas (INCSEA) and the 1989 U.S.-Soviet Agreement on the Prevention of Dangerous Military Activities (PDMA).

The second possibility, admittedly difficult, would entail developing and promoting a within-region agreement on MTCR-like restraints on specific kinds of conventional arms acquisitions. The arms acquisitions being pursued within the region will have long-term consequences for the character of the security environment. Conflicts in contested EEZ areas at sea are likely only to grow in the time ahead. The kinds of transparency-only measures currently favored within the region are difficult to square with the seriousness of an unregulated arms buying/arms selling/arms buildup market. MTCR, for all its current shortfalls, has been a modest success in imposing a degree of discipline in one area. That an enlargement of prophylactic measures and regimes of this type would be helpful if doable should not be in doubt.

Military Presence

Without or without political settlement in Korea, the next five years will require a fundamental assessment of the U.S. forward-deployed military posture in the Asia-Pacific. There seems little question that the United States will require a continued physical military presence in the region into the next century. But that presence will need to be more credibly "regional" than what exists now. This, in turn, will require a broad set of U.S. initiatives to expand U.S. military access within and support from the region.

Strategic engagement implies (and opens up) a broader range of alternative means than do traditional notions of military presence. Presence without forces (military training and security assistance, military-to-military exchanges, port calls, prepositioning of equipment, etc.) and *engagement without presence* (through armaments cooperation, technology transfers, licensing and co-production of systems, and the like) are not new concepts, but they could take on heightened emphasis in the time ahead, and also begin to fit together more easily in a strategic framework where engagement rather than simply presence is the operative principle.

Research and Analysis

The foregoing amount merely to brief and rough sketches. Each area presents a host of unresolved empirical and analytical questions that would need to be addressed before decisions could be taken. An early head start on the research and analysis that is involved would be prudent. If there is a single powerful theme to emerge from this analysis, it is that

the future is no longer very distant in the Asia-Pacific region, but rather, just around the corner.

GLOSSARY

ABRI	Indonesian Armed Forces
ADB	Asian Development Bank
AFTA	ASEAN Free-Trade Area (proposed)
ANU	Australian National University
ANZUS	Australia-New Zealand-United States security pact
AOR	Area of Responsibility (U.S.); geographical area of unified military command
APEC	Asia Pacific Economic Cooperation (forum)
ARF	ASEAN Regional Forum
ASEAN	Association of South East Asian Nations
BJP	Bharatiya Janata Party (India)
CAPS	Council for Advanced Policy Studies (Taiwan)
CBM	Confidence-Building Measure
CER	Closer Economic Relations agreement (Australia-New Zealand)
CSBM	Confidence- and Security-Building Measure
CSCA	Conference on Security and Cooperation in Asia (proposed)
CSCE	Conference on Security and Cooperation in Europe
DoD	Department of Defense (U.S.)
DPP	Democratic Progressive Party (Taiwan)
DPRK	Democratic People's Republic of Korea (North Korea)
EAEC	East Asian Economic Caucus
EASR	East Asia Strategy Report (DoD, 1995)
EEZ	Exclusive Economic Zone (Law of the Sea)
EU	European Union

FEER	<i>Far Eastern Economic Review</i>
FPDA	Five Power Defence Arrangements (Britain, Australia, New Zealand, Malaysia, Singapore); also known as Five Power Defense Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNP	Gross National Product
HNS	Host Nation Support
INCSEA	Agreement on the Prevention of Incidents On and Over the High Seas
IISS	International Institute for Strategic Studies
IMET	International Military Education and Training (DoD program)
IMF	International Monetary Fund
JCS	Joint Chiefs of Staff (U.S.)
KMT	Koumintang Party (Taiwan)
MEF	Marine Expeditionary Force (U.S.)
MFN	Most Favored Nation
MMBD	Million Barrels Per Day
MTCR	Missile Technology Control Regime
NAFTA	North American Free Trade Association
NAM	Non-Aligned Movement
NET	Natural Economic Territory
NFZ	Nuclear-Free Zone
NGO	Non-governmental organization
NIC	Newly industrializing country
NIE	Newly industrialized economy
NMS	National Military Strategy (U.S.)
NPT	Nuclear Non-Proliferation Treaty
NSS	National Security Strategy (U.S.)
NWFZ	Nuclear Weapon-Free Zone

OECD	Organization of Economic Cooperation and Development
PACOM	Pacific Command (U.S.)
PDMA	(Agreement on the) Prevention of Dangerous Military Activities
PECC	Pacific Economic Cooperation Council
PLA	People's Liberation Army (China)
PPP	Purchasing Power Parity
PRC	People's Republic of China
RFE	Russian Far East
RMA	"Revolution in Military Affairs" (U.S./generic)
SAARC	South Asia Association for Regional Cooperation
SEANFZ	South East Asian Nuclear-Free Zone (proposed)
SEATO	Southeast Asia Treaty Organization (dis-established)
SPF	South Pacific Forum
TBM	Trust-Building Measure
TFT	Technology-for-Technology (reciprocal defense technology transfers)
TMD	Theater Missile Defense
UNCLOS-III	United Nations Convention on the Law of the Sea (1982)
WEU	Western European Union
WMD	Weapons of Mass Destruction
WTO	World Trade Organization
ZOPFAN	Zone of Peace, Freedom, and Neutrality (ASEAN states)

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NOTES

I. INTRODUCTION

- 1 *A National Security Strategy of Engagement and Enlargement*, The White House, July 1994, p. 23 [hereinafter *NSS 1994*].
- 2 The remarks in 1990 of Paul Wolfowitz, then U.S. Under Secretary of Defense for Policy, are illustrative of the view: "You've got to recognize [that] the name of the game in the Pacific is economics.... I don't think we should be under any illusions that 10 years from now the U.S. role is going to be determined by our military posture. It's going to be determined most of all by our economic competitiveness and by the kinds of trading and economic relationships we have out there." Testimony before the Senate Armed Services Committee, April 19, 1990, p. 18. Desmond Ball and Commodore "Sam" Bateman of Australia argued much the same case in 1991: "The most important change is economic. Economic strength has become the single most important index of national power, eclipsing over the long haul the possession of significant quantities of advanced military capabilities. It is the ability of national economics to sustain high levels of real growth, to generate and capitalise on advanced technological products and processes, and to engage competitively and energetically in the international marketplace that will determine rankings in the national power lists at the turn of the century." Desmond Ball and Commodore W.S.G . Bateman, RAN, "An Australian Perspective on Maritime CSBMs in the Asia-Pacific Region," paper presented at the Workshop on Naval Confidence- and Security-Building Regimes in the Asia-Pacific Region, Australian National University and Malaysian Institute of Strategic and International Studies, Kuala Lumpur, July 8-10, 1991, p. 5.
- 3 *NSS 1994*, p. 23.
- 4 An updated and revised version of *A National Security Strategy of Engagement and Enlargement—National Security Strategy of the United States* was released by the White House in February 1995 [hereinafter *NSS 1995*]. Full citations for the DoD and JCS volumes are: DoD, Office of International Security Affairs, *United States Security Strategy for the East Asia-Pacific Region*, February 1995 [hereinafter *EASR 1995*]; JCS, *National Military Strategy of the United States—A Strategy of Flexible and Selective Engagement*, February 1995 [hereinafter *NMS 1995*].

II. MID-DECADE

- 1 "A Survey of Asia," *The Economist*, October 30, 1993, p. 6.
- 2 Multi-source estimates reported in U.S. Pacific Command, *Asia-Pacific Economic Update, Spring 1994*, Honolulu, HI, 1994, pp. 5-7 [hereinafter *PACOM Economic Update 1994*].
- 3 Patrick M. Mayerchak, *East Asia and the Western Pacific 1994*, Stryker-Post Publications, Harpers Ferry, WV, 1994, p. vii.
- 4 Computations provided by James Bell, IDA.
- 5 "A Survey of Asia," *The Economist*, October 30, 1993, p. 5.
- 6 In the characterization of U.S. Treasury Secretary Lloyd Bentsen in 1994: "Trade within the region is \$1 trillion a year and has grown 100 percent since 1986 ... Over the last decade, Asian growth averaged more than twice the growth rate for the world as a whole. And through the year 2000, there is no reason that can't continue. By the year 2000, even leaving Japan out, some 75 million Asian households will have incomes comparable to middle-income Americans. It is a continent that could be larger than Europe and the United States combined within the next 15 years." *Honolulu Star Bulletin*, March 18, 1994, cited in *PACOM Economic Update, 1994*, p. 7.

- 7 See, e.g., Paul Krugman, "The Myth of Asia's Miracle," *Foreign Affairs*, November/December 1994, pp. 62-78.
- 8 This compared favorably to North America, which had an 11 percent rise in imports and a 5.5 percent increase in exports in 1993; in the EU, imports were down in 1993 by 4 percent and exports fell by one percent. (At \$218B in 1993, bilateral trade between Asia and the EU was \$50B higher than trade between the EU and the United States.)
- 9 Far Eastern Economic Review (FEER), *Asia 1995 Yearbook*, December 1994, p. 28 [hereinafter, FEER, 1995 Yearbook].
- 10 PACOM Economic Update, 1994, pp. 18-19.
- 11 Although, because of the Kuriles islands dispute, formal trade and investment relations between Japan and Russia are strained, it remains possible that a Sakhalin-Kuriles-northern Japan NET could emerge in the time ahead, and also closer ties forming between the Russian ports of Vladivostok and Nakhoda and regions such as Nigata in west Japan. See Robert Scalapino, "The United States and Asia," *Foreign Affairs*, Winter 1991/92, p. 21; also Robert Scalapino, "A Framework for Regional Security Cooperation in Asia," in Barbara Bundy, Stephen D. Burns, and Kimberly Weuchel, *The Future of the Pacific Rim: Scenarios for Regional Cooperation*, Praeger, Westport, CN, 1994, p. 119.
- 12 With active membership applications pending from Colombia, Ecuador, and Russia, observer-status applications from Argentina and Peru, and some 15 other countries seeking representation at APEC meetings, APEC in 1994 imposed a three-year moratorium on new members until 1997.
- 13 Pacific Economic Cooperation Council (PECC), *Pacific Economic Development Report 1995: Advancing Regional Integration*, Singapore, 1994, p. 9 [hereinafter PECC 1995].
- 14 FEER, 1995 Yearbook, p. 28.
- 15 PACOM Economic Update 1994, p. 13.
- 16 Ibid., p. 14.
- 17 Ibid., p. 64.
- 18 Ibid., p. 72.
- 19 Ibid., p. 66.
- 20 As in economic growth rates, there are disparities among Asia-Pacific countries in technology management and capability. PECC, for example, cites information technology as a prominent case: "Japan and Singapore have embraced national industrial strategies to create intelligent, networked societies with ambitious plans for automated highways, consumer data services and fiber optics to the home. At the same time, Indonesia, China, and Vietnam are struggling to provide merely two or three telephones for every 100 people. Citizens in the industrialized countries are 35 times more likely to have a phone than their developing neighbors." Ibid., p. 81.
- 21 *Fortune* (Special Issue), Fall 1989, cited in Tapan Munroe, "The Importance of the Asia Pacific Region for California's Economic Vitality," in Bundy, et. al. (1994), p. 62.
- 22 Asian Development Bank, *Asian Development Outlook 1994*, Oxford University Press, Oxford, 1994, p. 35 [hereinafter ADO 1994].
- 23 See, e.g., Kishore Mahbubani, "Asia's Cultural Fusion," *Foreign Affairs*, January/February 1995, p. 103. "The growing realization of East Asians that they can do anything as well as, if not better than, other cultures," Mahbubani writes, has led to "an explosion of confidence."
- 24 As of September 30, 1994. DoD, *Annual Report 1995*, p. C2.
- 25 DoD, *Toward a New Partnership in Responsibility Sharing: An Overview of the 1994 Report on Allied Contributions to the Common Defense—A Report to the United States Congress by the Secretary of Defense*, April 1994, p. 9.
- 26 Ibid., pp. 11-12.
- 27 Ibid., p. 9. For detailed accounts of Japanese and South Korean cost-sharing, see *EASR 1995*, pp. 25, 27-28.

- 28 U.S. Agency for International Development, *Congressional Presentation FY 1994—Summary Tables*, 1994.
- 29 Ibid.
- 30 Quoted in *EASR 1995*, p. 13.
- 31 Lord (1993).
- 32 Winston Lord, Assistant Secretary of State for East Asian and Pacific Affairs, "East Asia and the Pacific: U.S. Policy and Assistance," Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee, May 6, 1993. Lord (1993).
- 33 *EASR 1995*, p. 4.
- 34 *ADO 1994*, p. 19.
- 35 *PECC 1995*, p. 145.
- 36 Data and projections by the Program on Resources, Energy and Minerals at the East-West Center, Honolulu, reported in *PACOM Economic Update 1994*, pp. 33-35.
- 37 Ibid.
- 38 FEER, *1995 Yearbook*, p. 54.
- 39 China expected its oil output to rise a marginal 1.4 percent in 1994 (to 144 million tons) as production in its aging eastern fields peaked. Current projections by DRI/McGraw Hill are that China's production will rise to about 157 million tons in 2000 before falling to 134 million tons in 2010. FEER, *1995 Yearbook*, p. 51.
- 40 Hiroshi Murata, "Peaceful Uses of Nuclear Energy in Asia and Role of Japan," *Plutonium*, Winter 1995, p. 8.
- 41 Chong-Pin Lin, "China's Nuclear Industry Under Economic Reforms," Paper presented at the IISS/CAPS Conference on Chinese Economic Reform: The Impact on Security Policy," Hong Kong, July 8-10, 1994, pp. 20-21.
- 42 *UN World Population Prospects, Estimates and Projections OGJ*, December 27, 1993.
- 43 United Nations EIU (Excluding Japan).
- 44 FEER, *1995 Yearbook*, p. 68.
- 45 *China's Looming Energy Crisis*, Intelligence Requirements and Assessments Committee, EAB, Wellington IRAC 72/94, Australia, July 28, 1994, cited in Paul Monk, *China: An Emerging Superpower?* CAPS Papers No. 7, Chinese Council of Advanced Policy Studies, Taipei, Taiwan, February 1995, p. 16.
- 46 The Ministry's director for environmental protection has acknowledged that "Coal-fired plants have some contradictions. The problem of acid rain is becoming quite obvious in some areas." Quoted in FEER, *1995 Yearbook*, p. 64.
- 47 Douglas P. Murray, *American Interests in China's Environment*, National Committee on U.S.-China Relations, Inc., Washington, DC, January 1993, p. 3.
- 48 For arguments making the linkage, see, e.g., Richard H. Ullman, "Redefining Security," *International Security*, 8(1), 1983; Jessica Tuchman Mathews, "Redefining Security," *Foreign Affairs*, Spring 1989; and Simon Dalby, "A Climate of Conflict? Environment and Security in the Pacific," in Mary L. Goldie and Douglas A. Ross, eds., *Pacific Security 2010: Canadian Perspectives on Pacific Security into the 21st Century*, Aurora Papers 10, Canadian Centre for Arms Control and Disarmament, Ottawa, 1991.
- 49 See, e.g., Gudmunder Eriksson, *The Law of the Sea, Ocean Management and Confidence-Building*, UN Department of Disarmament Affairs, New York, December 1990; and Gwyn Prins, ed., *Cambridge Studies in Global Security: Environmental Security*, Earthscan, London, 1992.

- 50 Reports that the Russian navy has dumped millions of curies of waste into the Barents Sea and the Sea of Japan are widely accepted. See James L. Lacy, "Arms Control and Confidence-Building in the Pacific Northwest: Naval and Regional Considerations," in Kim Yu-Nam, ed., *Soviet Russia, North Korea, and South Korea in the 1990s: Nuclear Issues and Arms Control in and around the Korean Peninsula*, Dankook University, Seoul, 1992(a), pp. 47-48 (regarding problems in the disposal and dismantlement of Soviet/Russian nuclear submarines); and Joshua Handler, "Preliminary Report on Greenpeace Visit to Vladivostok and Areas Around the Chazma Bay and Bolshoi Kamen Submarine Repair and Refueling Facilities, October 9-19, 1991," Greenpeace Nuclear Free Seas Campaign, Washington, DC, November 6, 1991 (nuclear waste dumpage).
- 51 See, e.g., "Troubled Waters: Proposed sea lanes spark concern," *FEER*, December 29-January 5, 1995, pp. 18-19.
- 52 World Bank, 1992.
- 53 In constant real poverty lines, the share of the population in poverty (one U.S. dollar per person per day or less) declined, for example, from 58 percent to 17 percent in Indonesia in 17 years, from 59 percent to 26 percent in Thailand in 24 years, and from 54 percent to 43 percent in India in 11 years. *ADO 1994*, p. 188.
- 54 In the ADB's 1994 report: "The urban poor [in East and South Asia] live miserably. They suffer from poor housing and, in some cities, large numbers of them have no housing at all. Their dwellings lack sanitation facilities and running water. They have little or no access to social services such as schools and health clinics. They suffer from chronic nutritional deficiencies." *Ibid.*, p. 191.
- 55 *Ibid.*, p. 58.
- 56 *Ibid.*, p. 21.
- 57 *Ibid.*, pp. 26-27.
- 58 *Ibid.*, p. 22.
- 59 *Ibid.*, p. 57.
- 60 In China, for example, the number of people over 60 years of age will grow from 100 million in 1990 to 289 million in 2025; comparable figures for Indonesia are 11.6 million and 39 million. As a proportion of the population, the projections for Singapore are 8.7 and 27.8 percent and for South Korea, 7.5 and 21.6 percent, in 1990 and 2025 respectively. *ADO 1995*, pp. 57, 59.
- 61 Desmond Ball, "The Post Cold War Maritime Strategic Environment in East Asia," in Dick Sherwood, ed., *Maritime Power in the China Seas: Capabilities and Rationale*, Australian Defence Studies Centre/Australian Defence Force Academy, Canberra, 1994, p. 13.
- 62 International Institute for Strategic Studies (IISS), *The Military Balance, 1994-1995*, London, October 1994. Source should be consulted for qualifications and explanations of specific national forces levels.
- 63 See, e.g., *PACOM Economic Update 1994*, pp. 45-49.
- 64 Prasun Sengupta, "Forecast Asia-Pacific: Tension Remains," *Aerospace*, September 1992, p. 54. Also, Ball (1994), pp. 15-16, 25.
- 65 Ball (1994), p. 25.
- 66 Sengupta (1992), p. 54; Ball (1994), pp. 25-27.
- 67 General Cho Nam Qi, quoted in *FEER, 1995 Yearbook*, p. 20.
- 68 See, Michael T. Klare, "The Next Great Arms Race," *Foreign Affairs*, Summer 1993, pp. 145-148.
- 69 IDA colleague Michael Green was especially helpful in pointing this aspect out.
- 70 Bates Gill, "Arms Acquisitions in East Asia," Appendix 13E, in *SIPRI Yearbook 1994*, Stockholm International Peace Research Institute/Oxford University Press, London, 1994, Table 13E2.
- 71 Quoted in Amitav Acharya, *A New Regional Order in South-East Asia: ASEAN in the Post-Cold War Era*, Adelphi Paper 279, IISS/Brassey's, London, 1993, p. 90, n. 62.

- 72 E.g., Ball and Bateman (1991), p. 19: "[I]nsofar as the acquisition programs are a reflection only of their increased economic and financial strength, or a means of acquiring new technology, they provide little cause for concern. Indeed, the contrary may be argued—that the national self-confidence which is generated by the acquisition of these advanced capabilities is itself a source of confidence-building in the region."
- 73 "Historically, economies with the highest GDP growth rates in the region have had the highest increases in defense spending. Malaysia and Singapore are examples of countries with high economic growth and high rates of growth in defense expenditures Many nations view the ownership of high-tech weapons and the ability to operate and maintain them as indicative of their stature and importance in the international community." *PACOM Economic Update*, 1994, p. 51.
- 74 See, e.g., Amitav Acharya, "Why the Rush in Arms Upgrading in Southeast Asia?" *Asian Defence Journal*, April 1994, p. 28: "[T]he boom in the regional arms market is caused as much by competition among the suppliers as that among the buyers. It can be said that the real arms race in Southeast Asia is a race among the suppliers, rather than the recipients."
- 75 E.g., Michael D. Wallace and Charles A. Meconis, *New Powers, Old Patterns: Dangers of the Naval Buildup in the Asia Pacific Region*, Institute of International Relations, University of British Columbia, Vancouver, Canada, March 1995, pp. 8-10.
- 76 Quoted in Acharya (1993), p. 68.
- 77 There is another element, seldom discussed, that enters in some East Asian countries as well. As Andrew Mack of ANU phrases it: "Although rarely discussed in polite academic circles and though hard evidence is difficult to come by, there is little doubt that corruption may also be a crucial determinant of defence purchases." Andrew Mack, "Fighting the War and/or Winning the Peace," in Sam Bateman and Dick Sherwood, eds., *Strategic Change and Naval Roles: Issues for a Medium Naval Power*, Strategic and Defence Studies Centre, Australian National University (ANU), Canberra, 1993, p. 13.
- 78 J.N. Mak, "Armed, but Ready? ASEAN Conventional Warfare Capabilities," *Harvard International Review*, Spring 1994, pp. 20-24.
- 79 *Nautilus Bulletin*, June 1995, p. 5.
- 80 The background on these and similar NWFZ proposals in the Asia-Pacific's past is discussed in James L. Lacy, *A Different Equation: Naval Issues and Arms Control After 1991*, IDA, P-2768, October 1992 (b), pp. 46-48, 89-93.
- 81 The "first pillar" of U.S. strategy in Asia entails "pursuing stronger efforts to combat the proliferation of [WMD] on the Korean peninsula and in South Asia." *NSS 1994*, p. 23. The JCS similarly views WMD proliferation to be "one of the most troubling dangers we face." *NMS 1995*, p. 3.
- 82 See, e.g., Paul H. Kreisberg, Daniel Y. Chiu, and Jerome H. Kahan, eds., *Threat Perceptions in Asia and the Role of the Major Powers: A Workshop Report*, East-West Center/Center for Naval Analyses, 1993, pp. 9-11.
- 83 Though the separate security pact is not at issue, Thai officials have been publicly quoted as willing to holding it hostage to the commercial reopening proposal: "If the treaty of amity is not renegotiated, it puts further defence cooperation in doubt." See "Sign of the Times: Bangkok seeks review of key treaty with Washington," *FEER*, January 19, 1995, p. 17.
- 84 "In fact," in the characterization of K.W. Kim, former South Korean Ambassador to the UN, "our Ministry of National Defence engages in a war of nerves every year with working-level officials of the U.S. Defense Department over the issue of sharing the expenses for maintaining U.S. forces in the ROK.... [O]ur media has pointed out that the US demand is unjust." March 7, 1995, in Pacific Forum CSIS, *PacNet*, March 23, 1995.
- 85 Patrick M. Cronin and Michael J. Green, *Redefining the U.S.-Japan Alliance: Tokyo's National Defense Program*, McNair Paper 31, Institute for National Strategic Studies, National Defense University, Washington, DC, November 1994, pp. 11-12; also, "Japanese Budget Lacks \$125M for U.S. Bases," *Pacific Stars & Stripes*, September 1, 1994.
- 86 See, e.g., Michael J. Green, "The Japanese Defense Industry's Views of U.S.-Japan Defense Collaboration: Findings of the MIT Japan Program Survey," MIT-Japan Program Working Paper

WP94-01, Center for International Studies, Massachusetts Institute of Technology, Boston, January 1994; and Michael J. Green and Richard J. Samuels, "U.S.-Japan Defense Technology Cooperation: Ten Guidelines to Make it Work," MIT-Japan Program Joint Paper JP94-07, May 1994.

- 87 Letter of transmittal, *EASR 1995*; also, "U.S. Reverses East Asia Withdrawal Plan; Troop Level to Stay at 100,000," *Washington Post*, February 28, 1995, p. A10.
- 88 *PACOM Economic Update 1994*, p. 51.
- 89 Drawn from multiple sources in *PACOM Economic Update 1994*, p. 130.
- 90 See, e.g., *EASR 1995*, p. 31: "Economic growth and improved education have ... led to the emergence of new middle classes and the establishment of democratic institutions in South Korea, Taiwan, Malaysia and Thailand. Together with the progress of democracy in the Philippines, Cambodia and Mongolia, this spread of democratic values will provide a stable basis for internal political transitions and legal systems that honor commitments even when governments change."
- 91 See, e.g., "India, Redrawn and quartered," *The Economist*, March 19, 1995, pp. 36-37.

III. CAUTIOUS PEACE

- 1 The figure includes civilian deaths as a result of war: an estimated 4.5 million in East Asia and 1.9 million in South Asia. Gerald Segal, *Rethinking the Pacific*, Clarendon Press, Oxford, UK, 1990, p. 261.
- 2 Mack (1993), p. 13. In a small but telling example of the sovereignty/jurisdiction maze in East Asian waters following UNCLOS-III, the waters between East and West Malaysia are part of the archipelagic waters of Indonesia.
- 3 *Defending Australia: Defence White Paper 1994*, Australian Government Publishing Service, Canberra, Australia, 1994, p. 87.
- 4 These arrangements are discussed in Lacy (1992b), pp. 90-91.
- 5 See, e.g., "Signal Guns," *FEER*, February 18, 1993; "Russia Sends Patrol to Protect Merchant Ships in East China Sea," *International Defense Review*, August 1993, p. 594; Taeho Kim, "China's Military Buildup in a Changing Security Climate in Northeast Asia," in Richard H. Yang, ed., *China's Military: The PLA in 1992/1993*, Chinese Council of Advanced Policy Studies, Taipei, Taiwan, 1993, pp. 131-132 [published in the U.S. by Westview Press, Boulder, CO]; Daniel J. Dzurek, "Southeast Asian Offshore Oil Disputes," in Elisabeth Mann Borgese, Norton Ginsburg, and Joseph R. Morgan, eds., *Ocean Yearbook 11*, University of Chicago Press, Chicago, 1994, pp. 164, 173.
- 6 In one of the largest incidents of these kinds, 32 people (including 24 Taiwanese tourists) were killed by Chinese bandits on a pleasure boat on the Qiandao Lake in China's Zhejiang province.
- 7 See, in these regards, Segal (1990), pp. 390-391; also, Acharya (1993).
- 8 For a good current summary, see "March of the Militants," *FEER*, March 9, 1995, pp. 18-20.
- 9 See *NMS 1995*, p. 3.
- 10 *ADO 1994*, pp. 217, 219.
- 11 See, e.g., Hasjim Djalal, "Evolution in the Law of the Sea: from High Seas Regime to Exclusive Economic Zone to Cooperation," *The Indonesian Quarterly*, Second Quarter 1993, p. 216: "With ... the Law of the Sea Convention 1982, the old and traditional concept on [sic] the freedom of the sea has now been substantially replaced by the concept of Coastal States sovereignty, sovereign rights and jurisdictions over a wide body of coastal waters." Ambassador Djalal is the Indonesian Foreign Ministry's maritime law expert.
- 12 See, e.g., Sam Bateman, "Maritime Cooperation and Dialogue," in Sherwood (1994), p. 146.
- 13 Taiwan is sometimes listed as a sixth claimant. But Beijing and Taipei have consistent positions regarding ownership of the Spratly archipelago, based on China's historical claims, such that, if they are not one and the same claim, they are at least mutually reinforcing.

- 14 A good current survey is Charles Meconis and Stanley Weeks, *Cooperative Maritime Security in the Asia-Pacific Region: A Strategic and Arms Control Assessment*, Institute for Global Security Studies, Seattle, WA, June 1995, pp. 39-41.
- 15 *EASR 1995*, p. 19.
- 16 For an excellent guide to the Gulf of Thailand, Gulf of Tonkin, and Spratly disputes, see Dzurek (1994), pp. 157-178. For informative pieces on the specifics of the sovereignty/jurisdictional claims in the Spratlys, see Jon M. Van Dyke and Dale L. Bennett, "Islands and the Delimitation of Ocean Space in the South China Sea," in Borgese et. al., eds., *Ocean Yearbook 10* (1993); Ning Lu, *The Spratly Archipelago: The Origins of the Claims and Possible Solutions*, International Center, Washington, DC, 1993; and R. Haller-Trost, "International Law and the History of the Claims to the Spratly Islands," Paper presented at the AEI South China Sea Conference, AEI, Washington, DC, September 7-9, 1994.
- 17 See, e.g., Andrew Tanzer, "Asia's Next Flash Point?" *Forbes*, October 26, 1992, p. 97.
- 18 With Mischief Reef, note 23 below, occupied by China in early 1995, a total of 44 Spratly features are now occupied: 25 by Vietnam, 8 by the Philippines, 7 by the PRC, 3 by Malaysia, and one by Taiwan.
- 19 See Jon M. Van Dyke and Robert A. Brooks, "Uninhabited Islands: Their Impact on the Ownership of the Oceans' Resources," *Ocean Development and International Law*, vol. 12, 1983, pp. 267-270, and Dzurek (1994), pp. 170-171.
- 20 See, e.g., "BP Find Heats Up China Sea," *International Herald Tribune*, February 27, 1993; "China/Vietnam Tension Returns," *Weekly Petroleum Argus*, London, May 17, 1993. In July 1994, two Chinese warships reportedly turned back a Vietnamese vessel attempting to supply an oil rig in an area claimed by both countries. Michael Richardson, "South China Sea: Strategic Outpost for Asia," *Asia-Pacific Defence Reporter*, December 1994/January 1995, pp. 49-50.
- 21 Lacy (1992b), p. 141. Some have suspected for over a decade that China's amphibious forces are designed specifically to take the Spratly islands by force some day. See, e.g., David G. Muller, Jr., *China as a Maritime Power*, Westview Press, Boulder, CO, 1983, p. 144: "[T]he size of the PLA Navy's amphibious fleet and the timing of its construction suggest strongly that its primary mission is the eventual seizure of the Spratly Islands."
- 22 Shootouts between the other claimants have been rare, but not non-existent. In 1976, for example, Vietnamese forces fired on a Philippine aircraft in the Spratlys. "Lure of Oil Leads Manila to Spratly Island Chain," *Washington Post*, March 14, 1978, p. A13.
- 23 Mischief Reef is approximately 240 km west of Palawan Island in the main Philippine archipelago, roughly 100 km equidistant from the nearest Spratly "features" occupied by the Philippines and Vietnam. Submerged at high tide, the reef does not qualify as an island for purposes of maritime jurisdiction under UNCLOS-III. Daniel J. Dzurek, "PRC Occupies Mischief Reef in Latest Spratly Gambit," Manuscript submitted to *Boundary and Security Bulletin*, March 28, 1995 (cited with author's permission).
- 24 U.S. State Department.
- 25 "Hanoi Reinforces Troops on Spratlys," *Kyodo* (Tokyo), February 28, 1995, transcribed in FBIS, *East Asia*, February 28, 1995, p. 85.
- 26 "Territorial Imperative," *FEER*, February 23, 1995, pp. 14-16.
- 27 Ji Guoxing, "Current Security Issues in Southeast Asia," *Asian Survey*, September 1986, p. 981.
- 28 Pan Shiyang, "South China Sea and the International Practice of the Historic Title," Paper presented at the AEI South China Sea Conference, American Enterprise Institute, Washington, DC, September 7-9, 1994, p. 12. Pan Shying, Senior Research Fellow at the Institute for International Technological Economic Studies in Beijing, is widely regarded to speak for the government on South China Sea issues.

- 29 Sheng Lijun, "Island Fever," *FEER*, December 8, 1994, p. 21: "Those who expect more Chinese concessions on the Spratly Islands in a post-Deng era are likely kidding themselves.... [T]he regime we now see in Beijing seems to be the most compromising one we can possibly have."
- 30 China estimated several years ago that the output value of marine exploitation in these regards would be more than two percent of China's GNP by 2000. See Lacy (1992b), pp. 75-76, 139-141.
- 31 "Territorial Imperative," *FEER*, February 23, 1995, p. 16; "Oil-Rich Diet," *FEER*, April 27, 1995, p. 28.
- 32 See Peter Kien-hong Yu, "A Grand Strategy for Solving the Spratlys Dispute From a Chinese Perspective," in Yang (1993), p. 181.
- 33 B.A. Hamzah, director-general of the Malaysian Institute of Maritime Affairs (MIMA), in "Territorial Imperative," *FEER*, February 23, 1995, p. 15.
- 34 "Something's Out There," *FEER*, March 23, 1995, p. 60.
- 35 "Oil-Rich Diet: Beijing is asked to explain its maritime appetite," *FEER*, April 27, 1995, p. 28.
- 36 Mariners tend to stay clear of the Spratly islands area itself because of shallows, shoals, and poor charting. The only significant shipping route east of the Spratlys is the Jakarta-Manila route that hugs the coasts of Borneo and Palawan. Dzurek (1995), p. 2.
- 37 *PACOM Economic Update 1994*, p. 39.
- 38 A Japanese foreign ministry delegation visiting Manila shortly after the Mischief Reef dispute became public, for example, reportedly cited Japan's vital interests in the safety of the sea-lanes in the South China Sea. "Japanese Urge Peaceful Settlement of Spratlys Dispute," AFP (Hong Kong), February 23, 1995, transcribed in FBIS, *East Asia*, February 24, 1995, p. 65.
- 39 *EASR 1995*, p. 20. Though the United States has not yet ratified the 1982 Convention, on October 7, 1994 President Clinton did send the agreement to the Senate for advice and consent.
- 40 *PACOM Economic Update 1994*, p. 116.
- 41 The majority (85 percent) of the Taiwanese are descendants from Fujian and Guangdong immigrants of the 18th and 19th centuries. Most of the remaining 15 percent arrived from various provinces in China after 1944 and have been called *mainlanders*. A tiny minority of aboriginal residents live primarily in the island's mountains.
- 42 English excerpts from the book, by Cheng Lang-ping, are in "T-Day, Mayday?" *FEER*, April 13, 1995, p. 26.
- 43 *Christian Science Monitor*, October 3, 1991, p. 4.
- 44 "The Taiwan Question and the Reunification of China," Beijing, Xinhua, August 31, 1993, FBIS-CHI, September 1, 1993, p. 43.
- 45 In Lee's formulation: "The most important point is for Taiwan's sovereign existence to be recognized. If we don't have this sovereign status, on what basis can we discuss unification?" "Domino Theory," *FEER*, June 22, 1995, p. 17.
- 46 "Idling Threat: Taipei Planners Debate Chances of Chinese Attack," *FEER*, April 13, 1995, p. 29; Ryoichi Hamamoto, "Suppressing Taiwan's Independence Drive, China Increases Naval and Air Fighting Strength, Complete Encirclement Possible, Threats to Japan's and South Korea's Sea Lanes, Too," *Yomiuri Shinbun*, January 24, 1995, p. 6.
- 47 "Winds of Change," *FEER*, June 22, 1995, p. 18, quoting, among others, Representative Benjamin Gilman, chairman of the House Foreign Relations Committee.
- 48 Reports of the Taiwan 1994 Defense White Paper are in FBIS 94-046, March 9, 1994, p. 69, and FBIS 94-050, March 15, 1994, p. 64.
- 49 "Fear of the Dragon," *FEER*, April 13, 1995, p. 25.

- 50 Nicholas Eberstadt, "Korea: Reform, Muddling through, or Collapse?" in Thomas H. Henriksen and Kyongsoo Lho, *One Korea? Challenges and Prospects for Reunification*, Hoover Institution Press, Stanford, CA, 1994, p. 15.
- 51 The South Korean Board of Reunification puts the North's economic (negative) growth rate in 1990 at -3.7 percent, in 1991 -5.2 percent, and in 1992 -5.0 percent. See Man Won Wee, "Forging a Common Security View: Prospects for Arms Control in Korea," in Henriksen and Lho (1994), p. 92.
- 52 *PACOM Economic Update 1994*, p. 108.
- 53 Eberstadt (1994), p. 21.
- 54 See, e.g., Jongryn Mo, "German Lessons for Managing the Economic Cost of Korean Reunification," in Henriksen and Lho (1994).
- 55 See on this point, Gerald Segal, "China and the Disintegration of the Soviet Union," (1993a) in Yang (1993), p. 54, and Segal, "Northeast Asia: Common Security or A La Carte," *International Affairs*, October 1991.
- 56 The U.S. Freedom of Navigation program, formally established in 1979, entails disputing excessive maritime claims by the U.S. exercise of navigation and overflight rights in disputed sea areas.
- 57 U.S. State Department Information Sheet, "United States Government Policy on the Spratly Islands and the South China Sea," 1994.
- 58 Masahi Nishihara of Japan's National Defence Academy, quoted in "Distant Thunder," *FEER*, November 12, 1992, p. 16.
- 59 Freedom of Navigation operations (FONOPs) between October 1, 1993 and September 30, 1994. DoD, *Annual Report 1995*, p. I-1.
- 60 As one recent analysis framed it, "naval deployments in this region, especially in Southeast Asia, frequently raise issues of sovereignty, however spurious some of them may be." Wallace and Meconis (1995), p. 20.
- 61 See "'Han Incident' Proof of China's Naval Ambition," *Jane's Defence Weekly*, January 7, 1995, p. 5.
- 62 One of the more thorough open-source accounts of the Kittyhawk incident, which extended over the period October 27-29, 1994, is Derek da Cunha, "Increased Chinese naval activity sparks speculation in region," *The Straits Times*, February 21, 1995, p. 26.
- 63 The Taiwan Relations Act does, however, make explicit that the use of force (including passive aggression such as embargoes and boycotts) against Taiwan would be of "grave concern" to the United States. It also made clear that the United States would enhance Taiwan's self-defense capabilities through continuing arms sales according to Taiwan's needs, not China's objections. The U.S. Congress played a considerable role in shaping the act's term, particularly those dealing with security issues. According to Hans Binnendijk, who was at the time on the senior staff of the Senate Foreign Relations Committee, "the Carter administration made the judgment that China would be more forgiving if Congress rather than the Executive dealt with the security relationship with Taiwan. They were right. Congress enacted provisions that China accepted that the administration could not have initiated." Cited in Nancy Bernkopf Tucker, *Taiwan, Hong Kong, and the United States, 1945-1992: Uncertain Friendships*, Twayne Publishers, New York, 1994, p. 134.
- 64 *Ibid.*, p. 20.
- 65 "A Survey of Asia," *The Economist*, October 30, 1993, p. 15.
- 66 Map source: Mayerchak (1995), p. 56.
- 67 *Jakarta Post*, October 27, 1993, p. 14.
- 68 See generally Harould Crouch and Hall Hill, eds., *Indonesia Assessment 1992: Political Perspectives on the 1990s*, Australian national University, Canberra, 1992.
- 69 ABRI Major General R.K. Sembiring, quoted in *Jakarta Post*, October 27, 1993, p. 1.
- 70 Quoted in *FEER, 1995 Yearbook*, p. 128.

- 71 "A Survey of China." *The Economist*, November 28, 1992, p. 3.
- 72 The implications of regionalism within China for the integrity of the national entity is a vast and vastly studied subject. Among classic works on the subject are June Teufel Dreyer, *China's Forty Millions: Minority Nationalities and National Integration in the People's Republic of China*, Harvard University Press, Cambridge, MA, 1976; David Goodman, *Centre and Province in the People's Republic of China*, Cambridge University Press, Cambridge, 1986; John Fairbank, "The Reunification of China," in *The Cambridge History of China*, Vol. 14, Cambridge University Press, Cambridge, 1987; W.J.F. Jenner, *The Tyranny of History*, Viking Press, New York, 1992; Maria Hsia Chang, "China's Future: Regionalism, Federation, or Disintegration," *Studies in Comparative Communism*, September 1992. In 1993, the International Institute for Strategic Studies (IISS) and the Taiwan-based Chinese Council of Advanced Policy Studies (CAPS) co-hosted in Hong Kong an international conference on the security dimensions of regionalism in China, which brought together from around the world analyses of region-driven fragmentation of the national state and the roles if any to be played by the Chinese military (PLA). In 1994, DoD/Net Assessment sponsored a similar conference of experts on questions of China's possible fragmentation.
- 73 See, e.g., "The Grip Slips," *FEER*, May 11, 1995, pp. 18-20.
- 74 The richest collection of analyses of regionalism and the PLA is the series of papers put together for the 1993 IISS/CAPS conference in Hong Kong in 1993.
- 75 The Figure 10 map, marked "most confidential" by the PRC's State Council, first appeared in *Cheng Ming*, Hong Kong, January 1992, p. 9. It is taken here from a reproduction in Yang (1993), p. 195.
- 76 Cited and discussed in Henri Eyraud, "China: Thinking the Possible Futures," in *Staunton Hill 1994*.
- 77 Ibid.
- 78 Northwest China, for example, is home to some 7.2 million Uighurs, 1.1 million Kazakhs, and 140,000 Kirghizs. Gary Klintworth, *The Practice of Common Security: China's Border with Russia and India*, CAPS Papers No. 4, Chinese Council of Advanced Policy Studies, Taipei, Taiwan, October 1993, pp. 10-11.
- 79 On the latter point, see Brantly Womack, "Warlordism and Military Regionalism in China," paper presented at the IISS/CAPS conference, Hong Kong, 1993.
- 80 See, e.g., Segal's argument in Segal (1993a), p. 8: "Han conquest of southern China is not often discussed, but the point is that even China's inner empire has important fault lines. *Although it has been mostly united for centuries, the unity has gone untested by outside forces.*" [emphasis added]
- 81 IISS/CAPS Conference on Security Dimensions of Chinese Regionalism, Hong Kong, June 25-27, 1993.
- 82 See, e.g., Richard Hornik, "Bursting China's Bubble," and Gerald Segal "China's Changing Shape," in *Foreign Affairs*, May 1994. Also in this vein is Gerald Segal, *China Changes Shape*, Adelphi Paper No. 287, IISS/Brassey's, London, March 1994.
- 83 Ellis Joffe, "The PLA and the Succession Question," in Yang (1993), p. 149.
- 84 See in these regards James A. Winnefeld, Jonathan D. Pollack, Kevin N. Lewis, Lynn D. Pullen, John Y. Schrader, and Michael D. Swaine, *A New Strategy and Fewer Forces: The Pacific Dimension*, RAND Corporation, Santa Monica, CA, 1992, pp. 24-25. See also, Michael D. Swain, *The Military & Political Succession in China: Leadership, Institutions, Beliefs*, RAND Corporation, Santa Monica, CA, 1992.
- 85 On the PLA's possible roles, perhaps the best that can be ventured is the bemused forecast by Ellis Joffe of Israel: "Whichever scenario materializes, the response of the Chinese military will be determined by its legacy and professionalism—and by the ever-present element of unpredictability." Joffe (1993), p. 158.
- 86 Harlan W. Jencks, "China's Defense Buildup: A Threat to the Region?" in Yang (1993), p. 95. Cross-border minority population problems are minimal at present. Segal points out, for example, that there are barely one million Kazakhs living in China (Xinjiang and Qinghai), less than 150,000 Kirgiz (Xinjiang), and less than 35,000 Tajiks (Xinjiang). Segal (1993), p. 52.

- 87 Segal, *ibid.*
- 88 Graham Fuller, "The Next Ideology," *Foreign Affairs*, Spring 1995, p. 155.
- 89 *PECC 1995*, p. 12.
- 90 *Ibid.*, p. 13.
- 91 Nationalism, Robert Scalapino reminds, is a "natural reaction in democratic societies when external economic forces seem to represent the new threat.... [A] political response based on themes such as 'foreign threat' or 'foreign pressure' may find a receptive audience." Robert A. Scalapino, "The United States and Asia: Future Prospects," *Foreign Affairs*, Winter 1991/92, p. 22.
- 92 "Fear prevails that ASEAN will disappear as a group within the very much enlarged and more powerful APEC grouping" Malaysia's prime minister, Mahathir bin Mohamad has argued, and "there may be conflicts between the ASEAN interest and the broader Pacific interest." NAFTA could well become "a competitive group that could negate the ASEAN grouping within APEC." U.S. policy pushes in these directions. "The recent history of U.S. trade relations is not reassuring in this regard. Every instrument, tariff and nontariff, has been used to protect the U.S. economy. Countervailing duties, intellectual property, even environmental imperatives and human rights, have been used by the United States in order to achieve economic advantage." Mahathir bin Mohamad, "Regional Groupings in the Pacific Rim: An East Asian Perspective," in Bundy et. al. (1994), pp. 95-96.
- 93 Michael Green and Richard Samuels sketch intriguing and provocative parallels along these lines. As they recount: "In the 1920s Japan had just lost the last of the Meiji Period oligarchic leaders; new electoral laws were leading to an unstable but democratic two-party system; the bureaucracy was divided and politicized; Japan was moving away from a bilateral treaty with Britain (then the world's greatest naval power) toward a series of ill-defined multilateral security treaties; and the Finance Ministry was preparing to liberalize financial markets and move onto the gold standard—in effect converging with a Western economic system on the verge of turning protectionist. The displacement and loss of control caused by this failed effort at convergence contributed directly to the autarkic policies of the 1930s." Michael Green and Richard J. Samuels, *Recalculating Autonomy: Japan's Choices in the New World Order*, NBR Analysis, National Bureau of Asian Research, Seattle, WA, December 1994, pp. 5-6.
- 94 *Straits Times*, October 29, 1993.
- 95 *PECC 1995*, p. 149.
- 96 Indonesia's export diversification efforts began in earnest in 1982, when oil prices fell rapidly. In that year, oil and gas accounted for an 82.4 percent share of Indonesia's total export value. The oil share has decreased steadily in the years since, and stood at 57.4 percent in 1991. Prijono Tjiptoherijanto, "Macroeconomic Policy and Export Promotion: A Case of Indonesia in the Context of ASEAN," in *Indonesia's Economy: Facing the 21st Century, The Indonesian Quarterly*, Third Quarter 1993, pp. 321-325.
- 97 Gerald Segal, "A Changing China and Asian/Pacific Security," Paper presented at the IISS/CAPS Conference on Security Dimensions of Chinese Regionalism, Hong Kong, June 25-27, 1993(b), p. 9.
- 98 *PECC 1995*, p. 139.
- 99 Lacy (1992b), p. 75, n. 197.
- 100 FEER, *1995 Yearbook*, p. 55.
- 101 Commodore Sam Bateman, RAN, "Strategic Change and Naval Roles," in Bateman and Sherwood (1993), p. 41.
- 102 *Ibid.*
- 103 The numbers of national merchant vessels held by ASEAN countries grew from 3,105 in 1980-1981 to 4,863 in 1991-1992; gross tons carried went from 11,767,645 to 20,953,667. *Ibid.*, p. 40.
- 104 As one recent analysis put it, "the small size (for example, Singapore) and the island nature (from Japan down to Indonesia) of many nations in the region render them vulnerable to 'decisive' attack from the sea, especially to blockade." Meconis and Weeks (1995), p. 46.

IV. REGIONAL PLAYERS

- 1 On the "Three Dimensional Strategic Boundaries," see Yitzhak Shicor, "Defence Policy Reform," in Gerald Segal, ed., *Chinese Politics and Foreign Policy Reform*, Kegan Paul International, London, 1990, p. 92, and Yitzhak Shicor, *China's Defence Capability: The Impact of Military-to-Civilian Conversion*, CAPS Papers No. 8, CAPS, Taipei, Taiwan, April 1995, p. 6.
- 2 United Nations, *Demographic Yearbook, 1990*, and *Statesman's Yearbook, 1992-1993*.
- 3 After the anti-Chinese riot in Medan in 1994, China called on Indonesia to "immediately curb" the trouble. Indonesia complained of Chinese interference in its internal affairs. Singapore's senior minister, Lee Kuan Yew, remarked that the incident "revived old fears that China has not abandoned its claims to the loyalties of all ethnic Chinese, wherever they may be." See FEER, *1995 Yearbook*, p. 24.
- 4 *PECC 1995*, p. 9.
- 5 FEER, *1995 Yearbook*, p. 20.
- 6 Monk (1995), p. 19.
- 7 *PECC 1995*, p. 179.
- 8 Fuller (1995), p. 155.
- 9 Segal (1990), p. 389.
- 10 D.R. SarDesai, *Southeast Asia: Past & Present*, Westview Press, Boulder, CO, 3d ed., 1994, p. 15.
- 11 See David Shambaugh, "The Insecurity of Security: The PLA's Evolving Doctrine & Threat Perceptions Towards 2000," in *Staunton Hill 1994*, pp. 9-10, 14.
- 12 Quoted in Lacy (1992b), p. 74, n. 190.
- 13 As one analysis framed it: "China's strategic analysts believe it's good for China to form a balanced relation in which major powers in the region, currently China, the United States and Japan, may keep each other in check. What is different from the Cold War era is that this kind of strategic relationship is no longer based upon confrontations aimed at weakening any side. Rather, it is supposed to be a kind of relationship that allows both competition and cooperation[;] therefore it should be of a mutually beneficial nature." Xu Xin, *Changing Chinese Security Perspectives*, North Pacific Cooperative Security Dialogue Working Paper Number 27, York University, Ontario, Canada, April 1993, p. 12.
- 14 Edward A. Olsen, "Korea's Reunification: Implications for the U.S.-ROK Alliance," in Henriksen and Lho (1994), p. 119.
- 15 Jencks (1993), p. 105.
- 16 The trade and economic activities of China's western provinces often are overlooked. Yet, as Paul Monk of the Australian Department of Defence points out, "Xinjiang, so often discussed in terms of possible secessionist inclinations among the Uighur minority, is growing as fast as Guangdong, indeed its real per capita income increased faster, between 1985 and 1991, than Guangdong's (116% compared with 108% and compared with 39% in Tibet and 48% in Qinghai)." Monk (1995), p. 11.
- 17 Shambaugh (1994), p. 21.
- 18 For background, see Segal (1993a) and Tai-Ming Cheung, "Ties of Convenience: Sino-Russian Military Relations in the 1990s," in Yang (1993).
- 19 Shambaugh (1994), p. 23.
- 20 Segal (1993a), p. 24..
- 21 Useful background is in Gary Klintworth, *The Practice of Common Security: China's Border with Russia and India*, CAPS Papers No. 14, Chinese Council of Advanced Policy Studies, Taipei, Taiwan, October 1993, pp. 10-24.
- 22 *Ibid.*, pp. 12-13.

- 23 Growing military and economic ties with Laos warrant mention also. The two countries reached a defense cooperation agreement in 1993. For China, Laos is a natural strategic gateway to Southeast Asia. See, e.g., "Ties That Bind," *FEER*, February 9, 1995, pp. 18-19.
- 24 "Arms for Eyes," *FEER*, December 16, 1993, p. 26.
- 25 See, e.g., "Can't Say Goodbye," *FEER*, March 16, 1995, pp. 21-22.
- 26 U.S. Seventh Fleet, "Leading the Way in a Changing Maritime Environment," Command Brief, 1993.
- 27 Gerald Segal, "Tying China In (and Down)," Paper presented at the IISS/CAPS Conference on Chinese Economic Reform: The Impact for Security Policy, Hong Kong, July 8-10, 1994, p. 21.
- 28 Quoted in *FEER, 1995 Yearbook*, p. 24.
- 29 Segal (1994), p. 24.
- 30 Segal (1993), p. 20.
- 31 *The Modality of the Security and Defense Capability of Japan: The Outlook for the 21st Century*, Advisory Group on Defense Issues, Tokyo, August 12, 1994; cited in Cronin and Green (1994), p. 1.
- 32 Green and Samuels (1994), p. 7.
- 33 As Green and Samuels frame it, *ibid.*: "Recycling trade surpluses through foreign aid and supporting U.S. forces in Japan seemed to satisfy the United States through the 1970s and 1980s, but increasingly Japan is under pressure to contribute not only money, but also technology, ideas, and people—and above all, to deregulate and open its markets to the rest of the world in a way that threatens a loss of economic sovereignty (or at the very least an unprecedented reduction of government jurisdiction in the national economy)."
- 34 *Ibid.*, pp. 10-11.
- 35 *PECC 1995*, p. 186.
- 36 Patrick Cronin, "Does Multilateralism Have A Future in Asia?" in Ralph A. Cossa, ed., *The New Pacific Security Environment: Challenges and Opportunities*, National Defense University Press, Washington, DC, 1993, p. 274.
- 37 Winnefeld et. al. (1992), p. 19.
- 38 See, Green and Samuels (1994), p. 16.
- 39 *Ibid.*
- 40 *Ibid.*, p. 17.
- 41 See, e.g., Tetsuya Kataoka, "Scratching an Old Wound: Japan's Perspective on Korea and Its Reunification," in Henriksen and Lho (1994).
- 42 Private discussions, December 1994.
- 43 See generally, Green and Samuels (1994), pp. 19-22.
- 44 A.J. Behm and Soedibyo, "Strategic Cohesion and the Security of Southeast Asia and the Pacific," in W.S. Bateman and Marion W. Ward, *Australia's Maritime Interests—Views from Overseas*, Australian Centre for Maritime Studies, Canberra, 1990, p. 17.
- 45 SarDesai (1994), p. 307.
- 46 See Lacy (1992b), p. 76. Also, J.N. Mak, "The Chinese Navy and the South China Sea: A Malaysian Perspective," *The Pacific Reporter*, 4/2, 1991.
- 47 Captain Richard Sharpe, RN, "Foreword," *Jane's Fighting Ships 1990-1991*, Jane's Information Group, Alexandria, VA, 1990, p. 77.
- 48 Behm and Soedibyo (1990), p. 17.
- 49 See, *FEER, 1995 Yearbook*, p. 128.
- 50 "Perry's Progress," *FEER*, January 26, 1995, pp. 14-15.

- 51 *Defending Australia*, 1994, p. 95.
- 52 The development is remarkable also in light of the fact that it far outpaces Australian public opinion on the subject. A 1993 public opinion poll still had 57 percent of Australian voters believing Indonesia would pose a security threat to Australia within 10 to 15 years. "Friend or Foe," *FEER*, December 15, 1994, p. 18.
- 53 *Defending Australia*, 1994, pp. 95-96.
- 54 *Ibid.*, p. 91.
- 55 "Mates of the Moment: Australia finds an ideal Asian partner in Vietnam," *FEER*, March 9, 1995, p. 28.
- 56 Note 50 above.
- 57 George Modelski, "Indonesia and the Malaysia Issue," *Year Book on World Affairs*, 1964, p. 5.
- 58 Dewi Fortuna Anwar, *Indonesia and The Security of Southeast Asia*, Centre for Strategic and International Studies, Jakarta, 1993(b), p. 50.
- 59 *Ibid.*, p. 55.
- 60 *Ibid.*, p. 52.

V. PROMOTING SECURITY

- 1 "South-east Asia's happy little village," *The Economist*, July 23, 1994, pp. 31-32.
- 2 Chairman's Statement, The First Meeting of the ASEAN Regional Forum (ARF), Bangkok, July 25, 1994 [hereinafter, *Bangkok Statement*].
- 3 *A National Security Strategy of Engagement and Enlargement*, The White House, February 1995, p. 28. [hereinafter *NSS 1995*].
- 4 U.S. Department of Defense, Office of the Assistant Secretary of Defense for International Security Affairs (East Asia and Pacific Region), *United States Security Strategy for the East Asia-Pacific Region*, February 1995, p. 13 [hereinafter *EASR 1995*].
- 5 *Bangkok Statement*.
- 6 "No one went into much detail," Foreign Minister Gareth Evans of Australia, a Bangkok participant, told the press at the Bangkok meeting's conclusion, "because we ran out of time." ARF/PMC Public Affairs, "Transcript of Media Briefing Given by Senator Evans, After ARF," Bangkok, July 25, 1994.
- 7 "None of this should be taken as constituting any remotely agreed list of things that will happen," in the caution of Senator Evans of Australia. "These are simply things that have been identified by one or more of the participants in the process All of them [are] ideas which it is intended will be compiled, collated, and made the subject of further study and, where appropriate, recommendation to future [ARF] meetings." *Ibid.*
- 8 The 1994 *Bangkok Statement* is illustrative. Adjoining paragraphs refer to "efforts towards confidence-building and preventive diplomacy in the Asia-Pacific region" and, more narrowly, "a new chapter of peace, stability and cooperation for Southeast Asia." *Bangkok Statement*, paras. 4, 3.
- 9 At least ten countries, not now participants, have applied to join, including North Korea, Mongolia, India, Pakistan, Kazakhstan, and Kirgystan. Britain and France, former colonial powers in Asia, also believe they should be admitted.
- 10 On sub-regional efforts at mid-decade, see James L. Lacy, *Stonework or Sandcastle? Asia's Regional Security Forum*, IDA, P-3110, July 1995.
- 11 SEATO, the product of the Manila Pact of September 8, 1954, linked the United States with seven countries: Britain, France, Australia, New Zealand, Pakistan, Thailand, and the Philippines, SEATO had some of the trappings of NATO—a Council, a secretariat, various commissions—but only trappings and only some. No integration of strategies or forces was contemplated, and none was ever realized. Nor was interest in promoting SEATO as a serious collective security structure either deep or

widespread among the signatories—SEATO did not supersede other security pacts; it simply was constructed alongside them. In September 1975, the SEATO Council voted to phase the organization out of existence to “accord with the new realities in the region.”

- 12 Segal (1990), pp. 251-252.
- 13 For background see M.S. Dobbs-Higginson, *Asia Pacific: Its Role in the New World Disorder*, Mandarin Paperbacks, London, 1994, pp. 421-422.
- 14 A few earlier (pre-1988) analyses had arrived at this conclusion also. See, e.g., Russel H. Fitfeld, “ASEAN and the Pacific Community,” *Asia Pacific Community*, Winter 1981, pp. 14-22 (“bilateralism is no longer adequate while regional rather than global considerations are more suited to the circumstances”).
- 15 James A. Baker, “America in Asia: Emerging Architecture for a Pacific Community,” *Foreign Affairs*, Winter 1991/92, pp. 4-6.
- 16 *EASR 1995*, p. 12.
- 17 *NSS 1995*, p. 29.
- 18 Such debate as there was occurred chiefly among academics and non-governmental analysts. See Lacy (1995), Section II.
- 19 For historical background on the notion of “Pacific Community,” see M. Hadi Soesastro, “The Pan-Pacific Movement: An Interpretative History, in Bundy, et. al., *ibid.*, and generally, Gerald Segal, *Rethinking the Pacific*, Clarendon Press, Oxford, UK, 1990.
- 20 This is not for want of proposals for more inclusive regional frameworks. Proposals by Kazakhstan in 1992/1993 to establish a “CSCA” that would encompass both East and Central Asia have been virtually ignored, as have still grander (chiefly Russian) proposals to incorporate Europe, North America and Asia in a security framework stretching from Vladivostok to Vancouver (V-to-V”). See Susan L. Clark, *The Central Asian States: Defining Security Priorities and Developing Military Forces*, IDA, P-2886, September 1993, p. 7; Barbara Bicksler and James L. Lacy, *After the Fall: Russian Perspectives on Security Policy and Arms Control*, IDA, D-1141, March 1992, pp. 23-24; Lacy (1992b), pp. 110-111.
- 21 *EASR 1995*, p. 6.
- 22 *Ibid.*, p. 13.
- 23 Chairman’s Statement, The First Meeting of the ASEAN Regional Forum (ARF), Bangkok, July 25, 1994 [hereinafter, *Bangkok Statement*].
- 24 This was ASEAN’s objective and accomplishment in establishing a regional forum under its own auspices to counter “out-of-region” initiatives that might have required dealing with inconvenient political subjects. The background is in Section II of Lacy (1995).
- 25 For background, see James L. Lacy, “Regional Perspectives in Conventional Arms Control and Confidence-Building: The Asia Pacific,” in Victor Utgoff, Barry Blechman, James L. Lacy, Robbin F. Laird, Jack L. Kangas, and Peter Stein, *Changing Face of Conventional Arms Control*, IDA, P-2956, January 1994.
- 26 Desmond Ball and W.S.G. Bateman, “An Australian Perspective on Maritime CSBMs in the Asia-Pacific Region,” paper presented at the Workshop on Naval Confidence- and Security-Building in the Asia-Pacific Region, Kuala Lumpur, Malaysia, July 8-10, 1991, p. 20.
- 27 The UN arms transfer registry lacks a verification and enforcement mechanism, and many weapons or components that could have destabilizing effects, like advanced munitions, need not be reported under the registry’s terms. A good assessment is Barry M. Blechman, “Possible Roles for the United Nations in Regional Security,” in Utgoff et. al. (1994).
- 28 See, *Pacific Research*, August 1994, p. 13; Acharya (1993), p. 68. Malaysia’s 1989 proposal for regional arms register was intended, according to the Malaysian Defence Minister, so that “suspicions among each other could be minimised, and managed.” In a similar vein, that same year, Singapore’s Lee Kuan Yew proposed that Singapore and Malaysia open their key military installations for mutual

challenge inspections. Like the Malaysian registry proposal, however, there was no follow-up. As regards the UN registry, most states in the region participated, at least (and mostly) perfunctorily, in the UN registry's first year (1993). But some major importers of weapons (Thailand, Taiwan) refused to report on imports; North Korea, a major exporter, did not report at all; China, another major importer, provided minimal and uninformative data.

- 29 On these counts, see Lacy (1994), pp. A19–A20.
- 30 Australian Department of Foreign Affairs and Trade, *Australian Paper on Practical Proposals for Security Cooperation in the Asia-Pacific Region ... Commissioned by the 1993 ASEAN PMC SOM on Confidence-Building Measures Applicable to the Region*, Canberra, April 1994, p. 3.
- 31 *Ibid.*, pp. 3-4.
- 32 *EASR 1995*, p. 13.
- 33 Australia, *Practical Proposals*, p. 3
- 34 *Ibid.*, p. 3.
- 35 *Ibid.*, p. 13.
- 36 *Ibid.*, p. 14 [emphasis in original].
- 37 Gareth Evans, "Cooperative Security and Intra-State Conflict," *Foreign Policy*, Fall 1994, p. 16.
- 38 *Ibid.*, p. 7.
- 39 Dewi Fortuna Anwar, "Regional Networking: Role of Non-Governmental Individuals," paper presented at the conference on "Democratization Trends in Southeast Asia: Sectoral Groups' Involvement in Mainstream Politics," Southeast Asian Forum for Development Alternatives, Jakarta, October 21-24, 1993(a), p. 2.
- 40 *Ibid.*, p. 3.
- 41 "Growing Asean faces Strains," *FEER*, December 29, 1994 and January 5, 1995, p. 23.
- 42 ARF gets a single passing mention in the 167-page white paper. "[The Australian Department of] Defence also participated in the processes relating to the inaugural meeting of the ASEAN Regional Forum in 1994. Defence will increasingly have a role in activities relating to that Forum as it directs its attention to issues such as transparency and confidence building among defence forces in the region. *Defending Australia*, p. 93.
- 43 Cronin and Green (1994), pp. 8-9. A translation of the advisory report is included as an appendix.
- 44 Gareth Evans, "The Asia Pacific and Global Change," Address to the Trilateral Commission, Tokyo, April 20, 1991, p. 4; See also Evans, "Cooperative Security and Intra-State Conflict," *Foreign Policy*, Fall 1994.
- 45 Nancy Viviani, "Of Voices, Visions, and Texts," in Greg Fly, ed., *Australia's Regional Security*, Allen & Unwin, Sydney, 1991, p. 30.
- 46 China is a case in point. "China is ready to settle disputes through dialogue on the basis of equality and bilateral negotiations," Premier Li Ping reaffirmed early in 1995. Weaker neighbors scarcely find this reassuring. As Nayan Chanda of *FEER* puts it, bilateralism "means China won't get outnumbered, but it also means that the complex disputes have little chance of being resolved by talking." "Fear of the Dragon," *FEER*, April 13, 1995, p. 28.
- 47 For elaboration, see Lacy (1994), pp. A2-A4, A18-A23.
- 48 As an earlier IDA report observed: "Europe has a long history of often blitzkrieg-like invasions back and forth across reasonably identifiable geographical axes. Force draw-backs, operational constraints and transparency measures defined in geographical terms have thus made sense in the European setting. Similarly, ground and air forces have factored prominently in European arms control, as have measures that increase warning time or otherwise constrain standing-start attacks. There is little comparable history of repeated surprise attacks along definable corridors in the [Asia-Pacific], and less of a defense (and arms control) culture of preparedness against them. For many Asian-Pacific ... nations, external threats will come primarily by air and sea, not land. For these states, it is not a massing of forces near

or along a common border but rather an accumulation over time of power projection capabilities in the hands of potential adversaries that is the principal worry. The maritime character intrudes in another respect as well. Potential territorial and resource. There is little comparable history of repeated surprise attacks along definable corridors in the [Asia-Pacific], and less of a defense (and arms control) culture of preparedness against them. For many Asian-Pacific ... nations, external threats will come primarily by air and sea, not land. For these states, it is not a massing of forces near or along a common border but rather an accumulation over time of power projection capabilities in the hands of potential adversaries that is the principal worry." Ibid., pp. A2-A3.

49 Lacy (1992b); Lacy (1994).

50 Lacy (1992b), p. 159.

VI. U.S. POLICY AND FORCES

- 1 Because of volcanic damage from the eruption of Mt. Pinatubo in June 1990, the United States had already determined to relinquish Clark Air Base in the Philippines, and turned over that facility to the Philippine government in November 1991. The Philippine decision the following month required that U.S. forces also be withdrawn from Subic Naval Base and Cubi Point Naval Air Station by the end of 1992.
- 2 The Philippines facilities repaired roughly 60 percent of the Seventh Fleet's ships and supported 65 percent of the fleet's training needs. The bases also provided combat training ranges for naval air forces and for U.S. air forces in Northeast Asia. The loss of combat air training and live-fire practice ranges has since meant that U.S. forces must be sent to Alaska, Guam, and Australia for these training purposes.
- 3 E.g., DoD, *A Strategic Framework for the Asian Pacific Rim: Report to Congress 1992*, Office of the Assistant Secretary of Defense for International Security Affairs (East Asia and Pacific Region), 1992, p. 14: "Our departure from Subic will not result in a reduction in afloat operations by the Seventh Fleet or shrinkage in the number of ships operating in the Western Pacific.... It is doubtful whether nations in Southeast Asia and the Western Pacific will witness any reduction in our naval profile in the region. Without Subic, the Navy will likely be calling at more ports and in more countries than in the past. Ship repair facilities, both military and commercial, and supply facilities throughout the Pacific will be used on a greater scale." [hereinafter DoD, *EASI 1992*].
- 4 Ibid., p. 15.
- 5 DoD, *Annual Report to the President and the Congress*, February 1995, p. B3 [hereinafter, DoD, *Annual Report 1995*].
- 6 Ibid., pp. C1, D2.
- 7 *EASR 1995*, p. 12.
- 8 Ibid., p. 23.
- 9 Ibid [emphasis added].
- 10 Ibid.; also, *NSS 1995*, pp. 28-29.
- 11 See, e.g., Mack's argument: "The US has economic interests in the [Asia-Pacific] region, but so does Europe. Yet Europe has no forward-deployed forces in the region. Japan has huge economic interests in Europe and the United States, and yet Japan is not forward-deployed anywhere. The United States has massive economic interests in Latin America, but deploys no troops there.... [T]he fact that a state has economic interests in a region does not necessarily mean that it has to have forward-deployed forces to protect those interests." Mack (1993), p. 15.
- 12 *Defending Australia: Defence White Paper 1994*, Australian Government, Canberra, 1994, p. 8.
- 13 "Man of the Moment: They Love Malaysia's Mahathir in Japan," *FEER*, November 24, 1994, p. 18. Mahathir propounds the view in a 1994 book co-authored with Japanese nationalist Shintaro Ishihara, *The Asia That Can No*.
- 14 Quoted in *Air Force Times*, April 8, 1991, p. 3.

- 15 Admiral Charles Larson, USN, "Forward Presence: It Shapes Our Future," *Strategic Review*, Summer 1993, p. 75.
- 16 Illustrative is Derek da Cunha, "Holes in US Pacific Command's Arguments about staying in the region," *Straits Times*, January 25, 1995, p. 28, a response to an article in the *Straits Times* on January 16, 1995, in which Admiral Richard Macke, U.S. Pacific Commander, described the U.S. commitment as "altruistic." "Breathtakingly unconvincing" was the gentler among da Cunha's characterizations.
- 17 Derek da Cunha, "Whittling Away Asia's Security Bedrock," *Asian Wall Street Journal*, July 27, 1993, p. 6; Derek da Cunha, "Nodding Off: The US presence in the Asia-Pacific," *Straits Times* (Singapore), March 9, 1995, p. 28.
- 18 DoD, *Annual Report 1995*, p. D2 (excludes strategic forces and reserve forces ships).
- 19 Meconis and Weeks (1995), p. 23, citing a Reuters interview with the Pacific Fleet Commander, Admiral Richard Macke, on April 12, 1995.
- 20 DoD, *EASI 1992*.
- 21 *EASR 1995*, pp. 25, 26, 29 [emphasis added].
- 22 DoD, *Annual Report 1995*, p. 31.
- 23 Desmond P. Wilson et. al., "Pacific Fleet Basing Study Briefing Report to CINCPACFLT," Center for Naval Analyses, Alexandria, VA, November 1992.
- 24 There has been no Asia counterpart, for example, to the bill passed by the House in May 1994 (subsequently rejected by the Senate) that would have required allied contributions of 75 percent of the non-salary costs of keeping U.S. forces in Europe, under threat of a troop withdrawal of 1,000 for every percentage point shy of the 75-percent level. See, "House Backs 'Burden-Sharing' for Allies: Legislation Seeks Payments for U.S. Forces Stationed Overseas," *Washington Post*, May 20, 1994, p. A18 for the House action, and "Lawmakers decide extra troops are OK overseas," *Navy Times*, August 29, 1994, p. 6 for the Senate response.
- 25 *EASR 1995*, p. 24.
- 26 Though it warrants noting that domestic U.S. base realignments and closures have animated the California delegation in Congress to argue, so far unsuccessfully, for requiring maintenance of U.S. Navy ships homeported in Japan to be done at California naval facilities.
- 27 DoD, *Annual Report 1995*, p. 27.
- 28 Segal (1990), p. 379.
- 29 In the JCS's phrase, "Overseas presence is not a crutch for friends who refuse to bear their share of the burden." *NMS*, p. 6.
- 30 Eberstadt (1994), p. 25.
- 31 For elaboration, see James L. Lacy, *Military Security and the North Pacific: The Decade Ahead*, North Pacific Cooperative Security Dialogue Working Paper Number 14, York University, Ontario, Canada, August 1992(c).
- 32 Though South Korea, already bruised by exclusion from the U.S.-North Korean negotiations over the latter's nuclear program in 1994, continues to find occasions to suggest to all that, as one official put it, "You shouldn't forget that main players in this drama are South and North Korea, not the superpowers. The superpowers are supporting players." "Silent Partner," *FEER*, December 29, 1994 and January 5, 1995, pp. 14-15.
- 33 See, e.g., Winnefeld et. al. (1992), pp. 26-27.
- 34 *Ibid*.
- 35 *EASR 1995*, p. 10. For the argument that the United States should be leery about extending its alliance to cover relations with a reunified Korean entity, see Olsen (1994).

36 In this connection, see, e.g., Patrick M. Cronin, "Strategic Engagement in the Pacific," *Strategic Review*, Summer 1993, p. 77. Cronin sketches a scenario in which "prior to the end of the decade, post-Cold War illogic may ... compel the withdrawal of the 80,000 U.S. troops stationed in Korea and Japan. Instantaneous reunification on the Korean peninsula may be the catalyst in the first instance, and adversarial commercial diplomacy and trade wars that engulf the U.S.-Japan Mutual security Treaty may be the impetus in the second."

37 *EASR 1995*, pp. 3-4.

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This paper examines the conditions of security, alliance, and forward presence in which U.S. military forces may operate in the Asia-Pacific region's near and distant future. The analysis includes: 1) a mid-decade overview of the Asia-Pacific economic, energy, environmental, political, and social development environment; 2) assessment of the near- or longer-term conflict potential and prospects in the region; 3) examination of emerging security alignments, ambitions and balances in Asia-Pacific security; 4) evaluation of the region's experience with and prospects for multilateral security arrangements; and 5) priority areas for U.S. defense policy and planning for the Asia-Pacific over the next several years.			
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