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KEYNOTE ADDRESS BY
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DEPUTY PRIME MINISTER AND MINISTER OF HOME AFFAIRS
ASIA-PACIFIC ROUNDTABLE 2002, KUALA LUMPUR
3 JUNE 2002, 9.00AM

1. WE MEET IN UNCERTAIN, IF NOT DEPRESSING, TIMES* THE OPTIMISM THAT SWEEPED THROUGH THE REGION FOR MUCH OF THE LAST DECADE HAS GIVEN WAY TO SOBER REFLECTION IN MANY QUARTERS* MANY KEY INDICATORS - POLITICAL, ECONOMIC AS WELL AS SECURITY - ARE SHOWING A DOWNWARD TREND* WE ARE TINKERING DANGEROUSLY WITH THE NORMS AND INSTITUTIONS THAT UNDERPIN GLOBAL AND REGIONAL ORDER, DOING IT SERIOUS DAMAGE* WORSE, SOME OF US ARE DOING THIS WITHOUT EVEN SEEMING TO CARE ABOUT THE CONSEQUENCES SO LONG AS OUR NARROW NATIONAL INTERESTS ARE PERCEIVED AS BEING MET* THE TRAGEDY OF IT IS, THE INTERESTS ARE NOT IN REALITY BEING MET, AND ALL, INCLUDING THE INNOCENT AND THE BYSTANDER, WILL PAY - AND PAY DEARLY*
2. WE CAN OF COURSE, STILL POINT TO A FEW THINGS THAT ARE GOING RIGHT* THE WORST OF THE FINANCIAL CRISIS THAT SWEEPED THROUGH MUCH OF EAST ASIA APPEARS TO BE PAST* DOMESTIC REFORMS HAVE MADE TANGIBLE PROGRESS IN MOST COUNTRIES* CRITICS OF GLOBALISATION WHO WERE ONCE DISMISSED AS IGNORANT HERETICS AND APOLOGISTS FOR THE WEAKNESSES OF THEIR OWN SYSTEMS ARE NOW GIVEN THE RESPECT THEY DESERVE* THE DANGERS OF UNFETTERED, UNCARING GLOBALISATION ARE NOW ACKNOWLEDGED EVERYWHERE, THEY ARE ACKNOWLEDGED EVEN BY THE ERSTWHILE GLOBALISATION FUNDAMENTALISTS* EVEN MORE GRATIFYING IS THAT SOME QUARTERS WHICH PAID LITTLE MORE THAN LIP SERVICE TO EFFORTS TO ALLEVIATE SOME OF THE WORST EXCESSES OF GLOBALISATION ARE NOW STIRRING THEMSELVES TO DO MORE, IF ONLY BECAUSE THEY THINK THIS IS ONE WAY TO MITIGATE THE CONDITIONS IN WHICH TERRORISM THRIVES*
3. WE ARE ALSO RELIEVED THAT THE AL-QAEDA INFRASTRUCTURE IS VIRTUALLY SMASHED IN AFGHANISTAN THOUGH LEADING REMNANTS INCLUDING PERHAPS OSAMA HIMSELF REMAIN ACTIVE* ELSEWHERE TOO RELENTLESS PRESSURE IS BEING APPLIED UPON THE AL-QAEDA NETWORK* NEARLY EVERY COUNTRY IN THE WORLD HAS RIGHTLY JOINED IN THE CAMPAIGN AGAINST THE SCOURGE* MY COUNTRY IS VERY MUCH A PART OF THIS CAMPAIGN, AND WE CONTINUE TO PLAY A LEADING ROLE* WE PLAY THIS ROLE BOTH ON OUR OWN AND IN COOPERATION WITH OUR NEIGHBOURS IN THE REGION* COUNTERING TERRORISM IS NOTHING NEW TO US*

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4. THERE IS, TOO, A WELCOME REALISATION IN ISLAMIC COUNTRIES THAT THEIR RELIGION IS BEING DISTORTED AND HIJACKED BY MILITANT EXTREMISTS, AND THAT EFFECTIVE MEASURES NEED TO BE TAKEN TO FIGHT THIS ABOMINATION, OR SUCCUMB TO IT* THE BIGGEST VICTIM OF THIS ABOMINATION HAS BEEN THE MUSLIM WORLD ITSELF, NOT THE WEST*

5. CLOSER TO HOME WE ARE ELATED WITH THE POSITIVE DEVELOPMENTS IN MYANMAR* WE HOPE THEY PRESAGE THE EMERGENCE OF A DEMOCRATIC POLITICAL PROCESS IN THE COUNTRY, AND THAT THE OUTSIDE WORLD ENGAGES FULLY WITH IT IN FULL REALISATION OF THE DIFFICULT ISSUES INVOLVED FOR ALL PARTIES* POLITICAL CHANGE HAS NEVER BEEN SIMPLE OR EASY FOR ANY COUNTRY* IT WAS NEVER SIMPLE OR EASY FOR MANY OF THE COUNTRIES REPRESENTED IN THIS ROOM TOO* THOSE OF US WHO ARE IMPATIENT WITH THE PACE OF FUTURE DEVELOPMENTS IN MYANMAR SHOULD BE SOBERED BY OUR OWN RESPECTIVE NATIONAL EXPERIENCES* LET ME NOTE HERE TOO THAT AS FAR AS OUTSIDE FACTORS FOR THE RECENT CHANGES IN MYANMAR WERE INVOLVED, IT WAS QUIET, PATIENT DIPLOMACY THAT FINALLY WON THE DAY, NOT BRUTE FORCE OR LOUD INTERVENTION*

LADIES AND GENTLEMEN,

6. THESE ARE SOME OF THE THINGS THAT APPEAR TO BE GOING RIGHT IN THE REGION AND ELSEWHERE* BUT THEY PALE IN COMPARISON WITH THE MANY MORE THINGS THAT APPEAR TO BE GOING WRONG* THE PREVAILING GLOBAL ORDER IS BEING ALTERED BY THE CUMULATIVE IMPACT OF THESE DEVELOPMENTS* THE EMERGING STRUCTURE APPEARS EVEN LESS PRETTY THAN THE OLD, AND LESS DESIRABLE TO THE MAJORITY OF THE COUNTRIES AND PEOPLES OF THE WORLD* AS USUAL, MANY IN THE WORLD WILL WAKE UP TOO LATE TO REALISE THE FULL IMPORT OF CURRENT DEVELOPMENTS, AND BE MOVED TO ACT ONLY WHEN IT IS TOO LATE* BY THEN THEY WILL BE TOLD BY THE POWERFUL AND THEIR FRIENDS TO DO THE "WISE" THING, THAT IS ACCEPT THE *FAIT ACCOMPLI*, BECAUSE THERE IS LITTLE THAT CAN BE DONE ABOUT IT*

7. LET ME ELABORATE* THE AL-QAEDA INFRASTRUCTURE IN AFGHANISTAN IS SMASHED, BUT ITS NETWORK ELSEWHERE REMAINS LARGELY INTACT* MUCH MORE IMPORTANT, THE ANGER AND THE GRIEVANCES WHICH BREED MOVEMENTS LIKE THE AL-QAEDA HAVE GROWN IN THE AFTERMATH OF SEPTEMBER 11* THEY HAVE GROWN NOT ONLY BECAUSE WE HAVE FAILED TO ADDRESS THE ROOT CAUSES, BUT ALSO BECAUSE SOME OF OUR ACTIONS IN THE AFTERMATH ARE AGGRAVATING THE SITUATION FURTHER RATHER THAN ALLEVIATING IT*

8. IF WE CONTINUE ALONG THIS PATH THE TERRORIST THREAT WILL GROW* IT WILL NOT DIMINISH* BEEFING UP SURVEILLANCE AND STRENGTHENING SECURITY MEASURES CAN NEVER PROVIDE ADEQUATE PROTECTION* ARMING OURSELVES TO THE TEETH IS NO ANSWER EITHER* NO ARMOUR HOWEVER THICK, NO ORDNANCE HOWEVER POWERFUL, NO WEAPON HOWEVER SMART, CAN PROVIDE SUFFICIENT INTIMIDATION* IT IS JUST A MATTER OF TIME* MODERN SOCIETY IS VULNERABLE AT A THOUSAND POINTS* ITS DEFENCES ARE EASILY BREACHED BY THOSE DRIVEN BY A BURNING CAUSE, AND WITH NOTHING TO LOSE*

9. THE PALESTINIAN-ISRAELI CONFLICT IS SPINNING OUT OF CONTROL* VIOLENCE IS BEGETTING VIOLENCE AS TERRORIST ACTIONS ARE RESORTED TO BY BOTH, OR SHOULD ONE SAY, MANY SIDES* ISRAEL IS EMPLOYING STATE TERRORISM TO OCCUPY AND FURTHER EXPAND ILLEGAL OCCUPATION OF PALESTINIAN LAND* THE PALESTINIAN EXTREMISTS, BEREFT OF TANKS AND ATTACK HELICOPTERS BUT BOUNTEOUSLY ENDOWED WITH HOME-MADE BOMBS AND EAGER VOLUNTEERS, ARE RESPONDING BY EMPLOYING TERRORISM TO FORCE ISRAEL TO WITHDRAW FROM OCCUPIED LAND*

10. AFGHANISTAN IS STILL IN INTENSIVE CARE* WHILE THE CAMERA CONTINUES TO FOCUS ON THE LARGELY FRUITLESS MILITARY OPERATIONS AGAINST SUSPECTED REMNANT AL-QAEDA POSITIONS AND THE SPRUCING UP IN THE CAPITAL, THE REAL AND CONTINUING HUMAN TRAGEDY OF AFGHANISTAN GOES MAINLY UNNOTICED AND UNCARED FOR* AS IS TOO OFTEN THE CASE IN SUCH INSTANCES, MANY COUNTRIES HAVE BLATANTLY RENEGED ON PROMISES OF ASSISTANCE FOR RECONSTRUCTION AFTER THE WIDESPREAD DESTRUCTION CAUSED BY THE BOMBING ON THE COUNTRY* MILLIONS CONTINUE TO BE HUNGRY, HOMELESS, DISPLACED AND DESTITUTE IN THE CRATERED COUNTRYSIDE* THERE IS ANARCHY AND WARLORD RULE IN MANY PROVINCES* THE SITUATION IS REMINISCENT OF THE CONDITIONS THAT MADE A DESPERATE POPULACE WELCOME THE AUSTERE JUSTICE OF TALIBAN RULE SIX YEARS AGO* UNDER THE TALIBAN, AFGHANS LED A BRUTISH EXISTENCE* THEIR LOT CONTINUES TO BE MERCILESSLY BRUTISH TODAY*

11. ON THE SOUTH ASIAN SUB-CONTINENT, TWO NATIONS ARE ON THE VERGE OF GOING TO WAR WITH ONE ANOTHER FOR THE THIRD TIME IN THE LAST FIFTY YEARS* BOTH HAVE NUCLEAR WEAPONS* NEITHER WILL WIN* BUT THE CONSEQUENCES WILL BE CATASTROPHIC FOR BOTH COUNTRIES AS WELL AS THE REGION*

12. SOME TELL US THAT THE DECISION TO ATTACK IRAQ HAS ALREADY BEEN TAKEN* IT IS NOW, APPARENTLY, ONLY A QUESTION OF TIME* WHAT HAS BEEN PROVIDED AS EVIDENCE OF AN IRAQI PROGRAMME FOR WEAPONS OF MASS

DESTRUCTION HAS NOT SATISFIED THE INTERNATIONAL COMMUNITY, BUT THE DECISION APPARENTLY, IS TO GO AHEAD WITH OR WITHOUT INTERNATIONAL APPROVAL, AND WITH OR WITHOUT A UNITED NATIONS MANDATE*

13. LET THERE BE NO DOUBT* AN ATTACK ON IRAQ WILL HAVE PROFOUND CONSEQUENCES BOTH WITHIN THE COUNTRY AND IN THE REGION, ESPECIALLY IF IT IS CARRIED OUT WITHOUT CREDIBLE GROUNDS AND BEREFT OF THE LEGITIMACY ACCORDED BY INTERNATIONAL LAW*

14. MANY NATIONS ARE ALSO NOT DOING ENOUGH TO ADDRESS THE CONDITIONS THAT BREED INSTABILITY, UNREST, MILITANCY AND TERRORISM IN THEIR COUNTRIES* LEGITIMATE POLITICAL ASPIRATIONS ARE DENIED, DEMOCRATIC SPACE IS LACKING, AND SOCIO-ECONOMIC CONDITIONS CONTINUE TO BE DESPERATE* WHEN PEOPLE HAVE NO OTHER AVENUE FOR REDRESS, THEY WILL TAKE UP ARMS AND EMBARK ON A PATH OF VIOLENCE* THIS KIND OF PHENOMENON HAS OCCURRED IN MANY COUNTRIES, FROM FRANCE IN THE SEVENTEENTH CENTURY TO SOUTH AFRICA IN THE LAST*

15. IN MUSLIM COUNTRIES, OR COUNTRIES WITH LARGE MUSLIM POPULATIONS, ENOUGH IS ALSO NOT BEING DONE TO PREVENT THE RELIGION FROM BEING SUBVERTED BY MILITANTS TO SERVE THEIR OWN NARROW ENDS* *JIHAD*, OR STRUGGLE, IS A MUCH ABUSED CONCEPT, AND IS EMPLOYED TO JUSTIFY VIOLENT ACTION EVEN AGAINST INNOCENT CIVILIANS* HATE AGAINST THE ESTABLISHMENT AND NON-BELIEVERS IS BEING PROPAGATED IN COUNTLESS *MADRASAHS* OR RELIGIOUS SCHOOLS IN SOME COUNTRIES*

16. DEVELOPMENTS IN THE ASIA PACIFIC REGION HAVE NOT BEEN ALL POSITIVE EITHER* WE LOST MANY MONTHS OF POSSIBLE PROGRESS TOWARDS RECONCILIATION IN THE KOREAN PENINSULA WHEN THE SUNSHINE POLICY WAS SCUTTLED EARLY LAST YEAR FOR REASONS THAT ARE STILL NOT CLEAR* SINCE THEN ADDITIONAL REQUIREMENTS HAVE BEEN IMPOSED UPON PYONGYANG, AND THE RHETORIC AGAINST THE NORTH KOREAN GOVERNMENT HAS BECOME STEADILY MORE STRIDENT* IN FACT, THOSE WHO DO NOT KNOW BETTER CAN EASILY COME TO THE MISTAKEN CONCLUSION THAT THE LAST THING SOME OF US WANT TO SEE IS A POLITICAL SETTLEMENT*

17. THE CROSS-STRAITS ISSUE HAS DETERIORATED SIGNIFICANTLY TOO* TENSIONS HAVE BEEN RAISED BY UNNECESSARILY PROVOCATIVE STATEMENTS AND ACTIONS IN THE LAST FEW MONTHS* THE PROBLEM IN THIS IS THAT IT IS SO EASY TO

UNDERMINE SENTIMENT, AND SO DIFFICULT TO REPAIR THE DAMAGE* WE WILL NEED TO MANAGE THIS ISSUE WITH ALL DUE CAUTION AND SENSITIVITY*

LADIES AND GENTLEMEN,

18. I CAN POINT TO OTHER NEGATIVE DEVELOPMENTS IN THE GLOBAL AND REGIONAL STRATEGIC SITUATION TOO, BUT I PREFER TO NOW FOCUS ON SOME OF THE CHALLENGES CONFRONTING US IN THESE DIFFICULT TIMES* FOUR TO BE PRECISE*

19. THE GREATEST CHALLENGE, I BELIEVE, IS LEADERSHIP* THE WORLD, THIS REGION, LOOKS TO NEW LEADERSHIP FROM THE POWERFUL STATES* WE NEED GLOBAL POWERS WITH GLOBAL VISION AND WITH GLOBAL INTERESTS AT HEART* POWERFUL STATES THAT PURSUE VERY NARROW INTERESTS DO NOT ATTAIN GLOBAL LEADERSHIP* THEY FORFEIT IT*

20. WE LOOK TO LEADERSHIP THAT IS COMMITTED TO GLOBAL NORMS AND INTERNATIONAL LAW* WE LOOK TO POWERFUL STATES TO SET THE EXAMPLE AND THAT LEAD BY EXAMPLE* STATES THAT DO NOT RESPECT THE NORMS AND LAWS THAT THEY THEMSELVES HELPED TO INVENT, OR COMPLY ONLY WHEN IT IS CONVENIENT, WILL NOT ONLY FORFEIT THE RIGHT TO GLOBAL LEADERSHIP* THEY LOSE THE MORAL AUTHORITY TO ENJOIN UPON OTHER STATES TO RESPECT THESE SAME NORMS AND LAWS, AND TO DISCIPLINE THEM WHEN THEY DO NOT* THEY BECOME NO DIFFERENT FROM THESE OTHER STATES THAT FLOUT INTERNATIONAL NORMS AND INTERNATIONAL LAW* TO BORROW A TERM POPULAR IN SOME COUNTRIES NOW, THEY LOSE "MORAL CLARITY"

21. WE LOOK TO GLOBAL LEADERSHIP THAT FULLY SUPPORTS AND FULLY PARTICIPATES IN GLOBAL INSTITUTIONS THAT ARE DEDICATED TO THE PROMOTION OF PEACE AND PROSPERITY* WE EXPECT THE MAJOR POWERS TO UPHOLD THE PRINCIPLES OF THE UNITED NATIONS CHARTER AND HELP THE UNITED NATIONS FULFIL ITS PROMISE AND PURPOSE*

22. WE EXPECT LEADERSHIP THAT CHAMPIONS GLOBAL EQUITY - LEADERSHIP THAT PROMOTES THE KIND OF GLOBALISATION THAT BENEFITS THE MAJORITY OF THE PEOPLES OF THE WORLD* LEADERSHIP COMMITTED TO POLICIES THAT REDUCE THE RANKS OF THE POOR AND THE MARGINALIZED*

23. THE SECOND CHALLENGE CONFRONTING US IS CLEARLY THE NEED TO COUNTER TERRORISM AGAINST INNOCENT CIVILIANS, AND COUNTER IT WITH FULL COMMITMENT AND EFFECTIVENESS* DIFFERENT STATES ARE FACED WITH DIFFERENT

THREATS AND DIFFERENT CHALLENGES* THEIR PRIORITIES CAN BE DIFFERENT, AND RIGHTLY SO* THE PRIORITY FOR ARGENTINA FOR INSTANCE WOULD BE RECOVERY FROM THE ECONOMIC CRISIS* IT OVERSHADOWS EVERY OTHER CONCERN* IN VENEZUELA THE OVERRIDING ISSUE IS POLITICAL STABILITY FOLLOWING A FAILED COUP TO OVERTHROW THE PRESIDENT* MANY DEVELOPING COUNTRIES ARE CONFRONTED WITH ENORMOUS PROBLEMS OF POVERTY, UNEMPLOYMENT, DISEASE AND EVEN POLITICAL INSTABILITY*

24. BUT NONE OF THESE UNDERSTANDABLY HIGHER NATIONAL PRIORITIES NEED PREVENT US FROM WORKING INDIVIDUALLY AND COLLECTIVELY TO ELIMINATE TERRORISM THAT STRADDLES BORDERS AND GIRDLES THE GLOBE* INTERNATIONAL TERRORISM, EVEN IF DIRECTED AGAINST SPECIFIC COUNTRIES AND THEIR INTERESTS, BECOMES A COMMON PROBLEM WHEN TERRORISTS USE OUR TERRITORY, OUR FINANCIAL INSTITUTIONS, OUR PHILANTHROPIC BODIES, AND OUR POLITICAL, ETHNIC OR RELIGIOUS ORGANISATIONS TO PLAN, SUPPORT OR LAUNCH TERRORIST ATTACKS*

25. MALAYSIA IS FULLY ENGAGED IN THE CURRENT GLOBAL CAMPAIGN AGAINST INTERNATIONAL TERRORISM* WE BELIEVE THE WORLD MUST BE MADE SAFE FROM THIS SCOURGE OF ALL HUMANITY* WE WORK ON OUR OWN AND WITH OUR NEIGHBOURS IN ASEAN* WE ARE A LEADING AND A MODERATING INFLUENCE IN THE ORGANISATION OF ISLAMIC CONFERENCE* WE ABIDE SCRUPULOUSLY BY UN RESOLUTIONS* WE COOPERATE FULLY WITH THE UNITED STATES FOLLOWING THE SEPTEMBER 11 ATTACKS, WHICH WE HAVE CONDEMNED UNRESERVEDLY* JUST LAST MONTH WE ENTERED INTO A BILATERAL DECLARATION ON COOPERATION TO COMBAT INTERNATIONAL TERRORISM WITH THE UNITED STATES* WE VIEW THIS AS A MAJOR STEP FORWARD IN ENHANCING OUR COOPERATION WITH THE UNITED STATES AND HOPE THAT THIS WILL PROVIDE THE IMPETUS TO STRENGTHEN OUR COMMITMENT TO JOINTLY FIGHT TERRORISM*

26. WE BELIEVE VIGILANCE, SOUND INTELLIGENCE, EFFECTIVE PROTECTIVE AND PREVENTIVE SECURITY MEASURES, DENIAL OF FUNDING AND OTHER SUPPORT, AND PUNITIVE ACTION AGAINST TERRORIST ELEMENTS, ARE CRITICAL ELEMENTS OF A SUCCESSFUL COUNTER-INSURGENCY CAMPAIGN* MALAYSIA WILL DO ALL IT CAN TO FURTHER ENHANCE CAPACITY AND COOPERATION IN THIS FIELD*

27. A SUCCESSFUL COUNTER-TERRORISM STRATEGY HOWEVER, CANNOT BE CONFINED TO PUNITIVE OR DETERRENT ACTION ALONE* WHEN THE THREAT IS SMALL AND IS LIMITED TO THE LUNATIC FRINGE OF SOCIETY PUNITIVE MEASURES MAY BE ALL THAT IS NEEDED* BUT WHEN TERRORISM SPRINGS FROM MASSIVE DISCONTENT

AND MASS PERCEPTION OF MANIFEST AND BLATANT INJUSTICES, PUNITIVE ACTION ALONE WILL NOT WORK* IT WILL ONLY INTENSIFY THE ANGER AND THE RAGE, AND SWELL THE RANKS OF POTENTIAL TERRORISTS* TERRORIST ATTACKS ARE MERELY THE WEAPONS OF THE TERRORISTS* DEFENDING AGAINST THESE WEAPONS ALONE WILL NOT SUFFICE* WE NEED TO FIND OUT WHY WAR IS BEING WAGED BY THESE GROUPS*

LADIES AND GENTLEMEN,

28. TO SUCCESSFULLY DEFEAT TERRORISM WE HAVE NO CHOICE BUT TO ADDRESS THE ROOT CAUSES* THE ISSUES WHICH TERRORISTS USE TO MOBILISE SUPPORT WILL HAVE TO BE NEUTRALISED* THIS WILL OFTEN NECESSITATE REFORM, CONCESSION AND COMPROMISE* THIS WAS THE LESSON WE LEARNED EARLY IN OUR LONG BUT SUCCESSFUL CAMPAIGN AGAINST THE COMMUNIST TERRORISTS IN THIS COUNTRY* THIS IS ALSO THE LESSON FROM THE OTHER COUNTRIES TOO, FROM SOUTH AFRICA TO SRI LANKA*

29. THE ROOT CAUSES OF COURSE DIFFER FROM MOVEMENT TO MOVEMENT* TERRORIST MOVEMENTS CAN ARISE BECAUSE ORDINARY PEOPLE REBEL AGAINST POLITICAL OPPRESSION, GENOCIDE OR FOREIGN OCCUPATION* TERRORISM CAN HAVE ITS ROOTS IN ECONOMIC HARDSHIP, THE DESIRE TO CHANGE SYSTEMS OF GOVERNMENT BY FORCE, OR THE WILL TO SECEDE* OFTEN TERRORISM EXPLOITS ETHNIC OR RELIGIOUS THEMES TO GIVE IT CHARACTER AND LEGITIMACY AND TO ENHANCE APPEAL*

30. WHAT MAKES TERRORISM ABHORRENT IS NOT NECESSARILY THE CAUSE* IN SOME CASES THE CAUSE MAY BE NOBLE – SUCH AS LIBERATION OR INDEPENDENCE* IT IS THE METHODS EMPLOYED BY THE TERRORISTS THAT WE OBJECT TO* HIJACKING PLANES AND CRASHING THEM INTO BUILDINGS; ATTACKING TRAINS AND BUSES AND PLACES OF WORSHIP; KILLING INNOCENT MEN, WOMEN AND CHILDREN; WANTON DESTRUCTION OF THE HOMES AND PROPERTY OF DEFENCELESS VILLAGERS AND FORCED TAKEOVER AND SETTLEMENT OF THEIR LAND – THESE ARE SOME OF THE TERRORIST ACTS WE FIND EVIL AND UNACCEPTABLE*

31. BUT TERRORISM CANNOT BE ELIMINATED WITHOUT ADDRESSING ROOT CAUSES* BRUTE MILITARY FORCE BACKED BY OTHER SECURITY MEASURES MAY SUBDUCE TERRORIST ELEMENTS FOR A WHILE, BUT THEY WILL COME BACK TO FIGHT ANOTHER DAY BECAUSE THE CONDITIONS THAT CREATED THEM REMAIN* IN THIS REGARD, I WOULD LIKE TO INFORM YOU THAT AT THE RECENTLY CONCLUDED ASEAN MINISTERIAL MEETING ON TERRORISM, FOR THE FIRST TIME, ADDRESSING THE ROOT CAUSES OF TERRORISM WAS INCLUDED IN THE JOINT COMMUNIQUÉ FOR FURTHER

ACTION AMONG ASEAN MEMBER COUNTRIES* MALAYSIA VIEWS THIS AS A POSITIVE DEVELOPMENT IN THE APPROACH GOVERNMENTS MUST TAKE TO FIGHT TERRORISM*

32. IN THE PRESENT WAR AGAINST INTERNATIONAL TERRORISM ALL EYES ARE ON TERRORIST GROUPS ORIGINATING IN THE ARAB AND MUSLIM WORLD* THE MOST PROMINENT REASON FOR THEIR EXISTENCE AND SUPPORT CITED BY THE WEST IN PARTICULAR, AND THEN TAKEN UP BY THE REST, IS THE LACK OF DEMOCRACY AND POOR GOVERNANCE IN THE RELEVANT ARAB AND MUSLIM COUNTRIES* GLOBALISATION'S UNEVEN BENEFITS AND GRINDING POVERTY ARE ALSO CITED SOMETIMES*

33. THESE FACTORS NO DOUBT CONTRIBUTE TO TERRORISM* THEY BREED RESENTMENT AND HOSTILITY AND ENCOURAGE MILITANT INCLINATIONS* BUT THEY DO NOT EXPLAIN WHY THE INTERNATIONAL TERRORISTS THEN PICK OTHER TARGETS, NOT THEIR OWN GOVERNMENTS* NO TERRORIST LEADER, NOT A SINGLE CAPTURED TERRORIST, HAS ALSO EVER SAID THAT THE EVILS OF GLOBALISATION WERE WHAT DROVE THEM TO JOIN INTERNATIONAL TERRORIST MOVEMENTS*

34. WHAT IS IT THEN, THAT ENABLED THE AL-QAEDA TO RECRUIT SO MANY MEMBERS AND SUPPORTERS, ESPECIALLY IN THE ARAB AND CENTRAL ASIAN REGION, AND FORGE LINKS ELSEWHERE? PUT SIMPLY, IT TAPPED ARAB ANGER* IT EXPLOITED MUSLIM RAGE* AND THE ISSUE WHICH MOST ANGERS ARABS AND MUSLIMS IS THE PALESTINIAN ISSUE* IT IS THE PERCEIVED INJUSTICES COMMITTED BY ISRAEL, AND THE FOREIGN POLITICAL AND MILITARY SUPPORT THAT ENABLES IT TO COMMIT THEM*

35. THE BULK OF ARABS AND MUSLIMS ARE NOW PREPARED TO ACCEPT AN ISRAELI STATE FORCED UPON THEM BY THE WEST, AND ESTABLISHED ON WHAT WAS PALESTINIAN LAND* BUT THEY CANNOT ACCEPT ISRAELI OCCUPATION OF PALESTINIAN TERRITORY BEYOND THE '67 BORDER* THEY CANNOT ACCEPT THE SINISTER AND SUSTAINED, 30-YEAR CAMPAIGN TO EXPAND ILLEGAL SETTLEMENTS AT THE EXPENSE OF THE PALESTINIAN POPULATION THEY EVICT* IN OTHER WORDS THEY ARE REACTING LIKE ANY SELF-RESPECTING PEOPLE WILL DO, LIKE ALL OF US GATHERED HERE WOULD DO, IF IT WERE OUR LAND THAT IS OCCUPIED BY A FOREIGN FORCE* THEY ALSO DEMAND THE SAME RIGHTS THAT WE WOULD EXERCISE INCLUDING THE RIGHT TO DEFEND THEIR LAND BY ALL NECESSARY MEANS*

36. MUSLIM ANGER IS ALSO FUELLED BY THE IMPUNITY WITH WHICH ISRAEL IGNORES AND FLOUTS U.N. RESOLUTIONS, AND THE PROTECTION IT RECEIVES IN THE WORLD BODY FROM FRIENDS THAT PREVENT ANY ENFORCEABLE SANCTIONS BEING IMPOSED UPON ISRAEL TO INDUCE WITHDRAWAL* THEY NOTE WITH CYNICISM THE

SANCTIONS THAT ARE IMPOSED WITH EASE AND ENFORCED WITH PASSION ON OTHER COUNTRIES FOR LESSER CRIMES*

37. INTERNATIONAL TERRORISM THAT SPRINGS FROM THIS SOURCE CANNOT BE QUELLED WITHOUT RESOLVING THE PALESTINIAN-ISRAELI ISSUE* AN EMINENTLY FAIR AND BALANCED BASIS FOR SETTLEMENT IS PROVIDED IN THE LATEST ARAB PEACE PLAN* IT ENVISAGES AN ISRAELI STATE AND A PALESTINIAN STATE DEMARCATED BY THE 1967 BORDER AND LIVING IN PEACE WITH ONE ANOTHER* IF THIS IS NOT ACCEPTABLE TO ISRAEL NOTHING EVER WILL* SO LONG AS A NEGOTIATED SETTLEMENT SEEMS IMPOSSIBLE AND ISRAEL REFUSES TO WITHDRAW, ARAB AND MUSLIM ANGER AGAINST THOSE PERCEIVED TO BE RESPONSIBLE WILL REMAIN, AND MOVEMENTS LIKE THE AL-QAEDA WILL FIND READY RECRUITS AND SUPPORTERS* IT IS THEREFORE IMPORTANT THAT THE INTERNATIONAL COMMUNITY AND THE UNITED STATES IN PARTICULAR WORK CREDIBLY AND VIGOROUSLY TOWARDS ACHIEVING AN EARLY POLITICAL SETTLEMENT*

LADIES AND GENTLEMEN,

38. THE THIRD CHALLENGE I WOULD LIKE TO TALK ABOUT IS THE CHALLENGE OF CHINA* CHINA HAS BECOME A MATTER OF SOME CONCERN TO MANY COUNTRIES, ESPECIALLY AFTER ITS ACCESSION INTO THE W.T.O. LAST YEAR* CHINA IS DIFFICULT TO IGNORE* ONE IN EVERY TWO PERSONS IN THE ASIA PACIFIC REGION INCLUDING THE UNITED STATES LIVES IN CHINA* ITS ECONOMY IS WORTH US\$1.6 TRILLION, AND IS CURRENTLY GROWING AT ONE-FOURTEENTH ITS SIZE EACH YEAR* IN PPP TERMS IT IS HALF THE SIZE OF THE U.S.* ECONOMY AND ONE AND A HALF TIMES THE SIZE OF THE JAPANESE ECONOMY* THE ASEAN ECONOMIES COMBINED ARE ONLY ONE-THIRD THE CHINESE ECONOMY*

39. SOUTHEAST ASIAN ECONOMIES INCLUDING MY OWN COUNTRY MALAYSIA ARE PARTICULARLY WORRIED* MUCH OF THE FDI THAT THEY USED TO RECEIVE IS GOING TO CHINA* IN THE YEAR 2000 MORE THAN HALF THE TOTAL FDI INFLOW INTO DEVELOPING COUNTRIES WENT TO CHINA* MANY ASEAN ECONOMIES ARE CONCERNED ABOUT LOSING COMPETITIVE EDGE IN STRATEGIC SECTORS LIKE MANUFACTURING* CHINA'S STABILITY, HUGE POTENTIAL MARKET, RISING PURCHASING POWER, CHEAPER LABOUR AND OTHER PRODUCTION COSTS, AND FALLING TARIFFS, ARE GIVING THE COUNTRY MASSIVE ADVANTAGE OVER MANY OTHERS*

40. THESE CONCERNS ARE REAL AND JUSTIFIED* BUT I WOULD LIKE TO SUGGEST THAT ENORMOUS THOUGH THE CHINA CHALLENGE IS, EQUALLY ENORMOUS IS THE CHINA OPPORTUNITY* COUNTRIES THAT FAIL TO RECOGNISE THIS ARE ONLY DENYING

THEMSELVES* CHINA WILL BE THE NEW GROWTH ENGINE FOR MUCH OF EAST ASIA* CHINA'S IMPORTS ARE EXPECTED TO DOUBLE WITHIN THE NEXT FIVE YEARS, AND 60 PERCENT OF THEM ARE LIKELY TO COME FROM EAST ASIA* REDUCED TARIFFS WILL OPEN THE HUGE CHINA MARKET TO THE OUTSIDE WORLD EVEN MORE*

41. CHINA IS IN GREAT NEED OF INFRASTRUCTURE DEVELOPMENT* THERE ARE ENORMOUS OPPORTUNITIES HERE FOR ALL OF US* AS THE PEOPLE OF CHINA BECOME MORE AFFLUENT, THEY WILL NOT ONLY CONSUME MORE, THEY WILL ALSO TRAVEL MORE* THE REGION AND THE WORLD CAN TAKE FULL ADVANTAGE OF THIS TO LURE THE CHINESE TRAVELLER* LAST YEAR MORE THAN 12 MILLION CHINESE TRAVELLED ABROAD, COMPARED TO ONLY 5 MILLION JUST FIVE YEARS EARLIER*

42. I BELIEVE WE MUST FULLY PARTICIPATE IN CHINA'S DEVELOPMENT, AND SEEK TO PROSPER OURSELVES EVEN AS CHINA PROSPERS*

43. THE FOURTH CHALLENGE THAT I WOULD LIKE TO TOUCH UPON IS THE CHALLENGE OF MAKING THE ASIA PACIFIC REGION A SAFER, MORE TRANQUIL PLACE* THANKFULLY EAST ASIA TODAY HAS MORE PEACE THAN AFRICA, EUROPE, WEST ASIA OR SOUTH ASIA* BUT THIS SHOULD BE NO CAUSE FOR COMPLACENCY* AS I NOTED EARLIER, THERE HAS BEEN A STEADY DETERIORATION IN THE FLASHPOINTS OF THE REGION, NAMELY THE KOREAN PENINSULA AND THE CROSS-STRAITS ISSUE*

44. IN ADDITION, HAWKISH ATTITUDES PREVAIL* HOSTILITY TOWARDS CHINA OFTEN INCREASES, FOR NO APPARENTLY SATISFACTORY REASON* LIKE ANY OTHER COUNTRY, CHINA WILL BE FORCED TO RESPOND, TO THE DETRIMENT OF OUR REGIONAL HARMONY*

45. MILITARY STAKES ARE ALSO BEING RAISED DANGEROUSLY IN THE REGION AND AROUND THE WORLD* MILITARY EXPENDITURES IN SOME COUNTRIES HAVE SKYROCKETED, FORCING OTHERS TO RAISE THEIR OWN AS BEST THEY CAN* NATIONS THAT ONCE ADMONISHED OTHERS WHO INCREASE SPENDING ON ARMS AND STIGMATISED THEM AS BAD AND AS THREATENING AN ARMS RACE, ARE NOW ENGAGED IN PRECIPITATING THEIR OWN* WE ACCUMULATE WEAPONS OF MASS DESTRUCTION EVEN AS WE CONDEMN OTHERS FOR DOING SO AND SEEK TO STRIP THEM OF THE SAME*

46. THIS MILITARY ENHANCEMENT IS TO BE REGRETTED ALL THE MORE BECAUSE IT IS BEING INDULGED IN BY COUNTRIES THAT ALREADY TOWER ABOVE ALL OTHERS IN TERMS OF MILITARY CAPACITY* NATIONS WITH THE MOST SOPHISTICATED WEAPONS IN THE WORLD ARE UNSATISFIED; THEY SEEK EVEN MORE ADVANCED AND

LETHAL SYSTEMS* NATIONS WITH THE FARTHEST MILITARY REACH ARE SEEKING TO EXTEND THEM EVEN MORE, AND PRODDING THEIR ALLIES TO JOIN IN THE SCHEME*

47. THIS APPROACH IS WHOLLY UNNECESSARY* IT IS MILITARISING THE ASIA PACIFIC LANDSCAPE FURTHER* OVERWHELMING MILITARY POWER WILL NOT SOLVE ALL PROBLEMS OR YIELD THE SECURITY WE SEEK* IT WILL NOT DETER OR PROTECT AGAINST TERROR* INSTEAD IT MERELY AGGRAVATES SUSPICION AND TENSIONS BETWEEN COUNTRIES*

48. THERE IS THUS FRESH URGENCY FOR THE MAJOR POWERS IN THE REGION TO DEMILITARISE APPROACHES TO SECURITY BUILDING IN THE REGION* REGIONAL SECURITY WILL BE BETTER SERVED IF THERE IS A SERIOUS EFFORT TO TEMPER BELLIGERENCE AND MODERATE PRESSURES ON OTHER COUNTRIES* THERE WILL BE GREATER PROMISE FOR PEACE ON THE KOREAN PENINSULA IF TALKS ARE IMBUED WITH A LESS ANTAGONISTIC AND MORE CONCILIATORY ATMOSPHERE* RELATIONS BETWEEN CHINA AND TAIWAN WOULD NOT BE AS PROBLEMATIC IF THERE IS LESS PROVOCATION AND INSTIGATION, INCLUDING BY THIRD PARTIES* THERE WILL BE GREATER AMITY IN THE REGION IF WE SCALE DOWN UNREASONABLE IDEOLOGICAL ZEAL, AND CEASE DISTORTING AND REDUCING VIRTUALLY EVERY ISSUE TO A CONTEST BETWEEN DEMOCRACY AND AUTHORITARIANISM*

LADIES AND GENTLEMEN,

49. EXAMINING ISSUES DISPASSIONATELY AND OBJECTIVELY IS NEVER EASY* GOVERNMENTS FIND IT PARTICULARLY DIFFICULT TO DO SO AND OFTEN FIND THEMSELVES CONSTRAINED IN EXPRESSING THEIR VIEWS FRANKLY*

50. SUCH CONSTRAINTS NEED NOT WEIGH UPON YOU* YOU ARE BETTER PLACED TO SEE THROUGH VESTED INTERESTS AND APPRECIATE VIEWS OTHER THAN YOUR OWN* THIS ROUNDTABLE IS A FORUM WHERE ALL GROUPS EXCHANGE IDEAS FRANKLY AND CANDIDLY* ALL OF YOU, EVEN THOSE FROM GOVERNMENT, SPEAK ONLY IN YOUR PERSONAL CAPACITY* IF YOU EMBRACE THE THEME OF THE ASIA PACIFIC ROUNDTABLE, WHICH IS TO BUILD CONFIDENCE AND REDUCE CONFLICT, AS YOUR OBJECTIVE, YOU WILL HAVE EVERY CHANCE OF MAKING A CONTRIBUTION TO GREATER PEACE AND UNDERSTANDING IN THE REGION*

**16th ASIA PACIFIC ROUNDTABLE
2-5 JUNE 2002
HOTEL NIKKO KUALA LUMPUR**

CONFERENCE PAPERS

**BELOW IS A LIST OF PAPERS WHICH WERE
MADE AVAILABLE TO ALL PARTICIPANTS
DURING THE COURSE OF THE ROUNDTABLE.
SHOULD YOU HAVE MISSED RECEIVING ANY
ONE OF THEM, KINDLY COLLECT THEM AT
THE "SPARE COPIES" TABLE LOCATED
OUTSIDE THE GRAND BALLROOM FROM 1500
HRS, WEDNESDAY, 5th JUNE 2002.**

THANK YOU.

APR SECRETARIAT.

**PLENARY SESSION ONE: WHAT IS TERRORISM? WHO IS A
TERRORIST? WHY TERRORISM?**

Presenters:

1. **Dr. Charles E. Morrison** (YES)
President, East-West Center, Hawaii, USA.
2. **Hon. M. R. Sukhumbhand Paribatra**
Member of Parliament, Democrat Party and Former Deputy Foreign Minister,
Thailand.
3. **Dr. Rohan Gunaratna**
Research Fellow, International Relations Department, St. Andrews University,
United Kingdom.
4. **Tan Sri Dr. Noordin Sopiee** (YES)
Chairman & CEO, Institute of Strategic and International Studies (ISIS),
Malaysia.

**PLENARY SESSION TWO: THE TERRORIST THREAT IN THE ASIA
PACIFIC REGION: CHALLENGE AND
RESPONSE**

Presenters:

1. **Mr. David Asher**
Senior Advisor, East Asian and Public Affairs, Department of State, USA.
2. **Prof. Dr. Carolina Hernandez**
President, Institute for Strategic and Development Studies (ISDS), Philippines.
3. **Mr. John McFarlane** (YES)
Executive Director, Australian Member Committee, Council for Security
Cooperation in Asia Pacific, Australian National University, Australia.
4. **Mr. Serge Berthier** (YES)
Chairman, Oriental International Strategies, Hong Kong.

Discussant:

5. **Dr. Syed Sajjadur Rahman**
Director General, Strategic Planning and Policy, Asia Branch and the Regional
Program for Southeast Asia, CIDA, Canada.

CONCURRENT SESSION II: THE WMD THREAT: CHALLENGES AND COUNTERMEASURES

Presenters:

1. **Prof. Gary Hawke** (YES)
Professor of Economics, School of Economics and Finance, Victoria University of Wellington, New Zealand.
2. **Dr. Shinichi Ogawa** (YES)
Senior Research Fellow, National Institute for Defense Studies, Japan.

CONCURRENT SESSION III: NATIONAL SECURITY: IS THERE A NEED TO BOOST DEFENCE CAPABILITIES IN THE ASIA PACIFIC REGION?

Presenters:

1. **Lt. Gen. @ Jaime De Los Santos** (YES)
Former Commanding General, Philippines Army, Philippines.
2. **Dr. Kumar Ramakrishna** (YES)
Assistant Professor, National Technological University, Singapore.
3. **Dr. Edy Prasetyono** (YES)
Head, Department of International Relations, Centre for Strategic and International Studies (CSIS), Jakarta, Indonesia.
4. **Prof. Brian Job** (YES)
Professor of Political Science and Director of the Institute of International Relations, University of British Columbia, Vancouver, Canada.

PLENARY SESSION FOUR: CHINA RISING: PROSPECTS AND IMPLICATIONS FOR THE ASIA PACIFIC REGION

Presenters:

1. **Prof. Dr. Ross Garnaut** (YES)
Director and Professor of Economics, Research School of Pacific and Asian Studies, Department of Economics, Australian National University, Australia.
2. **Prof. Wang Gungwu**
Director of the East Asian Institute and Professor, Faculty of Arts and Social Sciences, National University of Singapore, Singapore.
3. **Dr. Bates Gill** (YES)
Senior Fellow in Foreign Policy Studies, and Director of Centre for Northeast Asian Policy Studies, The Brookings Institution, Washington D.C., USA.
4. **Mr. Pham Cao Phong** (YES)
Director, Northeast for Asia Studies Centre, Institute for International Relations, Vietnam.
5. **Mr. Simon Tay** (YES)
Chairman, Singapore Institute of International Affairs, Singapore.

Discussant:

6. **Dr. Yuan Jian**
Secretary-General, CSCAP China.

PLENARY SESSION FIVE: CONFRONTING TRANSNATIONAL CRIME IN THE ASIA PACIFIC REGION

Presenters:

1. **Assistant Commissioner Lock Wai Han** (YES)
Director, Planning and Organisation, Singapore Police Force, Singapore.
2. **Ms. Melita Salvador** (YES)
Committee Secretary, House of Representatives, Philippines.

**PLENARY SESSION SIX : THE ARF: MEETING THE CHALLENGES
OF THE 21ST CENTURY**

Presenters:

1. **Mr. Barry Desker** (YES)
Director, Institute of Defence and Strategic Studies, Nanyang Technological University, Singapore.
2. **Mr. Toshinori Shigeie**
Acting Director, The Japan Institute of International Affairs, Japan.

**PLENARY SESSION SEVEN: THE ECONOMIC OUTLOOK IN THE
ASIA PACIFIC REGION POST
SEPTEMBER 11**

Presenters:

1. **Dr. Hadi Soesastro** (YES)
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2. **Mr. Manu Bhaskaran** (YES)
Partner and Member of the Board Centennial Group Inc., Singapore.
3. **Mr. Kiyohiko Fukushima** (YES)
Chief Economist, Nomura Research Institute, Japan.

Discussant:

4. **Dr. Thitinan Pongsudhirak**
Lecturer, Department of International Relations, Chulalongkorn University, Thailand.

**CONCURRENT SESSION IV : THE KOREAN PENINSULA:
LATEST KEY ISSUES**

Presenters:

1. **Prof. Lee Jung-Hoon** (YES)
Department of International Relations, Yonsei University, Republic of Korea.
2. **Mr. Kim Tong Je** (YES)
Senior Researcher, Institute for Disarmament and Peace of Democratic People's Republic of Korea, DPRK.

Discussants:

3. **Mr. Ralph Cossa**
President, Pacific Forum CSIS, Hawaii, USA.
4. **Ms. Luidmila Vorobieva**
First Secretary, Second Asian Department, Ministry of Foreign Affairs, Russia.

**CONCURRENT SESSION V : U.S. SECURITY POLICY POST
911 IN THE ASIA PACIFIC REGION**

Presenters:

1. **Dr. Ronald Montaperto** (YES)
Dean of Academics, Asia Pacific Center for Security Studies, Honolulu, USA.
2. **Dr. Satu P. Limaye** (YES)
Director of Research, Asia Pacific Center for Security Studies, Honolulu, USA.
3. **Dr. Anthony Smith** (YES)
Senior Research Fellow, Asia Pacific Center for Security Studies, Honolulu, USA.

Discussants:

4. **Major General Dipankar Banerjee** (YES)
Executive Director, Regional Centre for Strategic Studies, Sri Lanka.
5. **Dato' Mohamed Jawhar Hassan**
Director-General, Institute of Strategic and International Studies (ISIS), Malaysia.

CONCURRENT SESSION VI : JAPANESE DEFENCE POLICY:
NEW DIRECTIONS?

Presenter:

1. **Prof. Shigekatsu Kondo** (YES)
Director, First Research Department, National Institute for Defense Studies,
Japan.

Discussant:

2. **Prof. Xu Jian** (YES)
Senior Research Fellow, China Institute of International Studies (CIIS), China.

PLENARY SESSION EIGHT: THE ROLE OF THE MEDIA: FREEDOM
OF THE PRESS VS. NATIONAL AND
INTERNATIONAL SECURITY

Presenters:

1. **Mr. Patrick Smith** (YES)
Columnist, Bloomberg News, New York, USA.
2. **Ms. Akiko Kato**
Research Associate, Global Security Research Centre, KEIO University,
Japan.
3. **Mr. Fikri Jufri** (YES)
Managing Director, PT Grafitipers, Indonesia.
4. **Tan Sri Abdullah Ahmad** *Yes*
Group Editor-in-Chief, New Straits Times (Pte). Ltd., Malaysia.

**CONCURRENT SESSION VII : HUMAN SECURITY:
ADDRESSING THE PROBLEMS OF
TRANSNATIONAL MIGRATION**

Presenters:

1. **Mr. Lowell Martin** (YES)
Head, United Nations High Commissioner for Refugees (UNHCR) Liaison Office for Malaysia.
2. **Mr. Alan Dupont** (YES)
Director, Asia Pacific Security Program, Strategic & Defence Studies Centre, Australia.
3. **Mr. Jorge Tigno** (YES)
Professor, Faculty, Department of Political Science, College of Social Sciences and Philosophy, University of the Philippines, Philippines.

**CONCURRENT SESSION VIII : DEMOCRATIC REFORMS, GOOD
GOVERNANCE AND HUMAN
RIGHTS: DO THEY STILL
MATTER?**

Presenters:

1. **Ms. Sidney Jones**
Indonesia Project Director, International Crisis Group.
2. **Dr. Suchit Bunbongkarn** (YES)
Judge of the Constitutional Court of Thailand.
3. **Dr. Eric Teo** (YES)
Council Secretary, Singapore Institute of International Affairs, Singapore.

PANEL ON THE RESPONSIBILITY TO PROTECT

Panelists:

1. **Prof. Paul Evans**
Professor, Faculty of Graduate Studies, University of British Columbia,
Vancouver, Canada.
2. **H.E. Ali Alatas**
Former Foreign Minister of Indonesia.
3. **H.E. Dr. Surin Pitsuwan**
Member of Parliament, Democrat Party and Former Minister of Foreign
Affairs, Thailand.

PLENARY SESSION NINE: WOMEN AND ARMED CONFLICT: ADDRESSING THE CRITICAL ISSUES

Presenters:

1. **Dr. Chusnul Mariyah** *Yes*
Member of the Indonesian Electoral Commission & Director of Graduate
School of Political Science, University of Indonesia, Indonesia.
2. **Dr. Vanessa Griffen** (YES)
Co-ordinator, Gender and Development (GAD) Programme, Asian and Pacific
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3. **Prof. Ruth Rico** (YES)
Fellow, Institute for Strategic and Development Studies (ISDS), Philippines.

PLENARY SESSION TEN:

**ISLAM AND THE WEST: A NEW COLD
WAR?**

Presenters:

1. **H.E. Dr. Surin Pitsuwan**
Member of Parliament, Democrat Party (Nakorn Srithammarath) and Former
Minister of Foreign Affairs, Thailand.
2. **Prof. Ali Mazrui** (YES)
Director, Institute of Global Cultural Studies, Binghamton University, USA.
3. **Mr. Fajrul Falaakh** (YES)
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4. **Prof. Ibrahim Abu-Rabi**
Professor of Islamic Studies and Christian-Muslim Relations, the Macdonald
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Editor of The Muslim World, Hartford Seminary, USA.
5. **Dr Chandra Muzaffar** (YES)
President, International Movement for a Just World, Malaysia.

Discussant:

6. **Dr. Charles E. Morrison**
President, East-West Center, Hawaii, USA.

EXTRA READINGS:

- A) INDONESIA: A FAILED STATE?
By Mr. Jusuf Wanandi
- B) FORGING AN INDIRECT STRATEGY IN SOUTHEAST ASIA
By Mr. Barry Desker & Dr. Kumar Ramakrishna
- C) CAN EAST TIMOR BE A BLUEPRINT FOR BURDEN SHARING?
By Dr. David Dickens
- D) DPM's Speech
- E) TERRORISM AND SOUTHEAST ASIA: A PHILIPPINE PERSPECTIVE
By Mr. James Kraft
- F) Book (Prof. Paul Evans)
- G) Vu Dhuong Huan
- H) THE GATHERING STORM: THE THREAT OF GLOBAL TERROR AND ASIA/PACIFIC SECURITY
Remarks as prepared for Delivery by U.S. Deputy Secretary of Defense, Paul Wolfowitz, International Institute for Strategic Studies, Asia Security Conference: The Shangri-La Dialogue, Singapore
Saturday, June 1, 2002.
- I) Address by Senior Minister Lee Kuan Yew at the 1st International Institute for Strategic Studies Asia Security Conference on Friday, 31 May 2002, Shangri-La Hotel.
- J) INDIA-PAKISTAN ISSUE
By Major General Dipankar Banerjee
- K) PERSPECTIVES ON MULTILATERAL SECURITY COOPERATION IN THE ASIA PACIFIC REGION
By Major General Nakatani
Minister of State for Defense; Director-General Japan Defense Agency
- H) CONFIDENCE BUILDING AND CONFLICT RESOLUTION: THE INDIA-PAKISTAN ISSUE
By Dr. Pervaiz Iqbal Cheema



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2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

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REGIONAL PROGRAM

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Panelist)



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TAN SRI ABDULLAH AHMAD

Group Editor-in-Chief, New Straits Times Sdn. Bhd., Malaysia.

Abdullah was born on July 4, 1937 in Machang, Kelantan. He received his early education at Malay College Kuala Kangsar (MCKK), obtained his Masters of Letters from Cambridge University, a Fellow of the Centre for International Affairs at Harvard University, and a Congressional Fellow of the American Political Science Association. Abdullah was Political Advisor to Tun Abdul Razak bin Hussein (Malaysia's second Prime Minister) between 1963-1976, during which time, between 1974-1976 he was simultaneously Deputy Minister in the Prime Minister's Department, Chief Assistant Whip in Parliament, and member of the UMNO Supreme Council.

Abdullah was UMNO's representative on the First and Second National Economic Consultative Council (NECC). He was detained under the Internal Security Act (ISA) in November 1976 following a leadership struggle in the ruling party, UMNO. He was released in 1981 by Prime Minister Dato' Seri Dr. Mahathir Mohamad two weeks after Dr. Mahathir succeeded Dato' Hussein Onn, who had ordered the detention. Abdullah retired from politics in 1996 to become Malaysia's Special Envoy to the United Nations from June 2, 1996 until May 2000. He returned to Kuala Lumpur to become Executive Director of The New Straits Times Press (Malaysia) Berhad and eventually its Group Editor-in-Chief and a member of the Board of Directors.

Abdullah is married to Fauzah Mohd. Darus, a former Counselor at the Malaysian High Commission in London. They have three children - a daughter and two sons.

He loves travelling, reading, socialising, and day-dreaming!

NASKAH PEMELIHARAAN
PERPUSTAKAAN NEGARA MALAYSIA
22 JUL 2002

ALAN DUPONT

Director, Asia Pacific Security Program, Strategic & Defence Studies Centre, Australia.

Mr. Alan Dupont is a former army officer, intelligence analyst, free-lance journalist and diplomat and is currently the Director of the Asia-Pacific Security Program at the Australian National University's Strategic and Defence Studies Centre. Mr. Dupont has published widely on international defence and security issues and has just completed a major book entitled 'East Asia Imperilled: Transnational Challenges to Security' (Cambridge: Cambridge University Press, 2001). His recent academic publications include articles and book chapters on Asian values, Indonesian defence strategy, illegal migration, transnational crime, environmental security, intelligence, force modernisation, food security, the ASEAN Regional Forum and East Timor.

Mr. Dupont is a regular contributor to several leading Australian and international newspapers and comments widely on East Asian security issues for the media. He is a special advisor on foreign policy to East Timor's Foreign Minister, Jose Ramos Horta, and has been nominated as an Australian representative to the ARF Register of Experts and Eminent Persons. He is also a member of the Australian National Committee to the Council for Security Cooperation in the Asia Pacific, the International Institute for Strategic Studies, London and a higher education representative to the ACT Accreditation and Registration Council.

H.E. ALI ALATAS

Former Foreign Minister of Indonesia.

H.E. Mr. Ali Alatas was Indonesia's Former Minister of Foreign Affairs for eleven years (1988-1999). He is now Of Counsel at Makarim & Taira S. Law Firm since 2000.

H.E. Mr. Ali Alatas has served the Foreign Service, Department of Foreign Affairs from 1954 to 1988; during that time, held various positions and was stationed as Diplomat in various embassies of Indonesia, i.e. in Bangkok, Washington D.C., Geneva (United Nations, 1975-1978) and New York (United Nations, 1982-1988); and Executive Secretary to the Vice President of Indonesia (1978-1982).

He was a Member and/or Chairman of Indonesian delegations to numerous international and regional conferences including various United Nations sessions and meetings; Chairman of the First Committee (Political & Security Affairs), 40th United Nations Assembly Session (1985); Co-Chairman, Paris Conference on Cambodia (1989-1991); President, Amendment Conference Nuclear Test Ban Treaty (1991-1996); Chairman, Non-Aligned Movement (Ministerial Level, 1992-1995); Chairman, Organization of the Islamic Conference (Ministerial Level, 1996-1998); and Chairman of the Group of 77 (1977-1998).

H.E. Mr. Ali Alatas was the recipient of numerous national and foreign decorations. He is fluent in English and Dutch.

PROFESSOR DR. ALI MAZRUI

Director, Institute of Global Cultural Studies, Binghamton University, USA.

He is now Albert Schweitzer Professor in the Humanities and Director of the Institute of Global Cultural Studies at Binghamton University, State University of New York. He is also Albert Luthuli Professor-at-Large in the Humanities and Development Studies at the University of Jos in Nigeria. He is Andrew D. White Professor-at-Large Emeritus and Senior Scholar in Africana Studies at Cornell University and is chair of the Board of the Center for the Study of Islam and Democracy, Washington, D.C. He is also on the Board of the Center for Muslim-Christian Understanding, Georgetown University, Washington, D.C., and is a Fellow of the Institute of Governance and Social Research, Jos, Nigeria.

He was Ibn Khaldun Professor-at-Large, Graduate School of Islamic and Social Sciences, Leesburg, Virginia (1997-2000). He was also Walter Rodney Professor at the University of Guyana, Georgetown, Guyana (1997-1998). Mazrui obtained his B.A. with Distinction from Manchester University in England, his M.A. from Columbia University in New York, and his doctorate from Oxford University in England. For ten years he was at Makerere University, Kampala, Uganda, where he served as head of the Department of Political Science and Dean of the Faculty of Social Sciences and from where he launched his professional career. He once served as Vice-President of the International Political Science Association and has lectured in five continents. Professor Mazrui also served as professor of political science (1974-1991) and as Director of the Center for Afroamerican and African Studies (1978-1981) at The University of Michigan, Ann Arbor, Michigan. He has also been Visiting Scholar at Stanford, Chicago, Colgate, Singapore, Australia, Malaysia, Oxford, Harvard, Bridgewater, Cairo, Leeds, Nairobi, Teheran, Denver, London, Ohio State, Baghdad, McGill, Sussex, Pennsylvania, etc. Dr. Mazrui has also served as Special Advisor to the World Bank. He has also served on the Board of Directors of the American Muslim Council, Washington, D.C.

His more than twenty books include *Towards a Pax Africana* (1967), and *The Political Sociology of the English Language* (1975). He has also published a novel (reprinted a number of times) entitled *The Trial of Christopher Okigbo* (1971). His research interests include African politics, international political culture, political Islam, and North-South relations. Other books include *Africa's International Relations* (Heinemann and Westview Press, 1977, reprinted a number of times), *Political Values and the Educated Class in Africa* (Heinemann Educational Books and University of California Press, 1978, reprinted subsequently), and *The Political Culture of Language: Swahili, Society, and the State*, co-author Alamin M. Mazrui, (IGCS and James Currey, 1995). His most comprehensive books include *A World Federation of Cultures: An African Perspective* (published by the Free Press in New York in 1976) and *Cultural Forces in World Politics* (James Currey and Heinemann, 1990). Among his books on language in society is *The Power of Babel: Language and Governance in Africa's Experience* (co-author Alamin M. Mazrui) (James Currey and University of Chicago Press, 1998), which was launched in the House of Lords, London, at a historic ceremony saluting Mazrui's works.

Dr. Mazrui has also written for magazines and newspapers. He has been published in The Times (London), the New York Times, the Sunday Nation (Nairobi), Transition (Kampala and Cambridge, Mass., USA), Al-Ahram (Cairo), The Guardian (London) and (Lagos), The Economist (London) and the Cumhuriyet (Istanbul and Ankara), Yomuri Shimbun (Tokyo and Osaka), International Herald Tribune (Paris), Elsevier (Amsterdam), Los Angeles Times Syndicate (USA) and Afrique 2000 (Brussels and Paris).

In 1998 Professor Mazrui became the Academic Associate of the Atlantic Council at Binghamton University. In the same year he was elected to the Board of Trustees of the Oxford Centre for Islamic Studies, England, and to the Board of Directors of the National Summit on Africa, Washington, D.C.. The year 1998 also marked the publication of the first comprehensive annotated bibliography of all Mazrui's works (written and electronic) from 1962 to 1997 [The Mazruiana Collection, compiled by Abdul S. Bemath, and published by Sterling in New Delhi and Africa World Press in New Jersey]. Another book entitled The Global African: A Portrait of Ali A. Mazrui, edited by Oman H. Kokole, has also been published by Africa World Press in 1998.

DR. ANTHONY LINCOLN SMITH

Senior Research Fellow, Asia Pacific Center for Security Studies, Honolulu, USA.

Dr. Anthony L. Smith's previous positions include Senior Research Fellow, Research Division, Asia-Pacific Center for Security Studies, Honolulu, Hawaii; and Associate Fellow, Institute of Southeast Asian Studies (ISEAS), Singapore (April 2002 -).

He specialises in political developments in Indonesia, Indonesian foreign policy, and regional issues pertaining to ASEAN. He is an Associate Editor of the following publications: *Contemporary Southeast Asia*, *New Zealand Journal of Asian Studies*, and the *Berkshire Encyclopedia of Modern Asia*. He is also the co-editor of *Southeast Asian Affairs*. His publications include *Strategic Centrality: Indonesia's Changing Role in ASEAN*, (Singapore: ISEAS, 2000) and the forthcoming co-edited volume, *Governance in Indonesia: Challenges Facing the Megawati Presidency* (ISEAS, 2002). He has also published a number of book chapters including the recent 'Indonesia: Transforming The Leviathan', in John Funston (ed.), *Government and Politics in Southeast Asia*, Singapore: ISEAS, 2001. His journal articles include publications in *Asian Journal of Political Science*, *Harvard Asia Quarterly*, *Contemporary Southeast Asia*, *Panorama*, *New Zealand Journal of Asian Studies*, *New Zealand Journal of History*, and *ASEAN Economic Bulletin*.

BARRY DESKER

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Mr Barry Desker is the Director of the Institute of Defence and Strategic Studies, Nanyang Technological University, Singapore. He was the Chief Executive Officer of the Trade Development Board from 1994 to 2000, after serving in the foreign service since 1970, with a posting as Singapore's Ambassador to Indonesia from 1986 to 1993.

Mr Desker concurrently holds a number of other appointments including the chairmanships of the Singapore International Foundation, Jurong Port Pte Ltd and Singapore Technologies Marine. He is also the Vice-Chairman of the Singapore Business Federation.

DR. BATES GILL

Senior Fellow, Foreign Policy Studies and Director, Center for Northeast Asian Policy Studies, USA.

Dr. Bates Gill is a Senior Fellow in Foreign Policy Studies and inaugural Director of the Center for Northeast Asian Policy Studies at the Brookings Institution in Washington, D.C. He previously directed East Asia programs at the Center for Nonproliferation Studies at the Monterey Institute, Monterey, California and at the Stockholm International Peace Research Institute, and formerly held the Fei Yiming Chair in Comparative Politics at the Johns Hopkins University Center for Chinese and American Studies, Nanjing, China.

A specialist in East Asian foreign policy and politics, his research focuses primarily on Northeast Asian political, security, and military-technical issues, especially with regard to China. His current projects include research on the divergence in strategic outlook which characterizes U.S.-China relations, Chinese nuclear weapons modernization, and the socioeconomic sources of HIV/AIDS in China.

He is the author of three books: *Contrasting Visions: U.S., China, and World Order* (Brookings Institution Press, forthcoming); *China's Arms Acquisitions from Abroad: A Quest for "Superb and Secret Weapons"* (Oxford University Press, 1995) (with Taeho Kim); and *Chinese Arms Transfers* (Praeger, 1992). He has also co-edited two other books entitled *Arms, Transparency, and Security in Southeast Asia* (Oxford University Press, 1997) and *Weathering the Storm: Taiwan, Its Neighbors, and the Asian Financial Crisis* (Brookings Institution Press, 2000). He has recently published his work in such journals as *Foreign Affairs*, *Survival*, and *National Interest* and prepared a report on China's strategic rocket forces for the U.S. National Intelligence Council. Other recent works appear in *New York Times*, *Los Angeles Times*, *International Herald Tribune*, *Washington Post*, *Washington Times*, *China Quarterly*, and *Far Eastern Economic Review*. He also writes a monthly column on foreign affairs for the Korean-language edition of *Newsweek*.

Among his professional affiliations, Dr. Gill serves on the Board of Directors of the National Committee on U.S.-China Relations, the U.S.-China Policy Foundation, and the American Association for Chinese Studies, is on the Editorial Board of the *Journal of Contemporary China* and the *Washington Journal of Modern China*, and is a member of the Council on Foreign Relations. Dr. Gill received his Ph.D. in Foreign Affairs from the Woodrow Wilson Department of Government and Foreign Affairs, University of Virginia, USA. He has lived more than two years in China and Taiwan, and more than five years in Europe (France, Sweden, Switzerland). A frequent visitor to East Asia, Dr. Gill speaks, reads, and writes in Chinese, English, and French. He and his wife of 15 years, Dr. Sarah Palmer, a virologist, reside in Maryland.

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Professor of Political Science and Director of the Institute of International Relations at the University of British Columbia, Vancouver, Canada.

Prior to taking up his appointment as professor of security and defence studies, Prof. Job held similar appointments at the University of Minnesota (1974-1989).

Job is currently engaged in research on the evolving security order of the Asia Pacific region, on the promises and problems for multilateral approaches to regional security on official and non-official levels.

His recent publications have focused upon the Track 2 security dialogue process in Asia Pacific, Canadian foreign and defence policy, and the concerns of Northeast Asia, including the Taiwan Straits and Korean Peninsula. Professor Job is engaged in the Track 2 security dialogue community of the Asia Pacific. He is one of the founders and Co-Director of the Canadian Consortium on Asia Pacific Security. He is Co-Chair of the Canadian member committee of CSCAP (Council on Security Cooperation in Asia Pacific) as well as Co-Chair of the CSCAP North Pacific Working Group. From 1997-99, he was a member of the Foreign Minister's Advisory Board.

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Dr. Hernandez was a visiting professor in a number of academic institutions abroad, including the Institute for International Studies and Training in Japan, Cornell University, and the University of Toronto where she was the first Filipino and first woman Visiting Professor of ASEAN and International Studies. During Spring of 1998, she was Visiting Professor at the Virginia Military Institute, the first holder of its Lopez Chair in Asian Studies. She recently served as Visiting Professor at the Graduate School for International Cooperation Studies of Kobe University, Japan from October 2001 to March 2002.

Dr. Hernandez is associated with a number of international institutions including the International Institute for Strategic Studies (IISS, London in which she is currently a member of its governing council, the first Filipino to serve in this body) and the Social Science Research Council in New York in which she is a Member of the International Committee for its Global Security Program. She is also an international counselor of the Asia Society, New York and a member of the Board of Trustees of its affiliate, The Asia Society Philippine Foundation. Dr. Hernandez is a founding member of the ASEAN Institutes of Strategic and International Studies (ASEAN ISIS) that she chaired in 1992-1994 and 1999-2000 and the Council for Security Cooperation in the Asia Pacific (CSCAP) of which she was Co-Chair of its Steering Committee in 1999-2001. She is one of the representatives of the South in the Executive Council of the North-South Centre (the European Centre for Global Interdependence and Solidarity of the Council of Europe), and a member of the Steering Committee of the Asia-Pacific Agenda Project (APAP) of the Japan Center for International Exchange (JCIE). She has also been actively involved in the work of the Council for Asia-Europe Cooperation (CAEC) in providing policy studies to the Asia-Europe Meeting (ASEM).

In 1989-1990, she served as a member of the Commission that investigated the failed coup of 1989, a body appointed by the former President Corazon C. Aquino and produced the Final Report that is seen as a critically important document in the country's march to redemocratization. She also served as a member of the Estrada administration's National Peace Forum for the conduct of local peace talks with communist insurgents, Chair of the Department of Political Science of the University of the Philippines, Director of the University Center for Integrative and Development Studies; Chair of the Philippine Social Science Council's Executive Council; President of the Philippine Political Science Association; Treasurer for the Pacific of the International Political Science Association's Research Committee on Armed Forces and Society; and Member of the Advisory Board of the Regional Strategic Studies Programme of the Institute of Southeast Asian Studies in Singapore.

Dr. Hernandez has widely published in international, regional and Philippine academic journals such as the *Asian Survey*, *Pacific Review*, *Third World Quarterly*, and *Public Policy* in the fields of regional security and foreign relations; military in politics, democracy and development, and Philippine domestic politics and foreign policy. She is currently revising the entries on the Philippines in the *Encyclopedia Britannica*. She was also editor of the *Philippine Foreign Relations Journal* and edited or co-edited a number of books on international relations, politics, security, and civil-military relations. She has also delivered lectures before regional and international audiences as well as academic institutions, including at Japan's Keidanren, The Asia Society, New York Council on Foreign Relations, the Asia-Europe Foundation (ASEF) Summer School, the British Council, Columbia University, Harvard University, and the State University of New York at Buffalo.

She holds a B.S. in Foreign Service (*cum laude*) from the University of the Philippines, and an M.A. in International Relations from the University of Karachi where she finished first in her class. She also did graduate work in political philosophy at Duke University and holds a Ph.D. degree in Political Science from the State University of New York at Buffalo where she wrote a pioneering study on Philippine civil-military relations. She is married to Regional Trial Court (RTC) Judge Jose R. Hernandez with whom she has five grown children.

DR. CHANDRA MUZAFFAR

President, International Movement for a Just World (JUST), Malaysia.

Dr. Chandra's present International NGO involvement include among others Member of Trustees, Association for the Advancement of Religion and Secular Humanism, Mumbai, India; Member, International Council, Asia Society, New York; Member, International Society for the Comparative Study of Civilisations; Member, Board of Directors, International Movement Against All Forms of Discrimination & Racism (IMADR) Brussels, Belgium; and Member, Advisory Council, Asian Cultural Forum on Development, Bangkok.

Amongst his past NGO and political involvement include Deputy President, Parti Keadilan Nasional (keADILan) (National Justice Party) (1999-2001); Distinguished Fellow, Institute of Islamic Understanding Malaysia (IKIM) (1998-2000); Member, International Advisory Panel, Periodica Islamica (1996); Consultant, UN Conference on Human Rights, Vienna (1993); Member, International on East Timur & Burma, People's Plan 21st Century, Bangkok, Thailand (1992); Founder-President, Aliran Kesedaran Negara (ALIRAN) (1977-1991); and Member, Regional Advisory Board SOJOURN Institute of Southeast Asian Studies, Singapore (1984-1987).

Dr. Chandra was Professor-cum-Director, Centre for Civilisational Dialogue, Universiti Malaya (1997-1999); Senior Research Fellow, Centre for Policy Research, Universiti Sains Malaysia (USM) (1992-1997); Lecturer, School of Social Sciences, USM (1974-1983); and Assistant Lecturer, School of Social Sciences, USM (1970-1974).

Dr. Chandra has published extensively in the areas of Politics, Religious Affairs, and Human Rights. He has also participated in various regional and international conferences. One of the memorial lectures that Dr. Chandra has been invited to speak was The Ismail Al-Faruqi Memorial Lecture, 'Morality in Public Life: The Challenge before Religion', 30th Annual Conference of the Association of Muslim Social Scientists (AMSS), University of Michigan, Dearborn, Michigan, 26-28 October 2001.

He has been conferred academic and community service awards for his outstanding achievements and great contributions, i.e. Presidential Citation from Xavier University, United States in recognition of scholarship and leadership in the area of human rights (2000); The Weigand Distinguished Visitor Fellowship Duke University (2000); The Harry J. Benda Prize for distinguished scholarship on Southeast Asia awarded by the Association of Asian Studies, North America (1989); Monitor, Human Rights Watch (1988); and Rockefeller Social Science Fellowship in Development Studies for Southeast Asia (1984-1985).

DR. CHARLES E. MORRISON
President, East-West Center, Hawaii, USA.

At the Center for 21 years, he assumed the post of President on August 1, 1998. He has had extensive involvement in the conceptualization, organization and funding of policy-oriented educational research and dialogue projects in both Japan and the United States, and has long been involved in promoting the concept of Asia-Pacific community. He is a founding member of the U.S. National Committee for Pacific Economic Cooperation and member of the U.S. Committee for Security Cooperation in Asia Pacific.

His previous positions include Past chair, U.S. National Consortium of APEC Study Centers; co-director, East-West Center-University of Hawaii APEC Study Center; Former director of the Center's Program on International Economics and Politics; and former U.S. Senate aide; Research adviser to two binational Japan-U.S. Commissions. Projects include APEC trade and development cooperation, the New Generation Seminar (exchange program for young leaders), the Congressional Study Group on Japan, the Congressional Study Group on the Pacific Islands, and the Asia-Pacific Security Outlook. Co-edits the annual Asia-Pacific Security Outlook series. He has been quoted frequently by major news media in the region on issues of regional cooperation, international relations, U.S. Asia policy and trade policies, U.S.-Japan relations, and the Asian economic crisis.

He is the author of a wide range of books, papers and analyses. Ph.D from Johns Hopkins School of Advanced International Studies (SAIS) specializing in Asian international relations.

Publications in recent years include Community Building with Pacific Asia (report to the Trilateral Commission); ASEAN: Forum, Caucus & Community; Asia-Pacific Crossroads: Regime Creation and the Future of APEC; and Development Cooperation in the 21st Century: Implications for APEC; Asia-Pacific Security Outlook: 2001.

Research Specialties:

- The Asia Pacific Economic Cooperation (APEC) forum.
- Asia-Pacific international relations, economic issues, and security issues.
- U.S. Asia policy, trade policy, and U.S.-Japanese relations.

DR. CHUSNUL MAR'YAH

Member of the Indonesian Electoral Commission & Director of Graduate School of Political Science, University of Indonesia, Indonesia.

Dr. Chusnul Mar'iyah has been Member of the Indonesian Electoral Commission (2001-2006) & Director of Graduate School of Political Science, University of Indonesia since 2000.

She obtained her Ph.D in Political Science from the University of Sydney, Australia in 1998.

Her expertise and interests are in the fields of Indonesian Political System; Urban Politics; Federalism; Australian Politics; Women and Politics; working for democratisation, human rights, transparency and promoting women participation in decision-making process.

Dr. Chusnul's Working Experiences include Lecturer at the Department of Political Science, undergraduate and post graduate, the University of Indonesia in many subjects such as Introduction to Political Science, Urban Politics, Australian Politics, Women and Politics and Comparative Politics (1982- now); Working with conflicts in West Kalimantan, Ambon, North Malucas and Aceh, specially for increasing women in the negotiating table in conflict resolutions (1999- now); Member of Governing Boards, many NGOs in Indonesia including Transparency International - Indonesia; Tifa Foundation (partner of Open Society Institute); Founders of Many Women's NGOs including the Indonesian Women Coalition for Justice and Democracy (used to be the first coordinator in 1998 who were involved in the 1998 movement) and Women for Peace and Justice (the organisation who facilitated women peace initiative in Aceh and North Malucas, the hot spot of conflicts areas in Indonesia), Board of Common Ground.

DAVID ASHER

Senior Advisor for East Asian and Pacific Affairs (EAP) at the Department of State, USA.

In this capacity he advises the EAP Assistant Secretary, James Kelly, and other senior government officials on Asia policy and strategy.

Asher has been involved in Asian affairs for over a decade in a wide range of capacities. Prior to joining the State Department, Asher served as the associate director of Asian Studies and director of the Japan Program at the American Enterprise Institute in Washington, DC. From 1998-2000 he was a research fellow with the Center for International Studies at MIT, research director of the MIT Japan Program, and an associate in research with the Reischauer Institute for Japanese Studies at Harvard University. Previous to these positions he worked as a staff member for leading Republicans in the US Congress, Asia policy analyst and advisor to the Office of the Secretary of Defense, and market strategy consultant to a number of hedge funds and investment banks. In addition, from 1996-2001 he was a managing partner of a highly successful Chicago based investment company, active in real estate, oil & gas, private equity, and global funds management.

Asher is the author or co-author of numerous articles and monographs on the Japanese economy and US-Japan relations, including *Could Japan Become the England of the Far East?* (AEI special report and IIIPS *Asia-Pacific Review*, Tokyo, 2001), *Japan Policy Challenges for the New Administration* (AEI press, 2001), *Could Japan's Mount Fuji Blow its Top?* (MIT Japan Program, 2000) and *Japan's Key Economic Challenges for the 21st Century* (Johns Hopkins University, School of Advanced International Studies, 1998). His research and analysis have been repeatedly featured in the *Wall Street Journal*, the *New York Times*, the *Financial Times*, the *Los Angeles Times*, *USA Today*, *Business Week*, the *Far Eastern Economic Review*, *Time*, the *Asahi Shimbun*, *Nihon Keizai Shimbun*, and *Nikkei Business*, among other publications, as well on CNN, BBC, NBC Nightly News, CNBC "Squawk Box," Asahi "News Station," TV Tokyo, and elsewhere. Asher did his undergraduate and initial graduate work in Political Science, Japanese, and Economic History at Cornell University and the London School of Economics. He is shortly to receive a doctorate in International Relations from the University of Oxford. His dissertation addresses the failure of Japanese economic and financial reform in the 1920s and the backlash against liberalism in the 1930s. Asher is fluent in Japanese and has spent more than three years living in Japan.

PROFESSOR DESMOND BALL

Professor, Strategic and Defence Studies Centre, Australian National University, Australia.

Professor Desmond Ball is a Professor in the Strategic and Defence Studies Centre at the Australian National University, Canberra.

Professor Ball is the author or editor of over 40 books or monographs on defence and security in the Asia-Pacific region. His recent publications include monographs and books entitled *The Transformation of Security in the Asia-Pacific Region*, (Frank Cass & Co.Ltd., London, 1996); *Presumptive Engagement: Australia's Asia-Pacific Security Policy in the 1990s*, (Allen & Unwin, Sydney, 1996); *Breaking the Codes: Australia's KGB Network, 1944-1950*, (Allen & Unwin, Sydney, 1998); *Burma's Military Secrets: Signals Intelligence (SIGINT) from the Second World War to Civil War and Cyber Warfare*, (White Lotus Press, Bangkok, 1998); *The Next Stage: Preventive Diplomacy and Security Cooperation in the Asia-Pacific Region*, (Canberra Papers on Strategy and Defence No.131, Strategic and Defence Studies Centre, Canberra, 1999); and *Maintaining the Strategic Edge: The Defence of Australia in 2015*, (Canberra Papers on Strategy and Defence No.133, Strategic and Defence Studies Centre, Australian National University, Canberra, 1999).

Professor Ball is a Fellow of the Academy of Social Sciences of Australia (FASSA), a member of the Council of the International Institute for Strategic Studies (IISS), and Co-chair of the Steering Committee of the Council for Security Cooperation in the Asia-Pacific (CSCAP).

MAJOR GENERAL DIPANKAR BANERJEE, AVSM (Retd)
Executive Director, Regional Centre for Strategic Studies, Sri Lanka.

Major General Dipankar Banerjee served in the Indian Army for 36 years and retired prematurely to pursue full time his interests in strategic research. His military career included service in various capacities in all operational environments, conflicts and border areas of India.

He has been the Deputy Director of the Institute for Defence Studies and Analyses and founder Co-Director of the Institute for Peace and Conflict Studies, both at New Delhi. From May 1999, Banerjee is the Executive Director of the Regional Centre for Strategic Studies, a South Asian regional think tank based at Colombo, Sri Lanka.

Banerjee's areas of academic interest are national security issues; confidence building measures, Asia Pacific Security and China's security and foreign policies. He has published extensively on these subjects. His recent edited volumes include *South Asian Security Futures: A Dialogue of Directors of Strategic Studies Institutes, South Asia at Gun Point, Small Arms and Light Weapons Proliferation (2000); Security Studies in South Asia: Changes and Challenges (2000); CBMs in South Asia: Potential and Possibilities (2000); Confidence Building Measures in South Asia (1999); Comprehensive and Co-operative Security in South Asia (1998).*

He is an International Adviser to the ICRC, Geneva from 2000 to 2003; was a consultant to the Group of Government Experts on the UN Conventional Arms Register in 2000; is a member of the research team of the annual Asia Pacific Security Outlook project for India and is a member of the Executive Committee of the ARF Senior Officer Camp organised annually by the IDSS, Singapore.

DR. EDNA KEEBLE

Associate Professor of Political Science at Saint Mary's University, Halifax, Nova Scotia, Canada.

Her current research focus is on the sex trade in the Philippines, specifically in the reconceptions of "place" and the use of differing feminist methodologies to chronicle the lives of women in prostitution. More generally, she is also interested in matters of gender and Canadian foreign policy. Her interest and participation in gender and security matters at the Asia Pacific Roundtable date back to 1997 and she considers it a privilege to be part of an on-going commitment to re-define security in the region.

DR. EDY PRASETYONO

Head, Department of International Relations, Centre for Strategic and International Studies (CSIS), Jakarta, Indonesia.

Dr. Edy Prasetyono has been Head of Department of International Relations, CSIS since 2001. He is also Member of the Indonesian Committee, Council for Security for Security Cooperation in Asia Pacific (CSCAP); as well as Researcher at the Department of International Relations, CSIS; and has held the position of Visiting Lecturer at the Naval Staff College, Indonesia since 1996.

His previous positions include Visiting Lecturer, Air Force Staff College and Joint Staff College, Indonesia (1992-1997); Visiting Researcher, Australian Defence Studies Center, Canberra, Australia (1993); and Visiting Fellow, Japan Institute of International Affairs (JIIA), Tokyo, Japan (1991).

Dr. Edy's area of interest include ASEAN; Security Issues in Asia Pacific; Defence and Military Studies; European Affairs; and International Relations in general.

He obtained his B.A. from Department of Political Science, University of Indonesia, Jakarta in 1989; M.A. and Ph.D from Department of Political Science and International Studies, Birmingham University, England in 1994 and 2001, respectively; and Short Course on National Security, Kiel University, Kiel, Germany in 1995.

DR ERIC TEO CHU CHEOW

Council Secretary of the SIIA and Director-General of Pacific Basin Economic Council or PBEC-Singapore.

Dr Eric Teo Chu Cheow is Council Secretary of the SIIA and Director- General of Pacific Basin Economic Council or PBEC-Singapore. Dr Teo was a Singapore Public Service Commission (PSC) scholar in France for eight years, where he obtained all his three tertiary degrees in political science and international relations from Paris. He then returned home to serve in the Singapore diplomatic corps for eleven years, after which he left Government service to begin a private sector career as business development director for a Franco-Belgian utilities and infrastructural MNC for almost five years. Since the beginning of 2001, Dr Teo has set up his own firm and become an independent corporate consultant for big businesses and multilateral organizations.

Dr Teo continues to observe political and economic developments in Asia as well as Europe from a perspective of diplomacy and business and has offered analysis and commentaries to various journals, as well as the regional and international media, ranging from the Straits Times, Business Times, International Herald Tribune, Le Figaro, Bangkok Post, Jakarta Post and Asiaweek to Channel News Asia (CNA), CNBC, Bloomberg TV, Australian Special Broadcasting Corporation and Radio Singapore International (RSI). His special focus includes : ASEAN and East Asian politics, diplomacy and economics; economic and financial developments in Europe and France; European integration and American relations with both Asia and Europe; infrastructure and utilities-related issues. He has been invited to speak and present papers at numerous international conferences and seminars, and has published papers in American, German and Hong Kong academic reviews. He has also been consulted as a "private sector resource person" by the Asian Development Bank for their Greater Mekong Sub-Region project and is currently a consultant to the World Bank for the Asia-Pacific region.

Academic background : Diplôme de l'Institut d'Etudes Politiques de Paris (DIEP) in 1982, Diplôme d'Etudes Approfondies (DEA) in 1983, and Doctorat du 3ème cycle (Histoire Contemporaine et Relations Internationales) from the Fondation Nationale des Sciences Politiques (FNSP) in Paris, France in 1985.

FIKRI JUFRI

Managing Director, PT Grafitipers, Indonesia.

Mr. Fikri Jufri is also Publisher of Matra Magazine and Director, PT Bina Media Tenggara, Indonesia.

His previous positions include Deputy Editor-in-Chief of Ekspres 1970-1971; Reporter & Editorial Writer of Pedoman (1969-1970); and Reporter of Kami (1967-1968).

Mr. Fikri Jufri received his education from Stanford University, Stanford, USA (Professional Journalism Fellowship, 1972); Asian Press Foundation (Economic Writing Seminar, Manila, The Philippines, September 1968); and University of Indonesia (Faculty of Economics, 1965).

PROFESSOR GARY R. HAWKE

Professor of Economics, Victoria University of Wellington, New Zealand.

Prof. Gary Hawke has been on the staff of Victoria University of Wellington since 1968, and is currently Professor of Economic History. He is also a Fellow of the Royal Society of New Zealand.

He has been a Visiting Fellow at Stanford University in the United States, All Souls' College, Oxford in the United Kingdom, at the Australian National University (ANU) in Australia, and with a number of institutions in Japan. He was Tawney Lecturer for the Economic History Society in the UK IN 1978, and in 1998 in New Zealand, he was awarded the NZIER-Qantas Prize in Economics.

Prof. Gary Hawke's principal publications are *Railways and Economic Growth in England and Wales, 1840-1870* (Oxford, 1970); *Between Governments and Banks: A History of the Reserve Bank of New Zealand* (Wellington, 1973); *Economics for Historians* (Cambridge, 1980); *The Making of New Zealand: An Economic History* (Cambridge, 1985); *The Thoroughbred among banks in New Zealand, Vol. 1 The Early Years* (Wellington, 1997); Publications by the Institute of Policy Studies such as *Improving Policy Advice* (1993), articles in journals, contributions to books and as co-author of a number of Planning Council reports, including *Labour Market Flexibility* (1986) and *The Economy in Transition: Restructuring to 1989* (1989).

He has held several posts in university management, notably that of Dean of Arts (1985-1988); Member of the Committee of Review of the Research School of Social Science at ANU (1988); Director of the Institute of Policy Studies (1987-1998); Chaired the Cabinet Social Equity Committee Working Group on Postcompulsory Education and Training (1988); and a Ministerial Review of Applied Social Science Capacity(1995); Member of the Superannuation 2000 Task Force.

Prof. Gary Hawke was associated with the New Zealand Planning Council from 1980, and chaired the Council (1986-1991). He is currently Deputy Chair of the Board of the New Zealand Committee of the Pacific Economic Co-operation Council.

He has seldom found it necessary to distinguish between work and pleasure, but in addition to reading and thinking about economic and social development, especially as it has been experienced in New Zealand, he attends music concerts and looks at modern painting, engages in armchair criticism of almost anything, avoids exercise other than that associated with attending cricket matches or walking with his dog – the “only slightly hairier Duff” having been shrewdly identified as the real author of some publications - and, a reluctant non-smoker, he speculates on the potential of a book exploring the parallels between the modern campaign against smoking and seventeenth century attacks on witchcraft.

PROFESSOR DR. HADI SOEASTRO

Executive Director, Centre for Strategic and International Studies (CSIS), Jakarta, Indonesia.

He was also Member of National Economic Council of the Republic of Indonesia.

He obtained his Ph.D from the RAND Graduate School, Santa Monica, California in 1978.

Prof. Dr. Hadi was Visiting Professor at the School of International and Public Affairs, Columbia University, New York (1988-89) and Okita Fellow at the Economic Department, Research School of Pacific and Asian Studies (RSPAS), Australian National University (ANU), Canberra (1997-98).

He has been a lecturer at Faculty of Economics, University of Indonesia, Jakarta since 1986 and Adjunct Professor at RSPAS, ANU since 1998.

PROFESSOR DR. IBRAHIM M. ABU-RABI'

Professor of Islamic Studies and Christian-Muslim Relations, the Macdonald Center for the Study of Islam and Christian-Muslim Relations, and Senior Editor of The Muslim World, Hartford Seminary, USA.

Prof. Dr. Ibrahim received his Ph.D. from Temple University (Department of Religion), 1987, Islamic Studies; M.A., Temple University (Department of Religion), 1983, Religious Studies; M.A., University of Cincinnati (Political Science Department), 1982, Political Science: Major field of specialization is the Middle East and International Relations; B.A., (Honors), Birzeit University (Department of English) 1980, English Literature - (Minor in Political Science and Sociology). He speaks fluent English; Arabic; Hebrew; French; Turkish, and Bahasa Indonesian

His publications include *Work in Progress: Secularization and Its Discontents: The Recent Debate in the Arab World: Islam at the Crossroads: On the Life and Thought of Bediuzzaman Said Nursi* (State University of New York Press, forthcoming, early 2002); *Intellectual Origins of Islamic Resurgence in the Modern Arab World* (Albany: State University of New York Press, 1996); Reprint of *Intellectual Origins of Islamic Resurgence in the Modern Arab World* (Albany: State University of New York Press, 1997); Editing, *Islamic Resurgence and the Challenge of the Contemporary World: A Round-Table Discussion with Professor Khurshid Ahmad* (Tampa: The World and Islam Institute, 1994); 2nd enlarged edition, *Islamic Resurgence and the Challenge of the Contemporary World: A Round-Table Discussion with Professor Khurshid Ahmad* (The Institute of Policy Studies, Islamabad, Pakistan, 1995); Editing and writing the introduction to Elmer Berger's translation of *The Pearls of Wisdom by the North African Mystic Ibn al-Sabbagh* (Albany: State University of New York Press, 1993); and Spring 1996: Reprint of my edited work, *The Pearls of Wisdom by the North African Mystic Ibn al-Sabbagh* (Albany: State University of New York Press).

Prof. Dr. Ibrahim's book chapters include "The Muslim World: Globalization and Ecology." In D. Hessel and L. Rasmussen, eds., *Earth Habitat: Eco-Justice and the Church's Response* (Minneapolis: Fortress Press, 2001) 71-82, 225-9; "Pope John Paul II and Islam." In B. L. Sherwin and H. Kasimov, eds., *John Paul II and Interreligious Dialogue* (Orbis Press, 1999): 185-204; "The Arab World." In Seyyed Hossein Nasr and Oliver Leaman, *Routledge History of World Philosophies, History of Islamic Philosophy*, volume two (London: Routledge, 1996), pp. 1082-1114; "Meaning of Prayer in Islam." In *Encyclopedia of the Modern Islamic World*, John Esposito, ed. New York: Oxford University Press, 1995; "Social Justice in Modern Islamic Thought." In *Encyclopedia of the Modern Islamic World*, John Esposito, ed. New York: Oxford University Press, 1995; "Jewish-Muslim Dialogue." In *Encyclopedia of the Modern Islamic World*, John Esposito, ed. New York: Oxford University Press, 1995; "Introduction to the Shadhiliyah Order," in *The Mystical Teachings, ibid.*, pp. 3-13. His articles are "whose God is this? At the heart of religion." *The Hartford Courant*, September 23, 2001 [North East Section, p. 10]; "Between Sacred Text and Cultural Constructions: Modern Islam as Intellectual History." *Muslim World Book Review*, volume 20(3), Spring 2000, pp. 3-13; "Arabism, Islamism, and the Future of the Arab World: A Review Essay." *Arab Studies Quarterly*, Volume 22(1), Winter 2000, pp. 91-101; "The Secularism Debate in Modern Arab Thought." *Encounters: Journal of Inter-Cultural Perspectives*, volume 5(2), September 1999, pp. 155-178; "Christian-Muslim Relations in the Twenty-First Century: Lessons from Indonesia." *Islamochristiana*, volume 24 (1998): 19-35; "Globalization: A Contemporary Response." *The American Journal of Islamic Social Sciences*, Volume 15(3), Fall 1998, pp. 15-45.

LT GEN JAIME S DE LOS SANTOS
42nd Commanding General of the Philippine Army.

He retired from the military service last April after serving for 37 years.

Lieutenant General De Los Santos is the first Filipino and ASEAN national to lead a 24-nation UN Peacekeeping Force in East Timor. The position carries the rank of Assistant Secretary General, the third highest level in the United Nations' Body.

He was The Deputy Chief of Staff, AFP before his designation as Commanding General of the Philippine Army. His previous assignments included being Commander, Visayas Command, AFP and Superintendent, Philippine Military Academy.

Graduating with a Bachelor of Science degree from the Philippine Military Academy in 1969, he began his career as an Infantry Officer. He holds two masters degrees - a Master in Business Administration and a Master of Arts in Economic Research from the University of the Philippines and the Center for Research and Communications (now University of Asia and the Pacific), respectively. He finished all required and specialized military courses both in the Philippines and in the Continental United States of America, which culminated in the Command and General Staff Course (CGSC) at the AFP Command and General Staff College (AFPCGSC) where he graduated number 1 in a class of 59 student-officers.

Lieutenant General De Los Santos was a seasoned combat officer. He had a wide regimental and command experience which spanned command positions from a company to an area command level of various tactical units in Luzon, Visayas and Mindanao. As an infantry officer, he had commanded an infantry company, the 16th Infantry Battalion, the 101st Infantry Brigade, the 5th Infantry Division and the Northern Luzon Command.

He also served in various staff positions in the Philippine Army and in the General Headquarters, AFP. His staff duties were as Chief of Staff of the 2nd Infantry Division, Assistant Chief of Staff for Personnel, G1 and Chief of Staff, Philippine Army. Likewise, he was formerly an AFP Spokesman, Chief of the Liaison Office for Legislative Affairs, Assistant Deputy Chief of Staff for Operations, J3 and concurrently the Chief of the AFP Joint Operations Center.

His awards for peacetime and combat services consisted of a Distinguished Conduct Star (the 2nd highest AFP award for conspicuous gallantry and heroism in combat), ten (10) Distinguished Service Stars (for distinguished service in positions of major responsibility), an Outstanding Achievement Medal, two (2) Bronze Cross Medals, numerous Military Merit Medals, Military Commendation Medals, Letters of Commendation and Campaign Medals. On two occasions, he received the '*PHILIPPINE MILITARY ACADEMY CAVALIER AWARD*' as an outstanding PMA alumnus in the field of Staff Functions in 1994 and in Command and Administration in 2002. On December 2, 2001, he was recognized with a '*UNIVERSITY OF THE PHILIPPINES' COLLEGE OF BUSINESS ADMINISTRATION DISTINGUISHED ALUMNUS AWARD*,' along with nine (9) other UP College of Business Administration alumni. No less than the former Prime Minister Cesar Virata chaired the Board of Judges who selected him for outstanding public service. Likewise, he was also awarded the prestigious '*UNIVERSITY OF THE PHILIPPINES' OBLATION AWARD AS AN OUTSTANDING PUBLIC SERVANT AND DISTINGUISHED LEADER*' during the 80th UP Vanguard Homecoming and Convention last March 9, 2002.

JAMES MARFORI KRAFT

Deputy Director General, National Intelligence Coordinating Agency (NICA), Philippines.

Mr. James Kraft has been appointed Deputy Director General, NICA by the President of the Republic of Philippines since March 2001.

Prior to this position he was Assistant Director General for Operations (January 2001); Director, Counter-Intelligence Office (August 1993); Director, National Capital Regional Office (October 1990); Director, Southern Tagalog Regional Office (February 1990); Director, Special Projects Division (October 1987); Chief of Domestic Branch, Operations Control Division (August 1981); Chief of Counter-Intelligence, Western Mindanao Regional Office (April 1974); Security Investigation Officer, Security Group (August 1971); Case Officer, Northern Luzon Regional Office (November 1969); Administrative Assistant, Office of the Director General, NICA (January 1965); Appointed to the National Intelligence Coordinating Agency (NICA) (September 1958).

H.E. Mrs. JEAN C. McCLOSKEY
High Commissioner for Canada in Malaysia

H.E. Mrs. Jean McCloskey has been the High Commissioner for Canada in Malaysia since March 2000.

Prior to her present position, she was Senior Advisor, Privy Council Office (1999-2000); Deputy Minister, Natural Resources Canada (1994-1999); Associate Deputy Minister of Finance (1993-1994); President, Investment Canada (1991-1993); Assistant Deputy Minister, Asia Pacific Branch, Department of External Affairs (1987-1991); various positions in Asia Pacific Branch, Department of External Affairs (1982-1987); and various positions, Department of Industry Trade & Commerce (1967-1982).

H.E. Mrs. Jean McCloskey received her Bachelor of Arts Degree from University of Ottawa, Canada in 1967 and has done her Graduate Studies in Economics at Carleton University.

She is also a member of various organizations such as Carleton University, Ottawa Hospital, LOEB Health Research Institute, Canadian Cancer Society, United Way/Health Partners, Glebe Community Centre, Elmwood School, and National Arts Centre.

JOHN MCFARLANE

Executive Director, Australian Member Committee, Council for Security Cooperation in Asia Pacific (AUS-CSCAP), Australia.

John McFarlane is the Executive Director of the Australian Member Committee of the Council for Security Cooperation in the Asia-Pacific (AUS-CSCAP), located at the Strategic and Defence Studies Centre at the Australian National University in Canberra. At the same time, he is a Visiting Fellow at the Australian Defence Studies Centre at the Australian Defence Force Academy in Canberra, where he is undertaking a PhD in Political Science through the University of New South Wales.

Mr McFarlane retired from the Australian Federal Police on 31 December 1999, having most recently served as a Special Adviser in the Office of the Commissioner, and previously as the AFP's Director of Intelligence. From 1997- 1999 he was the Convener and Australian Co-Chair of a CSCAP Working Group on Transnational Crime. He again assumed the role of Australian Co-Chair of the Working Group in January 2002. Mr McFarlane also has a background in the Australian intelligence community and the Royal Australian Air Force.

He has written extensively on transnational crime and corruption and their impact on Asia-Pacific security and stability, as well as on issues such as military support for law enforcement and police peace operations in disrupted states. He was also the Co-Editor (along with Dr Beno Boeha) of *Australia and Papua New Guinea: Crime and the Bilateral Relationship*.

JORGE VILLAMOR TIGNO

Professor, Faculty, Department of Political Science, College of Social Sciences and Philosophy, University of the Philippines, Philippines.

Mr. Jorge V. Tigno has been Professor, Faculty, Department of Political Science, College of Social Sciences and Philosophy, University of the Philippines, Diliman since 1989. He is also Fellow, Institute for Strategic and Development Studies (1994-Present); Executive Committee Member, Philippine Migration Research Network (1999-Present); Board Member, UNLAD-Kabayan (June 2000-Present); Board Member, Philippine Political Science Association (November 2001-Present) and Board Member, Kanlungan Center Foundation (1995-Present).

His previous positions include Executive Director, Friends of Filipino Migrant Workers, Inc. (1986-1989); Deputy Director, UP Third World Studies Center (1992-1994); and Assistant to the Chairperson, Department of Political Science (June 1996-August 1997; January-March 1998).

Mr. Tigno's fields of research interest are Asian labor migration, Non-governmental organizations, and Local governance in the Philippines.

Among his recently completed researches, 1996-2000 (Published and Unpublished) are Case Writer, "Involving the Private Business Sector in Local Governance: The Cases of Bacolod City and the Province of Negros Occidental, Research Project on State-Civil Society Relations in Selected Local Communities in Thailand and the Philippines, Third World Studies Center (TWSC), Southeast Asian Studies Regional Exchange Program (SEASREP), September 2000-July 2001; "Poverty Alleviation in Rural Areas: Asset Reform Via Grassroots and Cooperative Initiatives (The Case of Agrarian Reform Communities in Bulacan Province), a Case Study under the Project Entitled "Development of Good Governance Indicators for Poverty Program Assessment," Ateneo School of Government and Ateneo Center for Social Policy (February - April 2000); and "Strangers in Our Midst?: A Preliminary Study of Foreigners in the Philippines," paper presented during the Third Philippine Migration Research Network Conference, Manila (January 2000).

His ongoing researches include "The Dynamics of Public Policy-Making in the Philippines: Deregulating the Business of Overseas Employment (RA 8042 in Political Context)," Doctoral Dissertation, National College of Public Administration and Governance (NCPAG), Professor Victoria Bautista, Adviser, September 2000-Present; "Beneath the Miracle: Undocumented Migration in the Asia," Institute for Strategic and Development Studies (ISDS) and Japan Center for International Exchange (JCIE) under the Council for Asia-Europe Cooperation (CAEC), Manila, August 2001-Present.

PROFESSOR DR. JOYCE K.KALLGREN
Chair of USCSCAP, USA.

Prof. Kallgren is also a Research Associate of the Institute of East Asian Studies at U.C. Berkeley. She is Emeritus Academic Editor of ASIAN SURVEY and Emeritus Professor of Political Science Davis Campus of the University of California, USA.

Prof. Kallgren has served as Associate Director of the Berkeley Institute of East Asian Studies (1988-1995); Chair of the UC Berkeley Center for Chinese Studies (1983-1988); and in 1996 was a Visiting Fellow at the Australian College for Defense and Strategic Studies in Canberra, Australia. She received her bachelors and masters degrees from the University of California and her doctorate in government from Harvard University.

Prof. Kallgren is a member of IISS, and the National Committee on U.S.-China Relations where she has served on their Board of Directors (1995-2001). She is an Honorary Advisory Professor at East China Normal University in Shanghai and a Consultant to American Foundations on welfare problems in China. Her most recently published work is "U.S.-Russian Relations in North-East Asia in the post-Cold War period: A U.S. Perspective" in Gennady Chufirin (editor) RUSSIA AND ASIA THE EMERGING SECURITY AGENDA (SIPRI Oxford University Press 1999) also "Progree in the 20th Century-Problems in the 21st Century: East Asia's Challenges for Japan" in Japan's Options for the Asian Age published by Hiroshima University 1997.

She has traveled in Asia since 1964 and visited and done research in China on a yearly basis since 1974 including village surveys in 1987, 1989, 1991 in cooperation with the Chinese Ministry of Civil Affairs and supported by the University of California Pacific Rim Committee.

PROFESSOR JUNG-HOON LEE

Professor of International Relations at the Graduate School of International Studies (GSIS), Yonsei University, Republic of Korea.

He received his BA from Tufts University, MALD from the Fletcher School of Law & Diplomacy, and D.Phil. from the University of Oxford.

Prof. Jung-Hoon Lee's former positions include a full-time lectureship at U.C. Berkeley's Department of International & Area Studies, a research fellowship at the University of Tokyo, and a visiting fellowship at the CSIS in Washington, D.C. In 1996, he joined the faculty as professor of international relations at the Graduate School of International Studies (GSIS), Yonsei University.

He currently serves as Chair of its Program in International Cooperation. He is also Director of the Center for European Studies at Yonsei's Institute for East and West Studies. Outside the campus, Prof. Lee holds a number of board and committee memberships. He is also an advisor to South Korea's National Security Council and the Ministry of Foreign Affairs and Trade as well as a member of CSCAP-Korea's Executive Committee.

He hosts a weekly TV program on current affairs called 'In Focus' on Arirang TV that is televised globally. He has written widely on East Asian affairs, with special reference to foreign policy and security issues. He is the editor of *Comprehensive Security in Asia: Conceptions and Realities* (Yonsei University Press, 2000).

JUSUF WANANDI

Member, Board of Trustees and Senior Fellow of the Centre for Strategic and International Studies (CSIS), Jakarta, Indonesia.

He is Chairman of the Indonesian National Committee for Pacific Economic Cooperation Council (INCPEC) and Co-Chair of CSCAP Indonesia and concurrently Member of the Standing Committee of PECC and Member of the Steering Committee of CSCAP (Council for Security Cooperation in the Asia Pacific). He is also President Director of the publishing company of *The Jakarta Post* Daily as well as Board Chairman of the Prasetya Mulya Graduate School of Management, and Chairman of the Foundation of Panca Bhakti University in Pontianak, West Kalimantan.

A lawyer by training, Mr. Wanandi was Assistant Professor of Law at the University of Indonesia, and has served in various national and international organizations in the course of his career. He was appointed as Secretary of the Indonesian Supreme Advisory Council; Secretary General of the National Education Council; and as four-term representative in the People's Consultative Assembly. He was active in the Golkar Party between 1979 until 1988 as a member of the Central Board in various capacities.

He has written extensively in national and international magazines and newspapers and has edited a number of books on political and security developments in the Asia Pacific region.

KIM TONG JE

Senior Researcher, Institute for Disarmament and Peace of Democratic People's Republic of Korea (DPRK).

Mr. Kim Tong Je has been appointed Senior Researcher at the Institute For Disarmament and Peace of DPRK since 1990.

His previous posts include Secretary of DPRK Mission in France (1986-1990); Officer, Ministry of Foreign Affairs of DPRK (1983-1985); Secretary of DPRK Embassy in Cameroon (1976-1978); and Officer, Ministry of Foreign Affairs of DPRK (1975-1976).

Mr. Kim Tong Je graduated from Kim Il Sung University in 1975.

KIYOHICO FUKUSHIMA

Chief Economist, Nomura Research Institute, Japan.

On finishing his graduate courses in Economics at the Hitotsubashi University, he started his career as an economic correspondent for the Mainichi Newspaper. He was a Visiting Fellow at Princeton University from 1976-77.

Joining the Nomura Research Institute in 1978, he became a Guest Scholar at the Brookings Institution, Washington D.C. in 1980-81. After working in the New York and Washington offices of NRI for five years in the 1980s, he returned to Japan in 1986. He was Director Policy Research Department in 1989-92. In 1994-96, he became a Professorial Lecturer at the School of Advanced International Studies, Johns Hopkins University. He was also President, Nomura Research Institute Europe (United Kingdom) from June 1999 to March 2002.

He has published three books on Japan and written articles in the *New York Times*, *Foreign Policy* and *International Affairs*.

DR. KUMAR RAMAKRISHNA

Assistant Professor in the Institute of Defence and Strategic Studies (IDSS), Nanyang Technological University, Singapore.

He obtained his PhD in History from Royal Holloway University of London in 1999. Kumar teaches the history of strategic thought at the SAFTI Military Institute. For the IDSS Masters of Strategic Studies Programme, Kumar teaches modules on strategic thought and the government and politics of Southeast Asia. His current research interests include British propaganda in the Malayan Emergency; propaganda theory and practice; history of strategic thought; and countering radical Islamic terrorism.

He has published in journals such as *Intelligence and National Security*, *Journal of Imperial and Commonwealth History*, *War in History*, *Journal of Southeast Asian Studies*, *Journal of the Malaysian Branch of the Royal Asiatic Society*, and *The Washington Quarterly*. His book, *Emergency Propaganda: The Winning of Malayan Hearts and Minds, 1948-1958*, was published by Curzon Press in February 2002.

LOCK WAI HAN

Director Planning & Organization, Singapore Police Force, Singapore.

Mr. Lock Wai Han is Director Planning & Organization of the Singapore Police Force which he joined in 1986. He is in-charge of strategic planning, budget planning and organization development.

He has previously held posts in planning, investigation and operations work. Mr. Lock Wai Han received his Bachelor of Arts (Hons) in Engineering and Master of Arts from University of Cambridge, United Kingdom; and Master of Science in Management from Leland Stanford Junior University, USA.

LOWELL MARTIN

Head, United Nations High Commissioner for Refugees (UNHCR) Liaison Office for Malaysia.

Mr. Martin arrived in Kuala Lumpur to take up his duties at the beginning of March 2001. A UNHCR staff member since 1980, much of his UNHCR career has been devoted to carrying out a variety of diverse assignments in over fifty countries in all regions while serving as Chief of the organisations Central Evaluation Section and Head of the Evaluation and Policy Analysis Unit. During the 1980's, Mr. Martin spent considerable time in Southeast Asia, first working in Malaysia in 1982.

In this capacity, Mr. Martin was attached to UNHCR's Executive Office where his responsibilities included addressing the analytical and evaluation needs of three High Commissioners. This work often entailed making analysis and proposals regarding issues and concerns the organisation was attempting to confront, including the development of operational and regional strategies.

Most recently, Mr. Martin served as a Principal Officer within UNHCR's Division of Information and Communication where he was charged with developing a new approach to UNHCR's public awareness and public sector fund-raising efforts.

Mr. Martin is a U.S. citizen whose education includes a Master of Business Administration degree including international studies, a Bachelor of Arts degree and subsequent graduate work in the Behavioural Sciences, and a Bachelor of Science degree in Administration. He speaks French, Spanish and German.

Mr. Martin and his wife have one son aged 12.

LUIDMILA G.VOROBIEVA

Acting Head of Division, Bureau of Asia Pacific Regional Issues, Ministry of Foreign Affairs, Russian Federation.

Mrs. Liudmila G. Vorobieva is now Acting Head of Dimension, Bureau of Asia Pacific Regional Issues at the Ministry of Foreign Affairs, Russian Federation.

Previous positions were: Counsellor, Second Asian Department, Ministry of Foreign Affairs (1999-2001); First Secretary, Embassy of the Russian Federation in Laos (1996-1999); Second Secretary, Second Asian Department, Ministry of Foreign Affairs (1993-1996); Third Secretary, Attache, Embassy of the Russian Federation in Laos (1989-1993); and lecturer, Moscow State Institute of International Relations (1985-1989).

Professional and academic interests include International Relations In Asia Pacific; regional Security Dimensions; Preventive Diplomacy in the Asia Pacific; Multilateral Political Institutions (ARF etc.); and Russia's policy in the Asia Pacific Region.

MANU BHASKARAN

Partner and Member of the Board Centennial Group Inc., Singapore.

Mr. Manu Bhaskaran is Partner and Member of the Board Centennial Group Inc. (April 2002) where he will lead the Asian economic research practice of the Group.

Prior to his present position, he was with SG Securities Asia Ltd. from April 1989 to October 2001 as its Managing Director / Chief Economist, Asia / Member of Executive Committee of SG Securities Asia Ltd. (formerly known as Crosby Securities Ltd.) (March 2001–October 2001); Managing Director / Chief Strategist and Chief Economist, Asia ex-Japan / Member of Executive Committee (August 1996–March 2001); Director, Crosby Securities Ltd. (October 1992–August 1996); and Investment Analyst (April 1989–October 1992).

He has also served the Government of the Republic of Singapore from August 1980 to April 1989. He was the Inspector of Police, Singapore Police Force (August 1980–May 1982); and with the Administrative Service, Government of Singapore (May 1982–April 1989).

Mr. Bhaskaran's other experience includes Visiting Fellow of the Institute of Policy Studies (December 2001–May 2002); and Council Member of the Singapore Institute of International Affairs (SIIA) (January 2002 to date).

Mr. Bhaskaran is also actively involved in community work, attended international conferences, and a regular writer for the *Nikkei Weekly*, *The Edge* and *The Far Eastern Economic Review*.

MELITA L. SALVADOR

Committee Secretary, House of Representatives, Philippines.

Ms. Melita L. Salvador has been Company Secretary (Supervising Legislative Staff Officer III), Committee on Public Order & Security since 1995.

Previously she was also on the same Committee (1990-1993); Committee on Ethics (1991-1992) (concurrent); Committee on Civil, Political & Human Rights (1993-1995); Senior Researcher, Office of former Congresswoman Teresa Aquino-Oreta (1988-1990); Chief of Division, Personnel Training & Research, Home Development Mutual Fund (Pag-IBIG Fund) (1982-1986); and Research Assistant, Farm Systems Development Corporation (1977-1982).

She is also a member of several organizations such as Council for Security Cooperation in the Asia Pacific (CSCAP); Philippine Inter-Agency Task Force on Anti-Money Laundering; and House Representatives Focal Point Group on Women.

Ms. Salvador has presented a Country Report on Legislative Initiatives on the Illegal Drug Problem at the fourth meeting of CSCAP Working Group on Transnational Crime held in Sydney, Australia (October 1998); and Country Report on Emerging Transnational Crime Threats at the fifth meeting of CSCAP Working Group on Transnational Crime held in Bangkok, Thailand (May 1999).

She has also participated in various distinguished seminars on constituency service, bill drafting, lobbying techniques, legislative research, legislative reform, population, women and reproductive health conducted by the Congressional Research & Training Service (1989-1995); as resource person on the topic "Legislative Research and Advocacy" during the seminar for the Armed Forces of the Philippines-Retirement & Separation Benefit System in April 1997; and as resource person during the role playing of a mock committee for freshmen legislators in the incoming 12th Congress in July 2001.

DATO' MOHAMED JAWHAR HASSAN

Director-General, Institute of Strategic and International Studies (ISIS) Malaysia.

Dato' Mohamed Jawhar Hassan, Director-General, ISIS Malaysia, served with the government before he joined ISIS as Deputy Director-General in May 1990. He was appointed Director-General of ISIS on 1 March 1997.

His positions in government included Director-General, Department of National Unity; Under-Secretary, Internal Security Division, Ministry of Home Affairs; Director (Analysis) Research Division, Prime Minister's Department; and Principal Assistant Secretary, National Security Council. He also served as Counsellor in the Malaysian Embassies in Indonesia and Thailand.

In ISIS, his special focus is in the fields of international relations, security and nation-building.

His other positions are Secretariat, CSCAP, Co-Chair of CSCAP (Council for Security Cooperation in Asia Pacific) Working Group on Cooperative Security and Comprehensive Security; Vice-Chairman, Malaysian National Committee, Pacific Economic Cooperation Council (PECC); Secretary, Malaysian CSCAP; Member, Advisory Panel, Institute of Historical Studies, Malaysia; and Member, National Committee for International Affairs, Malaysian Red Crescent Society.

He is/was also:

- Project Coordinator, Master Plan on Knowledge Economy.
- Secretariat, Task Force for People Development in the IT Age.
- Secretariat, Working Group on E-Sovereignty.
- Member, Government Study Committee on National Coastguard.

THE HONORABLE DR. MOHAMMAD AMIEN RAIS
Chairman of the People's Consultative Assembly (MPR) of Republic Indonesia.

The Honorable Dr. Mohammad Amien Rais has been the Chairman of the People's Consultative Assembly (MPR) of Republic Indonesia since 1999. He is also Professor at the Faculty of Social and Political Science, University of Gajah Mada, Yogyakarta since 1998; Chairman of Directorate Board for Center of Policy and Strategic Study since 1989; Lecturer of Post Graduate Program, University of Gajah Mada, Yogyakarta since 1981; and Lecturer at the Faculty of Social and Political Science, University of Gajah Mada, Yogyakarta since 1970.

Apart from the above, he is also Chairman of Muhammadiyah Student Association; Chairman of Islamic Student Religious Proselytizing of Muhammadiyah Student Association (HMI), Yogyakarta; Staff of National Research Council; Expert Staff of Overseas Magazine, Foreign Affairs Department, Indonesia since 1985; Senior Scientist in the Minister of Research and Technology/The Agency for the Assessment and Application of Technology since 1991; Board of Editors of *Republika* since 1992; General Chairman of Muhammadiyah headquarters (1995-1998); Chairman of Export Board of ICMI (1995-1997); General Chairman of National Mandate Party (PAN) since 1998 and Chairman for Research and Development of Indonesian Political Science Association.

Dr. Amien Rais has written extensively on the religious and political issues, amongst others, *Crisis Settlement from Mosque's Verandah (Mengatasi Krisis dari Serambi Masjid, Pustaka Pelajar, Yogyakarta, 1998)*; *Social Monotheism (Tauhid Sosial, Mizan, Bandung, 1998)*; *For Nation's Interest (Demi Kepentingan Bangsa, Pustaka Pelajar, Yogyakarta, 1997)*; *Miracle of Power (Keajaiban Kekuasaan, PPSK – Benteng Budaya, Yogyakarta, 1994)*; *Middle East and Gulf Crises (Timur Tengah and Krisis Teluk, Amarpress, Surabaya, 1990)*; *Politics and Government of Middle East (Politik dan Pemerintahan Timur Tengah, PAU University of Gajah Mada)*; *Current International Politics (Politik Internasional Dewasa Ini, Usaha Nasional, Surabaya, 1989)*; and *Theory of Indonesian Politics (Teori Politik Indonesia)*.

His research include *Peace Prospect in Middle East in 1980's (Research and Development in Foreign Affairs Department, Republic of Indonesia)*; and *Political Change in Eastern Europe (Research and Development in Foreign Affairs Department, Republic of Indonesia)*.

MOHAMMAD FAJRUL FALAAKH

Vice Dean, Academic Affairs, Gajah Mada University Law School, Yogyakarta, Indonesia.

Mohammad Fajrul Falaakh is Vice Dean for Academic Affairs at Gadjah Mada University Law School, Yogyakarta, teaching both undergraduate and graduate studies on constitutional law and government. He is a member of the National Law Commission of the Republic of Indonesia (2000-03), specifically commissioning governance and administrative law reform. Fajrul Falaakh is also a British Chevening Scholar, Fullbright Scholar on US Constitution, and Eisenhower Fellow (Multination) 2001.

He regularly writes articles for various journals (e.g. *Varia Peradilan*) and newspapers and magazines (e.g. *Kompas*, *The Jakarta Post*, *Forum Keadilan*) on a regular basis and has contributed writings in various books. Fajrul has also presented papers on various issues, ranging from law, social and political issues, as well as religious issues.

Fajrul Falaakh holds Masters in constitutional law from Gajah Mada University in Yogyakarta, MA in Islamic Studies and Cultures from the London School of Oriental and African Studies, and an MSc in Comparative Government from the London School of Economics and Political Science. Fajrul Falaakh was born in Gresik-Indonesia, on the 2nd April 1959 and holds Indonesian citizenship.

Fajrul Falaakh joined UNDP, Jakarta as National Governance Advisor (1998-99), where he contributed to the designing of the framework for civil society's involvement in voter education and monitoring. He then worked as Justice Sector Reform Advisor (2000), preparing the framework and the establishment of the Partnership for Governance Reform in Indonesia (a joint effort of the UNDP, the World Bank and Asian Development Bank).

Fajrul presented his ideas at the Harvard Colloquium on International Affairs (Boston, May 2001) and also delivered a paper on Human Rights and Law in Asia (*Asia Society*, New York, March 2001). He presented a paper on Democratization in Indonesia at a seminar held by Partnership for Democratic Governance and Security (Buenos Aires, Argentina, April 2000). He has also participated on Regional Ethics in the Leadership Conference (Malaysia 1999 and Hanoi, 2000), on ASEAN Young Leaders Forum (ASEAN-ISIS, Bangkok, 1999).

TAN SRI DR. NOORDIN SOPIEE

Chairman and Chief Executive Officer, Institute of Strategic and International Studies (ISIS) Malaysia.

He is also Chairman of the Malaysia National Committee for Pacific Economic Cooperation (MANCPEC); Vice-Chairman of the Malaysia Committee for Pacific Basin Economic Council (PBEC); former Co-Chair of CSCAP (the Council for Security Cooperation in the Asia Pacific); Chairman of Monash University Malaysia and the Centre for Japan Studies; and Adjunct Professor, University Utara Malaysia.

He was the Chairman of Pacific Economic Cooperation Council (PECC), 1992-1994; Malaysia's Representative to the Eminent Persons Group (EPG) of Asia Pacific Economic Cooperation (APEC); Chairman of the Commonwealth Inter-Governmental Group on the Emergence of a Global Humanitarian Order (1995); Member of the Emerging Markets Eminent Person's Group on Reform of the International Financial Architecture; and Convenor of the Commission of a New Asia.

He is a full member of the National Economic Action Council and a Member of the crisis management Executive Committee of the National Economic Action Council (NEAC) chaired by the Malaysian Prime Minister; the Board of Directors of Malaysia's Central Bank; a Member of the National Information Technology Council and head of the national task force to draft the Knowledge Economy Master Plan. He is Chairman of PCA Hard.Com, one of the world's largest hard disk component manufacturers. He also serves on the Boards of several companies: YTL Power International Berhad; Reliance Pacific Berhad; Kulim (Malaysia) Berhad; Sunway Holdings Incorporated Berhad; YTL Land and Development Berhad and YTL e-Solutions Sdn. Bhd.

He is a Fellow of the World Economic Forum (Geneva) the people who organize the Davos Conference; a Member of the International Council of the Asia Society (New York); a Member of the Advisory Board of the Asia Pacific Development Journal and one of the 100 members of the Club of Rome.

He is also a columnist for *The Edge*, *Yomiuri Shimbun*, *Nihon Keizai Shimbun* (Japan) and *Business Times*, Singapore.

He has a B.Sc. (Econs) (First Class) and a Ph.D from the London School of Economics and Political Science and is the author of several books on economics, politics and strategic planning.

PATRICK SMITH

Columnist, Bloomberg News, New York, USA.

Mr. Patrick Smith has been Columnist of the Bloomberg News, New York, USA since December 2000 and also Special Correspondent of *The Washington Quarterly*, Center for Strategic & International Studies, Washington, USA since July 1997.

His previous positions include Tokyo Bureau Chief, *International Herald Tribune*, France (March 1988-May 1991) and Hong Kong Bureau Chief (April 1986-March 1988); Tokyo Correspondent, *The New Yorker*, New York (September 1989-October 1992); NE Asia Correspondent, *The Christian Science Monitor*, Boston (June 1985-April 1987); Asian Economics Editor, *Newsweek*, New York (April 1984-June 1985); Industry Correspondent; Deputy Political Editor; Bureau Chief, Singapore; Economics Correspondent of the Far Eastern Economic Review, Hong Kong (March 1981-March 1984); Financial Staff Editor, *The New York Times*, New York (December 1979-March 1981); Special Correspondent, New York Bureau, *The Economist*, London (December 1979-December 1979); Editorial Consultant, *Financial Times*, London (June 1979-December 1979); Copy Desk Editor, Foreign Staff Editor, *Business Week*, New York (April 1976-June 1979); Editorial Assistant, Assistant makeup Editor, *Daily News*, New York (November 1973-July 1975); Consulting Editor, Barclays de Zoete Wedd (Japan) Ltd., Tokyo (September 1990-May 1991); and Consulting Editor, Business International Asia Pacific, Hong Kong (May 1985-July 1993).

Mr. Smith is the author of "Japan: A Reinterpretation", Pantheon Books, New York (April 1997/September 1998); and "Nippon Challenge", Doubleday Anchor Books, New York (May 1992).

He has received several awards include 1985 Overseas Press Club Award for Best Foreign Economic Reporting (April 1986); 1997 Overseas Press Club Award for Best Book on Foreign Affairs (April 1998); *The New York Times* for Notable Book of 1997 (December 1997); and 1997 Kiriya Pacific Rim for Book Prize (November 1997).

PROFESSOR DR. PAUL M. EVANS

Professor, Faculty of Graduate Studies, University of British Columbia, Vancouver, Canada.

Cross-appointed in the Institute for Asian Research and Liu Centre for Global Studies, Canada. In December 2001, he was appointed the Founding Director of the Canadian Consortium on Human Security.

He began teaching international relations at York University in 1981 and between 1991 and 1996 directed the University of Toronto-York University, Joint Centre for Asia Pacific Studies. He served as co-chair of the Canadian Member Committee of the Council for Security Cooperation in Asia Pacific from its founding in 1993 until July 1997 and, from 1994 until June 1998, as the co-chair of CSCAP's North Pacific Working Group. He is a board member of the International Council of the Asia Society in New York and is on the editorial board of *The Pacific Review*.

His most recent monograph co-authored with David Capie is *The Asia Pacific Security Lexicon*.

PROF. PERVAIZ IQBAL CHEEMA
President, Islamabad Policy Research Institute, Pakistan.

Dr. Pervaiz Iqbal Cheema was born at Sialkot in 1940. He was initially educated at Sialkot later on he moved to Government College, Lahore where he completed his Master's in History. He also did Master's in Political Science from Punjab University, Certificate in Peace Research and International Relations from Oslo University (Norway), Diploma in International Relations from Vienna University (Austria), M. Litt. in Strategic Studies from Aberdeen University (U.K.) and Ph.D. from Quaid-i-Azam University (Pakistan).

Dr. Cheema has been a teacher for almost 28 years both in the country (Pakistan) as well as abroad. In Pakistan he has taught at Government College (Lahore), Administrative Staff College (Lahore) and Quaid-i-Azam University, (Islamabad). Abroad he has worked in various capacities like Research Fellow, Senior Fulbright Scholar, Visiting Scholar etc. for Australian National University (Australia), School of Advanced International Studies, Johns Hopkins University (USA), Institute of Southeast Asian Studies, (Singapore), and ACDIS, University of Illinois at Urbana - Champaign (USA). As a Visiting Lecturer, he has also taught at many professional and training institutions including National Defence College (Rawalpindi), Command and Staff College (Quetta), Joint Staff College (Rawalpindi), Foreign Service Training Institute (Islamabad), Information Services Academy (Islamabad), Allama Iqbal Open University (Islamabad), Pakistan Administrative Staff College (Lahore), Intelligence Bureau Academy etc.

Till July 1995 Dr. Cheema was working as a Professor of International Relations, Quaid-i-Azam University, Islamabad, Pakistan and in July 1995 he started working for the Ministry of Education, Government of Pakistan in the capacity of a Director General, Academy of Educational Planning and Management. From November 1996 to September 2000 Dr. Cheema worked as a Professorial Iqbal Fellow at South Asia Institute, Heidelberg University, Germany. During his 19 years stay at Quaid-i-Azam University; Dr. Cheema served as the Chairman of International Relation's Department as well as Defence and Strategic Studies Department for more than 14 years. From Nov. 1996 to Sept. 2000 Dr. Cheema worked as a Professorial Iqbal Fellow at the South Asia Institute, Heidelberg University, Germany. Since Oct. 2001 Dr. Cheema has headed the Islamabad Policy Research Institute (IPRI) as its President.

Dr. Cheema is also a scholar of international repute. His articles have regularly appeared both in national as well as international academic journals, popular magazines and daily newspapers. In addition, Dr. Cheema has authored many books and monographs including *A Select Bibliography of Periodical Literature on India and Pakistan 1947-70* in three volumes (Vol. I in 1976, Vol. II in 1979 and Vol. III in 1984), *Quaid-i-Azam as a Strategist*, (1977), *Sanctuary and War* (1978), *Conflict and Cooperation in the Indian Ocean: Pakistan's Interests and Choice* (1980), *Afghanistan since 1978* (1980), *Pakistan's Defence Policy 1947-58* (1990), *Brasstacks and Beyond: Perceptions and Management of Crisis in South Asia* (1995), (co-authored), *Nuclear Non-Proliferation in India and Pakistan: South Asian Perspectives* (co-editor-1996), *Defence Expenditure in South Asia: An Overview* (co-author, March 2000), *The Simla Agreement: Its Current Relevance* (co-author, 2001). Dr. Cheema used to regularly contribute articles to two of the leading Pakistani English dailies (*The News* and *The Frontier Post*) especially during the earlier half of the nineties. Since May 2001 he has once again started writing a weekly column for *The News*.

Dr. Cheema has participated in more than 100 National and International Seminars/Conferences. He has been and still continues to be a member of many International and National Academic Associations. He has served on the Editorial Advisory Board of many International Academic Journals and still continues to be on the boards of many including *BISS* (a Journal of Bangladesh, Institute of International and Strategic Studies, Bangladesh), *Asian Affairs: An American Review* (a Journal of Heldref Publications, Washington, USA), *Journal of Muslim Minority Affairs*, (Saudi Arabia), *Strategic Studies* (Pakistan) etc.

PETER T. BROOKES

Deputy Assistant Secretary of Defense for Asian and Pacific Affairs, USA.

Under the direction of the Assistant Secretary of Defense for International Security Affairs, he is responsible for U.S. security and defense policy in the Asia Pacific region.

Prior to coming to the Pentagon, Mr. Brookes served in a variety of public and private professional capacities including: the Republican Staff of the Committee on International Relations in the U.S. House of Representatives; the Central Intelligence Agency; and the State Department; private sector employment at SAIC, TASC and E-Systems; and on active duty with the U.S. Navy in aviation and intelligence billets serving in Central America, East Asia, and the Persian Gulf. He has more than 1300 hours in Navy EP-3 reconnaissance aircraft.

As a Commander (O-5) in the Naval Reserves, Mr. Brookes is assigned to the Defense Attache program serving as a reserve Assistant Naval Attache. He has also performed reserve assignments with the Joint Chiefs of Staff, unified and specified commands, the Office of the Secretary of Defense, the Office of Naval Intelligence, the National Security Agency, the Defense Intelligence Agency, and in support of the National Security Council and the Office of the Vice President. He has been recalled to active duty in support of military operations in Iraq/Kuwait (DESERT STORM); Haiti (RESTORE DEMOCRACY); and Bosnia (JOINT ENDEAVOR).

Mr. Brookes is a graduate of the U.S. Naval Academy (B.S. Engineering); the Defense Language Institute (Diploma Russian); the Naval War College (Diploma National Security and Strategic Studies); Georgetown University (Certificate Business Administration) and the Johns Hopkins University (M.A. American Government). He was a Cox Fellow to West Germany and is highly proficient in the Russian language.

He is a frequent public speaker, the author of opinion pieces, journal articles, and book reviews on foreign policy, national security, and intelligence topics; and has appeared on American and foreign radio and television.

His personal awards and decorations include: the Joint Service Commendation Medal; the Navy Commendation Medal (3 awards); the Navy Achievement Medal; several naval and joint unit awards; the Defense Language Institute's Kellogg Award; the Joint Chiefs of Staff service badge; and Naval Aviation Observer (NAO) wings.

PHAM CAO PHONG

Director, Centre for Northeast Asian Studies, Institute for International Relations, Vietnam.

Mr. Pham Cao Phong joined the Institute for International Relations in 1990. He is Director, Centre for Northeast Asian Studies and concurrently is the National Coordinator, Vietnam Network of Conflict Studies.

Mr. Pham Cao Phong received his Master degree of International Politics and Practice from the George Washington University, USA. He was a Fellow at the Institute of Southeast Asia Studies, Singapore and Visiting Fellow at the Joint Centre for Asia-Pacific Studies, Toronto-York University, Canada.

Mr. Pham Cao Phong's main interests are: China's relations with East Asia, China-US relations, and security in East Asia. He is author or co-author of several research projects at the institutions he has worked for and the International Studies Journal, Vietnam. He has attended many international and regional workshops on East Asian studies.

DR. PRANEE THIPARAT

Director, Institute of Security and International Studies (ISIS), Thailand and lecturer at the Department of International Relations, Faculty of Political Science, Chulalongkorn University, Thailand.

Her areas of interest include U.S. domestic politics and foreign policy, regional security issues with particular emphasis on ASEAN and Thai foreign policy. Prior to joining ISIS, Dr. Thiparat served as Director of the American and Canadian Studies Program, an interdisciplinary research unit under the auspice of Vice President on Research Affairs, Chulalongkorn University from 1992-2000. From 1998-2000, she served as an academic advisor to the House Foreign Relations Committee of the Thai National Assembly. She is also a regular guest lecturer on U.S.- related topics at the Army, Navy, Air Force, and Police Academies. Her most recent publications include editor of ISIS publications on *Democratization and Conflict Management/Prevention in Southeast Asia in the 21st Century* (January 2002) and *The Quest for Human Security: The Next Phase of ASEAN?* (June 2001). She is also co-authors of the Asia Foundation Project on *America's Role in Asia: Asian Views, 2001*.

Dr Pranee Thiparat received her BA in Political Science (International Relations), First Class Honours from Chulalongkorn University and MA in International Relations from the Australian National University. She obtained a Ph.D. in Politics from Princeton University, U.S.A.

RALPH A. COSSA

President, Pacific Forum CSIS, Honolulu, USA

The Pacific Forum is a non-profit, foreign policy research institute affiliated with the Center for Strategic and International Studies (CSIS) in Washington, D.C.

Mr. Cossa is senior editor of the Pacific Forum's quarterly electronic journal, *Comparative Connections*. He is a board member of the Council on U.S.-Korean Security Studies and the National Committee on U.S.-China Relations (NY) and a member of the International Institute for Strategic Studies (London). He also served on the Asia Foundation's Task Force on America's Role in Asia.

Mr. Cossa is a founding member of the Steering Committee of the multinational Council for Security Cooperation in the Asia Pacific (CSCAP), a non-governmental organization focusing on regional confidence building and multilateral security dialogue. He co-chairs the CSCAP working group on confidence and security building measures and also serves as Executive Director of the U.S. Member Committee.

Mr. Cossa is a political/military affairs and national security specialist with over 30 years of experience in formulating, articulating, and implementing US security policy in the Asia-Pacific and Near East-South Asia regions. He writes a regular column for *The Japan Times* and *The Korea Times* and is a frequent contributor to *The International Herald Tribune* and other regional newspapers and periodicals.

Recent works include "The Role of U.S. Forces in a Unified Korea," *International Journal of Korean Studies* (Fall/Winter 2001); *U.S. Asia Policy: Does an Alliance-Based Policy Still Make Sense?*, Pacific Forum Issues & Insights No. 3-01; *Confidence Building Measures in the South China Sea* (with Scott Snyder and Brad Glosserman), *Issues & Insights* No. 3-01; "U.S.-China Relations under the Bush Administration," *Gaiko Forum*, Jan 2001; "Potential Reduction Measures in Cross-Strait Conflict," *Panorama*, Vol. 4/2000; *U.S.-Korea-Japan Relations: Building Toward a 'Virtual Alliance' and Restructuring the U.S.-Japan Alliance: Toward a More Equal Partnership* (editor, CSIS Significant Issues Series, 1999/1997).

DR. RICHARD H. SOLOMON
President of the United States Institute of Peace, USA.

Richard H. Solomon is President of the United States Institute of Peace, an independent, nonpartisan organization created and funded by Congress to promote research, policy analysis, education and professional training on issues of international conflict management and peace-building.

Prior to joining the Institute in 1993, Dr. Solomon served for a dozen years in the U.S. government. His assignments have included Assistant Secretary of State for East Asian and Pacific Affairs (1989-1992), Director of the Policy Planning Staff of the Department of State (1986-1989), and U.S. Ambassador to the Philippines (1992-1993).

As Assistant Secretary of State, Solomon negotiated the first UN Security Council peace agreement (for Cambodia), had a leading role in the dialogue on nuclear issues among the United States and South and North Korea, helped establish the Asia-Pacific Economic Cooperation (APEC) initiative, and led U.S. negotiations with Japan, Mongolia, and Vietnam on important bilateral matters. As U.S. Ambassador to the Philippines, he coordinated the closure of the U.S. naval bases and developed a new framework for bilateral and regional security cooperation.

Before joining the State Department, Dr. Solomon was head of the RAND Corporation's Political Science Department (1976-1986). He also directed RAND's research program on International Security Policy from 1977 to 1983. From 1971 to 1976, he was Senior Staff Member for Asian Affairs on the National Security Council, where he was involved in the process of normalizing relations with the People's Republic of China. He began his professional career as a professor of political science at the University of Michigan (1966-1971).

Dr. Solomon earned his Ph.D. at the Massachusetts Institute of Technology, where he specialized in political science and Chinese politics. He has published seven books, including *Exiting Indochina* (2000); *Chinese Negotiating Behavior: Pursuing Interests Through "Old Friends"* (1999); *The China Factor* (1981); *A Revolution Is Not a Dinner Party* (1976); and *Mao's Revolution and the Chinese Political Culture* (1971, 1999).

DR. RIZAL SUKMA

Director of Studies, Centre for Strategic and International Studies (CSIS), Jakarta, Indonesia.

Dr. Rizal Sukma received his Master's and Ph.D in International Relations from the London School of Economics and Political Science (LSE), United Kingdom in 1997.

Dr. Sukma has worked extensively on China's Defence and Foreign Policy; Southeast Asia's Security Issues; ASEAN Cooperation; Indonesia's Foreign Policy; and Domestic Political Changes in Indonesia. His recent publications are *Indonesia in 1997: A Year of Politics and Sadness*, *Southeast Asian Affairs 1998* (Singapore: ISEAS, 1998); *Indonesia's Bebas-Aktif Foreign Policy and Security Agreement with Australia*, *Australian Journal of International Affairs*, July 1997; *The Evolution of Indonesia's Foreign Policy*, *Asian Survey*, March 1996; and "Values, Governance, and Indonesia's Foreign Policy" (Tokyo: JCIE, forthcoming). His latest book is *Indonesia and China: The Politics of Troubled Relationship* (London: Routledge, 1999).

DR. RONALD N. MONTAPERTO

Dean of Academics, Asia Pacific Center for Security Studies, Honolulu, USA.

His previous positions include Senior Research Professor, Institute for National Strategic Studies, National Defense University (1992-2001); Professional Lecturer in Political Science, The George Washington University (1994-2000); Chief of Estimates (China), Defense Intelligence Agency (September 1989-February 1992); Chief, Strategic Analysis (China), Defense Intelligence Agency (August 1986-September 1989); Adjunct Professor, Defense Intelligence College (1986-1992); Chief, Current Intelligence (China), Defense Intelligence Agency (May 1983-July 1986); Analyst, Directorate for Estimates, Defense Intelligence Agency (October 1981-April 1983); Henry L. Stimson Professor of Political Science, U.S. Army War College (August 1979-September 1981); Associate Professor, Assistant Professor, Instructor of Political Science, Indiana University, Bloomington, Indiana (September 1970-July 1979); and Director, East Asian Studies Program, Indiana University (January 1973-July 1975).

Dr. Montaperto has published extensively amongst others *China, Nuclear Weapons and Arms Control: A Preliminary Assessment*. Council on Foreign Relations Press, April 2000 (with Robert A. Manning and Brad Roberts); *A Triad of Another Kind: The United States, China and Japan*, St. Martins Press, January 1999 (with Zhang Ming); *The Permanent Disagreement, in heartland: Eurasian Review of Geopolitics*, June 2001; *China: The Forgotten Nuclear Power*, in *Foreign Affairs*, Volume 79, Number 4, July/August 2000; and numerous classified studies, reports, appreciations, policy papers journals and memoranda focused on Chinese domestic, foreign and national security policies and on East and Southeast Asian security issues.

He is also actively involved in other professional activities such as Advisor to the Commander-In-Chief, U.S. Forces in the Pacific; Member of Council on Foreign Relations Working Groups on U.S./China Relations, Sino/ Japanese Relations, and Cross-Strait Relations; and U.S. Coordinator for the Annual Summer Workshop on Asian Security Affairs conducted by Fudan University and the Program for International Studies in Asia.

PROFESSOR ROSS BABBAGE

Adjunct Professor in the Research School of Pacific and Asian Studies at the Australian National University, Australia.

He is also a Senior Associate of the Centre for International Strategic Analysis (CISA) and a Council Member of the International Institute for Strategic Studies in London. In addition, Ross Babbage is Managing Director of Strategy International (ACT) Pty Ltd. Strategy International is a company committed to providing quality analytical advice and executive education and training services to both the private and public sectors.

Professor Babbage has wide-ranging expertise in international security affairs. He has held several senior positions in the Australian Public Service, including Head of Strategic Analysis in the Office of National Assessments, and he led the branches in the Department of Defence responsible for ANZUS policy and force development. From 1986-1990 he was Deputy Head of the Strategic and Defence Studies Centre at the Australian National University. Through the 1990s, Professor Babbage worked with ADI Limited; in the late '90s as Corporate Executive Strategic Analysis. In 2000 he was appointed the inaugural Director of the Centre for International Strategic Analysis in Perth.

Dr Babbage has Bachelor and Masters degrees in economics from the University of Sydney and a PhD in International Relations from the Australian National University. He is author of *A Coast Too Long: Defending Australia Beyond the 1990s* (Allen & Unwin, Sydney, 1990) and *Rethinking Australia's Defence* (University of Queensland Press, St Lucia, 1980). Dr Babbage has also written extensively on Asia-pacific affairs focusing, in particular, on medium- and long-term regional trends.

PROFESSOR DR. ROSS GARNAUT

Professor of Economics, Research School of Pacific and Asian Studies, The Australian National University, Australia.

Prof. Dr. Ross Garnaut has been Professor of Economics, Research School of Pacific and Asian Studies, The Australian National University, Australia since 1989. He is also Chairman, Pacific Economic Outlook Forecasting Group (Pacific Economic Cooperation Council); Chairman, Lihir Gold Ltd (from 1995); Chairman of the International Advisory Group to the Papua New Guinea Prime Minister; member of the Advisory Council to the Australian Minister for Foreign Affairs, Chairman of the Review of Federal-State Financial Relations.

Professor Garnaut is Chairman of the editorial board of *Asian Pacific Economic Literature* and of the Board of the *Bulletin of Indonesian Economic Studies*, and a member of the editorial board of *Australian Economic Review*, *Singapore Economic Review*; Chairman of the *China Economy and Business Program* (ANU). He is a member of the Boards of several international research institutions, including the Centre for Strategic and International Studies (Jakarta) and the China Centre for Economic Research at Peking University (Beijing).

His previous positions include Australian Ambassador to China (1985-88); Chairman, Primary Industry Bank of Australia Ltd (PIBA) (1989-1994); Chairman, Bank of Western Australia Ltd (BankWest) (1988-1995). Chairman, Australian Centre for International Agricultural Research (1994-2000); Chairman, Western Australia China Economic and Technical Research Fund (1989-1995); Foundation Director, Asia Pacific School of Economics and Management (APSEM), The Australian National University (1998 - 2000); Deputy Chairman and Member of the Australia-China Council (1990-94); Chairman of the Australian Government's Wool Industry Review Committee (1993); Senior Economic Adviser to Prime Minister R.J.L. Hawke (1983-85); First Assistant Secretary (Head of the Division of General Financial and Economic Policy), Papua New Guinea Department of Finance (1975 and 1976); Adjunct Professor of Pacific Basin Economics, Columbia University, New York (1988-91); Chairman, Aluminium Smelters of Victoria (1988-89); Director, Sydney Institute (1991-96); Research Director of the ASEAN-Australia Economic Relations Research Project (1981-83); Editor, *Australian Quarterly*, (1992-1996); Convenor of Economics Division and Head of Economics Department, Research School of Pacific and Asian Studies, The Australian National University. (1989-98); Foundation Director, Asia Pacific School of Economics and Management, The Australian National University (1998-2000).

Professor Garnaut is the author of the Report presented to the Australian Prime Minister and Minister for Foreign Affairs and Trade in October 1989, *Australia and the Northeast Asian Ascendancy*. He is also author of numerous books, monographs and articles in scholarly journals on international economics, public finance and economic development, particularly in relation to East Asia and the Southwest Pacific. The most recent books of which he is author or co-author are *The East Asian Crisis: From Being a Miracle to Needing One?* (1998, Routledge, New York and London); *China: Twenty Years of Economic Reform* (1999, Asia Pacific Press, Canberra); *Growth Without Miracles* (2001, Oxford University Press, Oxford); *Private Enterprise in China*, (2001, Asia Pacific Press, Canberra and China Center for Economic Research, Beijing); *Social Democracy in Australia's Asian Future*, (2001, Asia Pacific Press, Canberra, and Institute of Southeast Asian Studies, Singapore).

PROFESSOR RUTH LUSTERIO RICO

Fellow, Institute for Strategic and Development Studies (ISDS), Philippines.

Prof. Ruth Lusterio Rico has been Fellow of the Institute for Strategic and Development Studies (ISDS), Philippines since April 1997. She is also Assistant Professor, Department of Political Science, College of Social Sciences and Philosophy, University of Philippines since January 1997; and Fellow of Peace, Conflict Resolution and Human Rights Program, Center for Integrative and Development Studies, University of Philippines since November 1997.

Her previous positions include Instructor, Department of Political Science, College of Social Sciences and Philosophy, University of the Philippines (June 1995 – December 1996); Research Fellow, Social Sciences and Philosophy Research Foundation, University of the Philippines (January 1996 – July 1997); and Instructor, Department of Social Sciences, University of the Philippines Los Banos (June 1989 – May 1995).

Amongst her researches are *Labor Migration in Asia: Patterns, Issues, and Policy Recommendations*, Institute for Strategic and Development Studies (ISDS) and Council for Asia-Europe Cooperation (CAEC), February 2002 to present); *The Environmental Movement and Philippine Politics*, Chapter for the Philippine Politics and Governance Textbook Project of the UP Department of Political Science, June 2001 to present; and *Pilot Project on Environmental Conflict Resolution*, Social Sciences and Philosophy Research Foundation and The Asia Foundation, January 1996 to July 1997.

Prof. Ruth Lusterio Rico's publications include "Development and Security: Perceptions of Women Migrant Workers from the Philippines and Indonesia", in David B. Dewitt and Carolina G. Hernandez, editors, *Development and Security in Southeast Asia*, Ashgate, 2002 (forthcoming); "ASEAN Enlargement: Impacts and Implications (Book Review)", *Panorama* Volume 3 Number 1, First Quarter 2001, pp. 103-106; "Intervention and Change in Cambodia: Towards Democracy (Book Review)", *Panorama* Volume 3 Number 1, First Quarter 2001, pp. 107-111; and *Policy-making for the Environment: The Case of the European Union*, co-written with Pia C. Bennagen, in *European Studies: Essays by Filipino Scholars*, edited by Vyva Victoria Aguirre, (Quezon City: University of the Philippines Center for Integrative and Development Studies, 1999).

DR. SATU P. LIMAYE

Director of Research, Asia Pacific Center for Security Studies, Honolulu, USA.

Satu P. Limaye received his Ph.D. in international relations from Oxford University (Magdalen College) where he was a Marshall Scholar. He graduated magna cum laude and Phi Beta Kappa from Georgetown University's School of Foreign Service.

Immediately prior to joining the Asia-Pacific Center for Security Studies, Dr. Limaye was an Abe Fellow at the National Endowment for Democracy's International Forum for Democratic Studies in Washington, D.C. Between September 1992 and July 1996 Dr. Limaye was first a Henry Luce Scholar and then a Research Fellow and Head of Program on South Asia at the Japan Institute of International Affairs (JIIA), where he conducted numerous research, writing and conference projects. He led JIIA's project on democracy in East Asia and co-directed a project on U.S.-Japan Cooperation on Nuclear Challenges in South Asia. He was also a member of JIIA study teams to Cambodia and Myanmar.

His publications include the book *U.S-Indian Relations: The Pursuit of Accommodation* (Westview Press), book chapters, journal articles in *Journal of Democracy*, *Contemporary South Asia*, *Contemporary Southeast Asia* and *Studies in Conflict and Terrorism*, opinion pieces in the *International Herald Tribune*, *The Nikkei Weekly*, and *The Asian Wall Street Journal* and numerous reports on Asia-Pacific security issues. He regularly gives newspaper and television interviews in the U.S. and abroad. Dr. Limaye has contributed to Oxford Analytica, Ltd. *Daily Brief*, a consulting service based in Oxford, England and was the Washington correspondent for *Business South Asia* (published by the Economist Intelligence Unit).

Dr. Limaye was rapporteur for The Asia Society Study Group on South Asia and The United States After the Cold War led by Ambassadors Arthur Hartman and Carla Hills, and drafted the report of this study group. He subsequently served as a member of The Asia Society Study Group on Preventing Proliferation in South Asia and contributed to this group's report. Dr. Limaye has extensive experience in civilian- and proliferation-related nuclear issues. He was Senior Consultant in the International Division of Ogden Energy and Environmental Service (USA) where his responsibilities encompassed policy, program, economic and budgetary analysis on issues such as uranium enrichment and plutonium use.

Dr. Limaye has taught at Georgetown University's Department of Government and School for Summer and Continuing Education as well as at Sophia University's Faculty of Comparative Culture (Tokyo). He has lectured widely and participates in international conferences. Dr. Limaye has been a consultant to The Ford Foundation, the National Endowment for Democracy, The Asia Society and the Friedrich-Naumann-Stiftung.

Dr. Limaye is married to Michele Kayal, a journalist.

SERGE BERTHIER

Chairman of Oriental International Strategies, Hong Kong, a privately funded think-tank dedicated to regular studies of Asia for policy-makers and transnational groups.

He is also the Chairman of the Asia-Europe Forum, foundation member of the Boao Forum for Asia (Hainan – China). Mr. Serge Berthier was a member of the Experts' group of the Boao Forum for Asia.

Mr. Serge Berthier, a French citizen with permanent residency in Hong Kong, was born in December 1948 in Dijon (France).

After graduating from Paris V University in 1973 (Master of Laws and DESS of Economics), he began his career as a civil administrator in the Ministry of Transport in Algeria, before being appointed Head of Research and Transport Studies (1974). In 1975, the Algerian government offered him a contract to be the private economic advisor to the State Minister of Transport, Rabah Bitat.

After the first election held to replace the Revolutionary Council, Rabah Bitat, then number 2 of the country asked him to join his new administration, but he declined and left Algiers at the end of 1978. After a short spell with GATT in Geneva (Switzerland) working as a trouble shooter in transport and port matters, he joined the third-world largest offshore construction company installing offshore oil fields worldwide,

He became Dy Regional Vice-President in West Africa (1978-1980), Far East Vice-President, based in Singapore (1980-1982), North Sea Senior V.P, based in Stavanger (Norway) (1983-1984). In 1984, he was head-hunted by a large European group to look after their Algerian affairs. When in 1985 the group refused to endorse his strategy to deal with the Algerian government, he resigned his appointment and decided to return to Asia.

In 1986, he set up a private consulting company in Hong Kong catering for multinational investors. His analysis were controversial at a time where China was considered communist and Hong Kong in mortal danger. In 1992, he was sued for an article published in Europe that a well-known figure of the political establishment of the colony considered libellous. The court case fizzled out when that personality left Hong Kong before July 1st 1997, proving that Serge Berthier's analysis was appropriate.

In 1997, he founded Asian Affairs, a high-profile quarterly magazine dealing exclusively with geo-political issues of Asia seen through an Asian perspective. For Asian Affairs, Serge Berthier has met privately most of the political leaders of Asia, including President Jiang Zemin of China. (see www.asian-affairs.com),

Mr. Serge Berthier has published several books, written either in English or French. His regular comments can be consulted at www.asian-affairs.com

THE HONORABLE DATO' SHAHRIZAT ABDUL JALIL **Minister of Women and Family Development**

The Honorable Dato' Shahrizat Abdul Jalil was appointed the Minister of Women and Family Development on the 30th January 2001. Her portfolio consists of the Women Affairs' Department and the National Population and Family Development Board. She is also the Member of Parliament of Lembah Pantai, a city constituency comprising approximately 650,000 people located in Kuala Lumpur.

Dato' Shahrizat Abdul Jalil was born on 15th August 1953 in the northern state of Penang. She is the eldest in a family of four. Between 1960 – 1965, Dato' Shahrizat received her early education in English and Arabic from Northern Road Girls' School and Madrasah Tarbiah Islamiah respectively. She then pursued her secondary education at St. Georges' Girls School from which her excellent results gained her entry to Tengku Kursiah College, one of the leading boarding schools in Malaysia. This was followed by entry to the University of Malaya in 1973 where she read law. Dato' Shahrizat received her law degree LLB (Hons) in 1976.

In the following three years, Dato' Shahrizat served as a Magistrate before being appointed an Assistant Treasury Solicitor at the Ministry of Finance. She resigned from the Judicial and Legal Services at the end of 1979 to practice law as an Advocate and Solicitor. She was admitted and registered with the Malaysia Bar Council on 23rd August 1980. Dato' Shahrizat then practiced as Second Partner at Messrs. Soo Thein Ming & Shahrizat, which became one of the largest law firms in the country at the time. With the experience and knowledge that she had gathered over the past 16 years, Dato' Shahrizat started her own practice as First Partner at Messrs. Shahrizat & Tan, a law firm that specializes in Conveyancing and Corporate law on 1st July 1993. She left legal practice in 1995 to become a junior member of the Malaysian government.

Apart from practicing as an Advocate and Solicitor, Dato' Shahrizat was also active in the corporate world. She was appointed Director of several public-listed companies. On 1st February 1993, she made history by becoming the first Malaysian woman to be the Chairman of a conglomerate of two public listed companies on the Kuala Lumpur Stock Exchange (KLSE).

Her career in politics started in 1981 when she became a member of United Malay National Organisation (UMNO), a leading Malay Political party largely responsible for Malaysia's Independence in 1957. It is also the backbone of the Barisan Nasional (BN) that forms the Malaysian government of today. Upon her membership, Dato' Shahrizat was chosen to be the head for the Women's wing of the party for the UMNO Kepong Baru branch. (A Branch is the level closest to the grassroots). She went on from strength to strength in the party, including being elected a member of the Supreme Council from 1996 – 1999.

On 10th May 2000, Dato' Shahrizat was elected Deputy Head of Wanita UMNO, the women's wing of UMNO. The head of Wanita UMNO is the Hon. Y.B. Datuk Seri Rafidah Aziz, who is also the Minister of International Trade and Industry.

Dato' Shahrizat started her career in the public office in a historic moment when she was fielded as the BN candidate for the Lembah Pantai constituency in the 1995 general election. She was the first woman candidate to be fielded in Kuala Lumpur. On 25th April 1995, Dato' Shahrizat defeated Tun Salleh Abbas, the former Lord President of Malaysia, to become the first woman MP FOR Lembah Pantai. On 22nd November 1999, she was again fielded as the BN candidate to run for the Lembah Pantai seat. Dato' Shahrizat won and thereby created history by becoming the first MP to serve the Lembah Pantai constituency for two consecutive terms.

After her first election victory, Dato' Shahrizat was appointed the Parliamentary Secretary at the Ministry of Youth and Sports from 1995 until 1999. With her second victory, she was appointed the Deputy Minister in the Prime Minister's Department on the 14th December 1999. She held this position for approximately a year before being appointed the Minister of Women and Family Development in the newly created Ministry of Women and Family Development.

The Hon. Dato' Shahrizat Abdul Jalil is married to Datuk Dr. Mohamad Salleh Ismail, a scientist who is also the Chairman and Chief Executive Officer of Technology Park Malaysia. They have three children, two boys and a girl. Wan Shahinur Izmir, 21 and Wan Shahinur Izran, 17 are currently pursuing their higher education in the United States while their daughter, Wan Izzana Fatimah Zabedah, 15, is pursuing her secondary education here in Malaysia.

PROFESSOR SHIGEKATSU KONDO

Director of the First Research Department of the National Institute for Defense Studies (NIDS), Japan.

NIDS is the main policy research arm of the Defense Agency, Japan (JDA) that conducts research on international security issues and military history. It also carries out war college-level education for Self-Defense Forces and JDA personnel.

Immediately after graduation from Kyoto University in 1969, he was appointed as a research assistant to a professor of international politics. He joined NIDS in 1974. His research at NIDS first focused upon international relations in the post Vietnam-war Southeast Asia, and broadened to include U.S security policy to East Asia. Besides, he conducted visiting research at the Institute of South East Asian Studies in Singapore in 1976; the Program on Arms Control and Disarmament (currently the Center for International Security and Cooperation) at Stanford University in 1982; and the U.S.-Japan Program of the Center for International Affairs at Harvard University in 1985-87.

He left NIDS in 1993 to be a professor at Osaka International University. He taught history of international relations, and American politics there.

He rejoined NIDS in 1997 to assume the current position and the position of editor in chief of *East Asian Strategic Review*, an annual publication of on security situation of East Asia, published both in Japanese and in English. Since early 1990s, NIDS has actively engaged in promoting security dialogue with Japan's neighboring countries through defense study exchanges. One of the purposes for publishing *East Asian Strategic Review* is to encourage discussion on regional security. In 1997, he became the first NIDS faculty to give lecture before the Chinese military officers at the Chinese National Defense University as a part of an exchange program between NIDS and Chinese NDU

His recent article in English is a short paper titled "A Japanese Perspective" contributed to *The Future of the ARF* (Singapore: Institute of Defence and Strategic Studies, Nanyang Technological University, 1999).

DR. SHINICHI OGAWA

Senior Research Fellow, National Institute for Defense Studies, Tokyo, Japan.

Dr. Shinichi Ogawa is currently a Senior Research Fellow and Deputy Director of the First Research Department, National Institute for Defense Studies (NIDS), Japan.

He has written on U.S.-Soviet/Russian strategic issues, nuclear arms control and the U.S.-Japan security relationship. Most of Dr. Ogawa's publications are written in Japanese, but some of his English articles include "Missile Defense and Deterrence", *NIDS Security Reports*, No.3, forthcoming; "TMD and Northeast Asian Security", Internet publication by the Nautilus Institute, 2000; "North Korean Missile Proliferation Threat on Northeast Asian Security: Japanese Perception and Strategies" in *KNDU Review*, vol.4, 1999; "The Nuclear Security of Japan and South Korea - A Japanese View", *The Korean Journal of Defense Analysis* (Summer 1997); "Significance of the Post Cold War U.S.-Japan Alliance and Prospects for Security Cooperation", *The Korean Journal of Defense Analysis* (Summer 1994); and "U.S. Nuclear Forces and Japanese/Western Pacific Security" in *Nuclear Weapons in the Changing World: Perspectives from Europe, Asia and North America*, Patrick J. Garrity and Steven Maaranen, eds. (New York: Plenum Press, 1992).

Dr. Ogawa received his B.Econ. from the University of Kanazawa and his Ph.D in political science from Yale University.

SIDNEY JONES**Indonesia Project Director, International Crisis Group, Jakarta.**

Sidney Jones became the Indonesia Project Director, International Crisis Group, Jakarta in May 2002 after fourteen years as Asia Director of Human Rights Watch. An Indonesia specialist with twenty years' experience working in and out of the country, she took leave of absence from Human Rights Watch from December 1999 through July 2000 to serve as director of the Human Rights Office of the U.N. Transitional Administration in East Timor (UNTAET).

Prior to joining Human Rights Watch, Ms. Jones was the Indonesia and Philippines researcher at Amnesty International in London. From 1977 to 1984, she was a program officer with the Ford Foundation, first in Jakarta, later in New York. During this time, she also studied Islam and politics in Indonesia, living in a traditional Muslim boarding school in East Java. She holds degrees in Oriental Studies and International Relations from the University of Pennsylvania and spent a year at Pahlavi University in Shiraz, Iran. Ms. Jones has written extensively on human rights in Asia with a particular focus on Indonesia and East Timor. She appears frequently as a television and radio commentator on Asian issues.

Ms. Jones is a member of the International Institute of Strategic Studies, the Council on Foreign Relations and the Association of Asian Studies. She is an adviser to the Asia Society's Social Issues Program and the Asia program of the American Friends Service Committee and has served as a board member of the National Committee on U.S. China Relations.

SIMON TAY

Chairman, Singapore Institute of International Affairs (SIIA), Singapore.

Simon SC Tay LL.B Hons (National University of Singapore) LL.M (Harvard) teaches international law at the National University of Singapore. He was selected for three terms as a Nominated Member of the Singapore Parliament (1997 – 2001). He is concurrently chairman of the Singapore Institute of International Affairs, a non-governmental think tank.

He also serves on a number of civil society organizations and government bodies, including the Singapore Environment Council, and National Parks Board. In 1998-99, he served on the Singapore 21 committee, appointed by the Prime Minister to look at challenges in the next century. In 2000, he co-chaired a feedback committee for the Ministry of National Development to look at the city's concept plan and issues concerning conservation. In Jan 2000, the World Economic Forum (Davos) named him a "global leader of tomorrow".

He has featured in various media to discuss international issues, including the BBC World Service, CNN, Time Magazine, the International Herald Tribune, Asiaweek, the Far Eastern Economic Review, CNBC and Channel NewsAsia. The Far Eastern Economic Review's 50th anniversary issue featured him as one of 10 people to watch in Asia.

His work on international law and policy focuses on the environment and human rights, especially in respect of development, peace and civil society in ASEAN. His scholarly publications include, *Reinventing ASEAN* (2001); *A New ASEAN in a New Millennium* (2000); *Southeast Asian Fires: The Challenge for International Law and Development* (Georgetown International Environmental Law Review 1999); *Preventive Diplomacy and the ASEAN Regional Forum: Principles and Possibilities* (Canberra Papers No. 131, 1999); *Towards a Singaporean Civil Society* (Southeast Asian Affairs 1998); *The Singapore Legal System and International Law: Influence or Interference* (1998); *Asian Dragons & Green Trade* (1996); and *Human Rights, Culture and the Singapore Example* (McGill Law Journal 1996).

He has served as an expert or consultant for a number of international agencies, including ASEAN, UNEP, UNDP, Konrad Adenauer Foundation (Germany), the UN University, and the ADB. He has been an adviser to the Singapore Ministry of Trade and Industry on WTO issues, and to the Ministry of Information & the Arts. In 1999-2000, he co-chaired an eminent persons' group on Japan-ASEAN relations and also served on a joint team to study and report to governments on a free trade agreement between Japan and Singapore. He has spoken to a number of business meetings, including the 1998 APEC Business Leaders Summit, 2000 ASEAN Business Leaders Meeting and 2000 and 2001 World Economic Forum Asia-Pacific Summit, and at briefings for the INSEAD business school in Fontainebleau and Singapore.

Prior to joining the University, Simon practised for four years at one of the largest commercial law firms before leaving to help start the Singapore International Foundation. He served as second-in-charge at the foundation and, as coordinator for the programme for Singapore Volunteers Overseas, sent teachers, doctors, and others to Asia and Africa. He completed his Masters at Harvard on a Fulbright scholarship, winning the Law School's Laylin Prize for the best thesis in international law. While an undergraduate at the National University of Singapore, he was president of the Students' Union for three terms, and led a petition against government policy.

He is a writer of stories and poems, with five published works. He was awarded international fellowships by the University of Iowa in 1989 and 1990. His 1991 book, *Stand Alone*, was short-listed for the Commonwealth Prize and, in 1995, he was named Singapore Young Artist of the Year. He is married to Siow Jin Hua, and they have a son, Luke Jun Yong, born in 1997.

PROFESSOR DR. SUCHIT BUNBONGKARN
Judge of the Constitutional Court of Thailand

Prof. Dr. Suchit Bunbongkarn is Judge of the Constitutional Court where he has served since February 2000. His previous positions included Dean of the Faculty of Political Science, Chairperson of the Executive Board and Director of the Institute of Security and International Studies, Chulalongkorn University; Chairman of Counter Corruption Committee, and President of the Political Science Association of Thailand.

His previous experiences included Vice-Rector of Student Affairs, Chulalongkorn University; Advisor to Prime Minister Prem Tinsulanond; and Chairman of the Department of Government. In 1997, he was elected member of Constitution Drafting assembly.

Prof. Dr. Suchit has an extensive list of published books and articles both in Thai and English in his fields of specialization: Comparative Politics, Thai Politics, Political Development, and International Relations. He used to serve on the International Advisory Board of the journal *Democratization and Southeast Asia Research Journal*.

HON. M.R. SUKHUMBHAND PARIBATRA

Member of Parliament, Bangkok, Thailand.

Hon. M.R. Sukhumbhand Paribatra has been Member of Parliament, Bangkok since November 1996. He is also Chairman of the Chumbhot-Pantip Foundation; Chairman of the S.E.A. Write Award Organizing Committee; Guest Lecturer at Thammasat University, Chiang Mai University and Naresuan University; Member of the International Council of the Asia Society, New York; and Member of the Administrative Committee of the King Prajadhipok's Institute.

His previous positions include Associate Professor of the Department of International Relations, Faculty of Political Science, Chulalongkorn University (1980-1996); Director of the Institute of Security and International Studies, Chulalongkorn University (1987-1993); Advisor to the House of Representatives Standing Committee for Foreign Affairs (1986-1988 and 1989-1991); Policy Advisor to the Prime Minister General Chatichai Choonhavan (1988-1989); Advisor to the House of Representatives Standing Committee for House Affairs (1989-1991); Chairman of the Ministry of Commerce's Advisory Committee on International Commerce (1992-1993); President of the Social Science Association of Thailand (1991-1993); and Deputy Minister of Foreign Affairs (November 1997-February 2001).

Hon. M.R. Sukhumbhand's has been conferred Royal Decorations from the government of Thailand, among others Companion (Third Class, lower grade) of the most Illustrious Order of Chula Chom Klao (1980); Commander (Third Class) of the Most Noble Order of the Crown of Thailand (1986); Knight Commander (Second Class) of the Most Noble Order of the Crown of Thailand (1988); Knight Commander (Second Class) of the Most Exalted Order of the White Elephant (1992); Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand (1997); Knight Grand Cross (First Class) of the Most Exalted Order of the White Elephant and Knight Grand Cordon (Special Class) of the Most Noble Order of the Crown of Thailand (1998); and Knight Grand Cordon (Special Class) of the Most Exalted Order of the White Elephant (1999).

DR. SYED SAJJADUR RAHMAN

Director General. Strategic Planning and Policy, Asia Branch and the Regional Program for Southeast Asia, CIDA, Canada.

Dr. Syed Sajjadur Rahman's previous positions include Director, Evaluation, Performance Evaluation Branch, CIDA (1995-1998); Senior Economist, Poverty Reduction and Economic Development Division, Policy Branch, CIDA (1992-1995); Senior Economist, Economic Council of Canada (1988-1992); Senior Research Associate, Conference Board of Canada (1983 - 1988)

Dr. Syed Sajjadur Rahman received his Ph.D, Economics, Carleton University, Ottawa, Canada, 1985. Field : International Economics. Thesis: Money markets in developing economies (winner of a Ford Foundation Dissertation Scholarship).

His publications and presentations include a number of publications in the areas of international, development and labour economics, examples,

- Book on the competitiveness of Canada's officially supported export financing system
- Book on Canadian business links in developing countries
- Articles on regional integration in Asia, international debt, exchange rate and interest rate differentials; sectoral and long-term unemployment in Canada

DR. THITINAN PONGSUDHIRAK

Lecturer, Department of International Relations, Chulalongkorn University, Thailand.

He was a former business reporter with The Nation newspaper, and has worked for the Thai section of the BBC World Service.

He has written a book chapter on Thailand's media and articles on Thai politics and political economy as well as ASEAN security and economic cooperation. His comments have appeared in international media outlets such as the BBC, Time, International Herald Tribune and Far Eastern Economic Review as well as in the local press and television. Dr Thitinan analyses Thailand for the Economist Intelligence Unit, and is an occasional consultant on projects related to the Thai economy.

He was educated at the University of California and Johns Hopkins School of Advanced International Studies. His PhD dissertation at the London School of Economics focused on the political economy of Thailand's economic crisis in 1997.

THOMAS G. HART

**Professor at the Stockholm School of Asian, Stockholm School of Economics,
Sweden.**

Tom Hart is former director of the Center for Pacific Asia Studies at Stockholm University and is now at a professor at the Stockholm School of Asian, Stockholm School of Economics, where he continues to work on contemporary China and Northeast Asia with particular reference to political development, security and conflict resolution issues. Hart comments regularly on Asian affairs in the Swedish media and is a European CSCAP co-chair and sometimes consultant for government agencies and private organizations. Before joining CPAS he worked on European and global security issues at the Swedish Institute for International Affairs.

PROFESSOR DR. T. J. PEMPEL

Director, Institute of East Asian Studies & Professor of Political Science, University of California, Berkeley, USA.

Prof. T. J. Pempel (Ph.D., Columbia) joined Berkeley's Political Science Department in July 2001 and became director of the Institute of East Asian Studies in January 2002. He holds the Il Han New Chair in Asian Studies.

Just prior to coming to Berkeley, he was at the University of Washington at Seattle where he was the Boeing Professor of International Studies in the Jackson School of International Studies and an adjunct professor in Political Science. From 1972 to 1991, he was on the faculty at Cornell University; he was also Director of Cornell's East Asia Program. He has also been a faculty member at the University of Colorado and the University of Wisconsin.

Professor Pempel's research and teaching focus on comparative politics, political economy, contemporary Japan, and Asian regionalism. His recent books include *The Politics of the Asian Economic Crisis*, *Regime Shift: Comparative Dynamics of the Japanese Political Economy*, and *Uncommon Democracies: The One-Party Dominant Regimes*, all from Cornell University Press, and *The Japanese Civil Service and Economic Development: Catalysts of Development*, a jointly edited book sponsored by the World Bank (Oxford University Press). Earlier books include *Policymaking in Contemporary Japan* (Cornell University Press), *Trading Technology: Europe and Japan in the Middle East* (Praeger), and *Policy and Politics in Japan: Creative Conservatism* (Temple University Press). In addition, he has published over eighty articles and chapters in books. Professor Pempel is Chair of the American Advisory Committee of the Japan Foundation, is on editorial boards of several professional journals, and serves on various committees of the American Political Science Association, the Association for Asian Studies, and the Social Science Research Council.

He is currently completing two research projects, one entitled "Beyond Bilateralism" on U.S.-Japan relations, and the other entitled "Remapping Asia" on Asian regionalism.

PROFESSOR TSUTOMU KIKUCHI

Professor of International Political Economy at the Department of International Politics, School of International Politics, Economics and Business, Aoyama-Gakuin University, Tokyo, Japan.

He has been an adjunct research fellow at the Japan Institute of International Affairs (JIIA) since 1987. Since August 2001 he has been a visiting professor at the University of British Columbia, Vancouver (until August 2002). He has been a visiting fellow at the Australian National University and the Institute of Southeast Asian Studies (ISEAS).

He has been engaged in various track 2 activities such as PECC and CSCAP. He has published many books and articles on international political economy of the Asia-Pacific, including *APEC: In Search of New Order in the Asia-Pacific*. Professor Kikuchi obtained his doctoral degree (LL.D) from Hitotsubashi University, Tokyo

DR. VANESSA GRIFFEN

Co-ordinator, Gender and Development (GAD) Programme, Asian and Pacific Development Centre (APDC), Kuala Lumpur, Malaysia.

Dr. Vanessa Griffen is the Co-ordinator of the Gender and Development (GAD) Programme, Asian and Pacific Development Centre (APDC), and the editor and publisher of the *Asia-Pacific Post-Beijing Implementation Monitor 1998 and 1999 (With a Focus on Health)*. Dr. Griffen obtained her B.A. from the University of the South Pacific and Ph.D in Government and Public Administration from the University of Sydney. She has taught at the University of the South Pacific before joining APDC.

Dr. Griffen is also currently the co-ordinator of the *Asia-Pacific Network on Refugee Women and Women in Situations of Armed Conflict* which was established in 1997 during APDC-GAD's *Regional Consultation on Refugee Women and Women in Situations of Armed Conflict*. In 1999, as a follow-up to the 1997 Consultation, APDC-GAD also organised a *Regional Consultation on Documentation for Advocacy for Refugee Women and Women in Situations of Armed Conflict*. This network includes women from Afghanistan, Azerbaijan, Bougainville, Bhutan, Burma, Cambodia, EAST Timor, Tibet and West Papua. APDC has published position papers and produced a nine-country study documenting refugee and armed conflict situations and their gender impacts.

APDC is an autonomous, inter-governmental regional institution for policy research, training, advocacy and information dissemination on critical development issues affecting the Asia Pacific region. The Gender and Development (GAD) Programme is engaged in policy analysis, action research, training and advocacy on development issues affecting women in the region. It works with government and non-government organisations, women's group and networks and individuals on issues of women's rights, gender equality and sustainable development in the Asia Pacific region.

APDC Publications/Papers on Women and Armed Conflict

Conflict Documentation Marginalised Women – Documentation on Refugee Women and Women in Situations of Armed Conflict, APDC, Kuala Lumpur, 161p.

Position Paper: *The Beijing – 5 Review: Refugee Women and Women in Situations of Armed Conflict* – prepared for the 44th Session of the UN Commission on the Status of Women, New York, 18p.

Position Paper: *Women in Armed Conflict: A Statement on the Situations and Forwarding of Recommendations to the 42nd Session of the UN Commission on the Status Women – Violence Against Women: Livelihoods and Basic Needs; Health and Reproductive Health, Education*, 15p.

Participant: OECD/DAC Informal Task Force Asia Pacific Regional Consultation on Conflict, Peace and Development Co-operation, October 2000, Bangkok, Thailand.

PROFESSOR VITALY NAUMKIN

President of the International Center for Strategic and Political Studies, Moscow, Russia.

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His previous positions include Vietnam's Ambassador to Poland (1995-1998); Executive Vice Director-General, Institute of International Relations (1992-1995); Studies English in New Zealand (1991-1992); Head of the Department of History of International Relations and Foreign Policy of Vietnam, Hanoi High School of Diplomacy (1986-1991); Studies in Sofia, Bulgaria (1981-1985); Lecturer, Hanoi High School of Diplomacy (1975-1981); and Researcher, Ministry of Foreign Affairs of Vietnam (1973-1975).

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Among his recent books in English are *The Nanhai Trade: the Early History of Chinese Trade in the South China Sea* (1958; 1998); *A Short History of the Nanyang Chinese* (1959); *The Structure of Power in North China during the Five Dynasties* (1963); *China and the World since 1949* (1977); *Community and Nation: Southeast Asia and the Chinese* (selected by Anthony Reid, 1981); *The Chineseness of China: selected essays* (1991); *Community and Nation: China, Southeast Asia and Australia* (1993); *The Chinese Way: China's Position in International Relations* (1995); *China and Southeast Asia: Myths, Threats, and Culture* (1999); *The Chinese Overseas: From Earthbound China to the Quest for Autonomy* (2000); *Joining the Modern World: Inside and Outside China* (2000); *Don't Leave Home: Migration and the Chinese* (2001); *Only Connect! Sino- Malay Encounters* (2001); *To Act is to Know: Chinese dilemmas* (2002); *Bind Us in Time: Nation and Civilisation in Asia* (2002).

He edited *Malaysia: A Survey* (1964); *Self and Biography: Essays on the Individual and Society in Asia* (1975); *Global History and Migrations* (1997); and co-edited *Essays on the Sources for Chinese History* (1974); *Hong Kong: Dilemmas of Growth* (1990); *Society and the Writer: Essays on Literature in Modern Asia* (1981); *Changing Identities of Southeast Asian Chinese since World War II* (1988); *Hong Kong's Transition: A Decade after the Deal* (1995); *Hong Kong in the Asia Pacific Region: Rising to the New Challenges* (1997); *Dynamic Hong Kong: Business and Culture* (1997); *The Chinese Diaspora: Selected Essays. Two Volumes* (1998); *China's Political Economy* (1998); *Hong Kong in China: The Challenges of Transition* (1999); *China: Two Decades of Reform and Change* (1999); *Reform, Legitimacy and Dilemmas: China's politics and society* (2001).

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16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 1(a)

PLENARY SESSION ONE
Monday, 3 June 2002, 1000 – 1130 hrs

WHAT IS TERRORISM? WHO IS A TERRORIST? WHY TERRORISM?

by

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Organised by



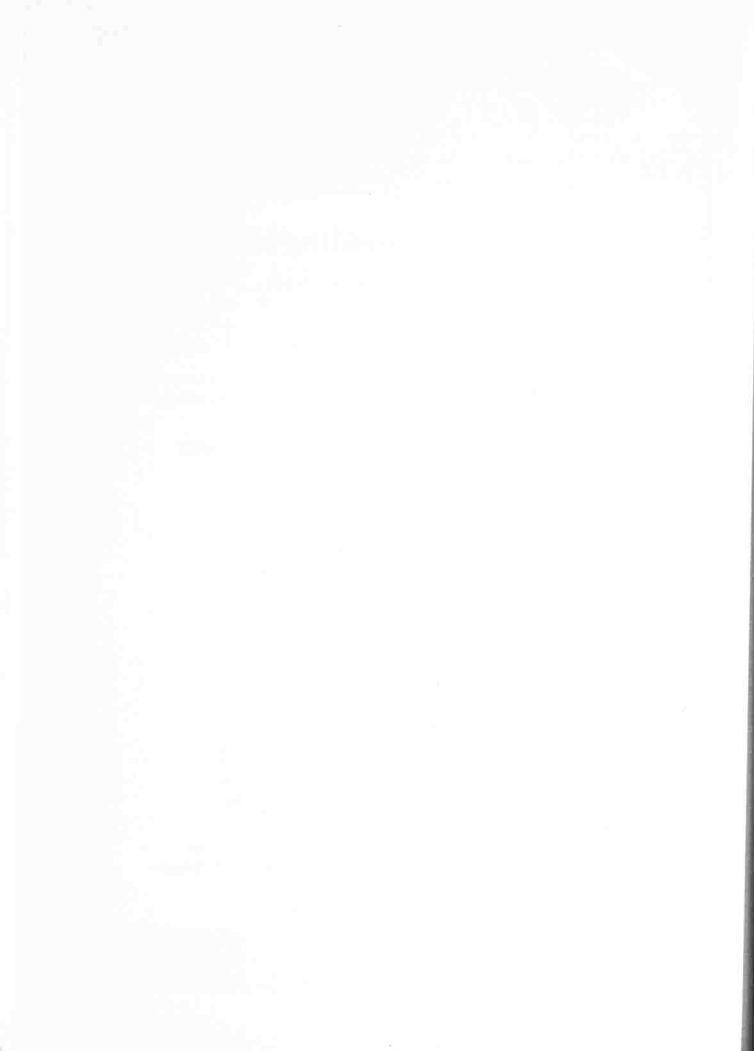
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Let me begin by expressing my gratitude to ISIS, the ASEAN-ISIS and the sponsors of the Roundtable. This is my first Roundtable in several years, but if someone had told me a year ago that I would be participating as a member of a panel on terrorism, I would have thought him crazy. My basic area of interest has been in relations among governments in the vast Asia and Pacific region, with particular reference to regional cooperation and organization. I usually focus on what are usually considered conventional international relations issues and have had very little past interest in "terrorism," which did not seem to me to be an important issue in relations among Asia-Pacific nations. But this has changed and we are all now grappling with a subject of tremendous common concern to humanity. I am glad there are others on the panel with real expertise on the subject.

What is terrorism? Who are terrorists? In my country, the U.S., most people are pretty impatient with these kinds of questions because they often appear to complicate an issue that for most of us is pretty clear. Sometimes also they are asked with the intent to distinguish some acts of terror, which the questioner finds excusable, from other terrorism. To the public in my country, terrorism has three basic characteristics. It involves physical violence or intimidation, usually the act or threat of murder. It is purposeful and premeditated, that is, employed to achieve a goal, whether that is a political goal or simply to assuage hatred. And most importantly it involves innocent, anonymous victims - people with little or no connection to the grievances of the terrorists.

But for legal purposes and analysis definitions are essential. There is no consensus on an international definition of terrorism, nor is there likely to be. This is partly conceptual because, like other broad concepts such as "crime" and "war," terrorism involves many disparate kinds of behavior. Moreover, as a practical matter, many nations have sanctioned or supported activities that they fear might be covered under a comprehensive definition of terrorism. For many, terrorism played a role in independence struggles. It has played a role in many proxy wars among countries. And virtually all the major protagonists in World War II resorted to violence directed indiscriminately against civilian populations as part of their war efforts.

This being the case, I think the most logical approach remains criminalizing specific activities and building a consensus that these activities are unacceptable, no matter what the justification the terrorists may give. Prime Minister Mahathir espouses this direction. He says, and I refer to a speech made recently in the United States, that exploding bombs in public places, using people as shields, poisoning food, medicine or water, and the deliberate killing of civilians cannot be accepted. "These," he says, "are acts of terror and anyone committing these acts must be regarded as terrorists by everyone irrespective of the causes they are fighting for, irrespective of their religion, race or creed." To my knowledge, he does not try to define terrorism other than with respect to the specific acts of terror, but then he went on to say that "once they are defined as terrorists, it is the duty of everyone, every country to hunt them down and

bring them to justice. There must be no discrimination on any basis." He received wide applause in the United States for this approach.

Now the "why" question. This is a very important question, but it is also often overlooked in the public debate, particularly when the emphasis is on action against a particular group of terrorists. Most people want a simple explanation – terrorism is a matter of religious or ethnic fanaticism, or of economic deprivation, or of misanthropic but charismatic leaders such as Hitler or bin Laden, or simply a matter of pure hatred. Such "explanations" raise more questions than they answer.

We know that terrorism is not confined to any economic group, any ethnic group, any religion, any period of history, or any particular structure of the international system. But it is not simply random. It is a social phenomenon. There are patterns, and these can and need to be analyzed as the basis for any effective counter-terrorist policies. The big challenge lies in identifying and understanding the conditions that give rise to and sustain terrorism over a period of time in the historical, geographical, and cultural contexts where it occurs. In no situation, however extreme, do the vast majority of people become terrorists, but some do and many others may sympathize with the grievances expressed by the terrorists, if not with their tactics. It is this silent support group that sustains and to some degree legitimizes the activities of terrorists in their own broader communities.

The experts on terrorism, I am sure, are making such analyses. Not being one, I can make just a primitive list of conditions that I think are likely to be associated with sustained or non-random terrorism. Terrorism is most likely to be found where

- 1) Widespread political grievances, particularly those of minorities, are being dealt with through repression with little opportunity for legitimate expression of such grievances or redress.
- 2) Societies are going through rapid socio-economic changes and where significant number of people feel that their well-being and value systems are being threatened by these changes.
- 3) Where there are deep-seated historical grievances and prejudices, but where these are seen not just as historical but are reinforced by contemporary events.
- 4) Where governmental authority has broken down or lost legitimacy.

Any one of these situations may not necessarily give rise to terrorist movements, but where they are found in combination, there will almost surely be terrorism.

The above, I would argue, are root causes. But there are also aggravating factors that can accentuate terrorism where the root causes are present. These are:

1) States have encouraged, financed, and armed terrorist groups. Since inter-state conflict by armed military groups has high risks, many states have preferred to carry out proxy warfare against other states by encouraging terrorism against them. This may have seemed a low risk strategy before. But as last night's question about unintended consequences suggested, the risks can be very high.

2) Modern technology has made it literally possible for a single individual to kill hundreds of thousands of people. Fortunately this has not yet happened, but September 11 reminded us most forcefully of the tremendous devastation a small number of dedicated terrorists can cause. Technology, of course, also assists the communications and organization among terrorists.

3) Finally, the modern media certainly does not intend to aggravate terrorism, but it may do so by projecting highly emotive images often in the absence of balanced context. We have in fact different medias appealing to different audiences and presenting quite different pictures of what is going on in places like Palestine or Kashmir. This aggravates tensions, misunderstandings, and bitterness.

Given these causes and aggravating factors, how can we wind down terrorism?

First, I think it goes without saying that committed terrorists and terrorist organizations must be brought to justice and disrupted. As the Prime Minister comments indicate, coddling, condoning or excusing actions that are clearly terrorist, that clearly involve murder, are unacceptable. Killing of innocent people is criminal and cannot be excused.

Second, the mistakes of terrorists should be exploited. In my mind, September 11 was a miscalculation by the terrorists because it was so egregious and devastating that it was universally condemned by countries all over the world, with perhaps the single exception of Iraq. This has resulted in an extraordinary degree of international cooperation in a wide variety of areas. But unless the campaign against terrorism is carefully plans, articulated and rationalized to all our publics, there is danger that the balance of sympathy may tip again toward the terrorists.

Third, the passive or active support base of the terrorists must be undercut by addressing the root issues. Terrorist organizations will not survive without an active set of grievances to feed them. People often forget that the 1960s and 1970a spawned some very vicious terrorist gangs in the established democratic countries. These have disappeared in part because the way was open for less violent, less costly ways of expressing and getting action on grievances.

The way ahead is not simple. Undercutting the support base and addressing legitimate grievances in places of chronic terrorism cannot simply be forced by outsiders, at least not without great expense. But as September 11 also so clearly demonstrated, outsiders cannot ignore them, hoping they will be resolved on their own. The international community must be proactive in situations in the situations that are

generating so much of the terrorism in the world today. It goes without saying that we need to develop as much an international consensus as possible on what should be done and to share the burdens of doing it.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 1(d)

PLENARY SESSION ONE
Monday, 3 June 2002, 1000 – 1130 hrs

**WHAT IS TERRORISM? WHO IS A TERRORIST? WHY
TERRORISM?**

by

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Organised by

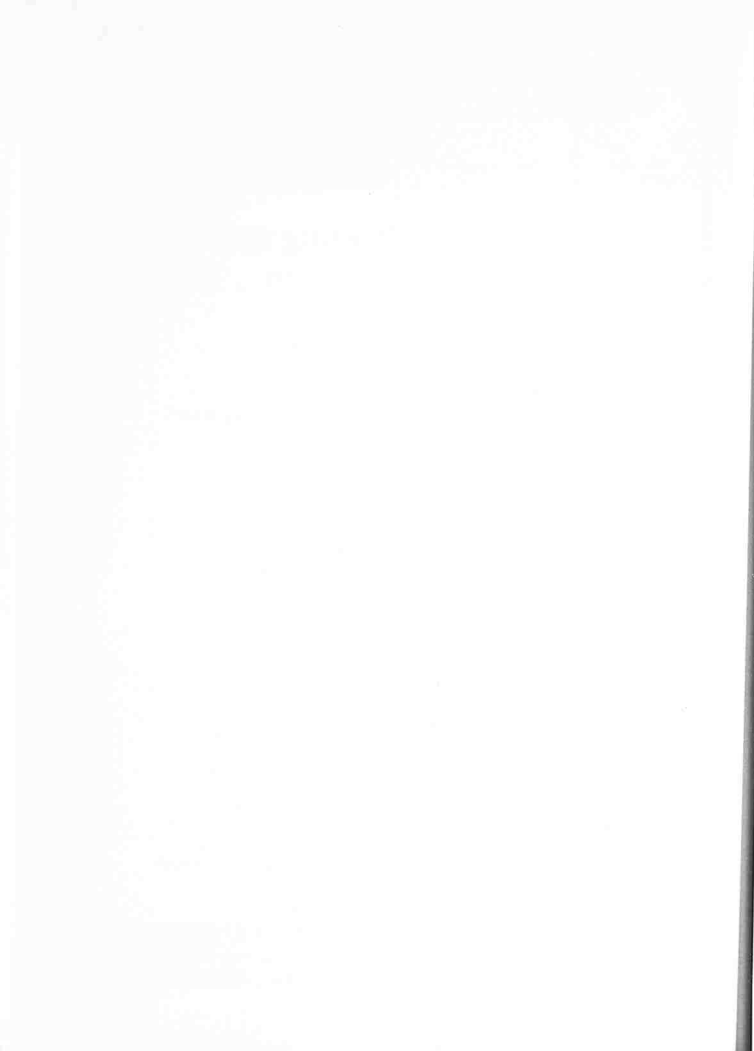


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“TERRORISM” – WHY CAN WE NOT AGREE?

1. Because everywhere, “terrorism” is a convenient term of abuse, reserved for one’s enemies. No-one tries to be objective (except, perhaps, where one has no interests at all).
2. Because everyone tries to win through definition and “spin”. As is often the case, the first casualty in war is truth.
3. Because there are always two sides to the “terrorism” coin. “One man’s terrorist is another man’s freedom fighter.”

From the point of view of the third side of the coin, is a more “scholarly”, a more “objective” definition possible?

1

WHAT ARE SOME OFTEN CITED DEFINITIONS OF TERRORISM?

- (1) THE ORIGINAL AGREED MEANING OF
“TERRORISM”
- (2) THE SMELL TEST DEFINITION OF
“TERRORISM”
- (3) THE US FBI DEFINITION OF “TERRORISM”
- (4) THE US STATE DEPARTMENT DEFINITION OF
“TERRORISM”
- (5) THE US DEPARTMENT OF DEFENSE
DEFINITION OF “TERRORISM”
- (6) A (FAILED) MALAYSIAN ATTEMPT AT
DEFINITION

2

(1) THE ORIGINAL AGREED MEANING OF "TERRORISM"

"Terrorism is government by intimidation."

.....Oxford English Dictionary

The first recorded use of the word "terrorism" and "terrorist" was in 1795. It referred to the "Reign of Terror" put in place by the French Government led by the Jacobins, who very much look like the Taliban.

The only period when the international community was ever agreed on the definition of terrorism was between 1795 and 1863, when terrorism was widely recognised as government by intimidation. By definition, terrorism could not be perpetrated by non-governmental organisations or individuals.

(The first common use of the word "terrorist" to refer to *anti-government action* was made in 1863 by the Russian Government in relation to the Russian anarchists; the second recorded use of the term "terrorist" to refer to *anti-government* action was made in 1866 by the British Government in relation to its troubles in Ireland.)

3

(2) THE SMELL TEST DEFINITION OF "TERRORISM"

"What looks, smells and kills like terrorism is terrorism."

... British UN Ambassador Jeremy Greenstock,

October 2, 2001

The problem with this, apart from the fact that some will see it as:

1. "racist", is that
2. "terrorism", like "beauty", is completely in the eye of the beholder
3. What "kills like terrorism"? Some terrorists kill with short poisoned cigars; some kill with "the long stick", some use chemical and biological weapons; some kill with a fountain pen.
4. As for "smell", many fail the "durian test".

4

(3) THE US FBI DEFINITION OF "TERRORISM"

"The unlawful use of force or violence against persons or property to intimidate or coerce a government, the civilian population, or any segment thereof, in furtherance of political or social objectives."

WHAT'S RIGHT?

- The coverage of who is a terrorist is wide. The "terrorist" can be an individual, a group of individuals, a non-governmental organisation, a Government agency, or a state, or a group of states, or an international organisation or alliance.

WHAT'S WRONG?

- Who decides what is "lawful" or "unlawful" use of force?
- By this definition, Nelson Mandela, Jomo Kenyatta, Sukarno, George Washington, Thomas Jefferson and Benjamin Franklin and all "freedom fighters" are by definition "terrorists".
- Why restrict the definition to only "political and social objectives"?

5

(4) THE US STATE DEPARTMENT DEFINITION OF "TERRORISM"

"Premeditated, politically motivated violence perpetrated against noncombatant targets by subnational groups or clandestine agents, usually intended to influence an audience."

WHAT'S WRONG?

By definition, only "subnational groups" or "clandestine agents" can be terrorists. Palestinian mortar attacks on Jewish settlements count as "terrorism". By definition, Israeli mortar attacks on Palestinian settlements cannot be "terrorism".

6

(5) THE US DEPARTMENT OF DEFENSE DEFINITION OF "TERRORISM"

"The calculated use of violence or the threat of violence to inculcate fear, intended to coerce or intimidate governments or societies in the pursuit of goals that are generally political, religious or ideological."

WHAT'S WRONG?

Lots. Terrorism is not distinguished from:

- (1) "conventional war", the calculated use of violence against combatants, essentially people in uniform;
- (2) "criminal violence", the calculated use of violence for direct personal or narrow perpetrator gain.

WHAT'S RIGHT? (without the small print, provisos and caveats)

1. Recognition that states can terrorise.
2. Comparatively value-free definition. (Terrorism can be good and bad. Good? For example, striking terror into the hearts of the drug cartels, international criminal networks, the paedophiles sex trade).
3. This is a US definition and perhaps cannot be construed as anti-American. 7

(6) THE MALAYSIAN DEFINITION OF TERRORISM

"Armed attacks or other forms of attack against civilians must be regarded as acts of terror and the perpetrators regarded as terrorists. Whether the attackers are acting on their own or on the orders of their Governments, whether they are regulars or irregulars, if the attack is against civilians, then they must be considered as terrorists.

Groups or Governments which support attacks on civilians must be regarded as terrorists, irrespective of the justification of the operations carried out, irrespective of the nobility of the struggle.

However, if civilians are accidentally caught in the crossfire, the attackers should not be labelled as terrorists." ... Mahathir Mohamad, Keynote Address at the Extraordinary Session of the Islamic Conference of Foreign Ministers on Terrorism, April 1, 2002

WHO IS A TERRORIST?

Obviously, terrorists can be a state or a non-state actor.

The list of these world's states is readily available. A list of sub-state "terrorist organisations" is a little harder to find. Most are politically slanted. Below is reproduced a listing reproduced here on the basis that it is the longest list available on the internet.

AN INCOMPLETE (THOUGH LONGEST) LIST OF SUB-STATE TERRORIST ORGANISATIONS*

Country	Group Name	Acronym	Original Language Name	Status
1	Afghanistan	Harkat-i-Islami		Active
2	Afghanistan	Jamaat e Islami		Active
3	Afghanistan	National Islamic Movement	NIM	[Jumbish-i-Milli] Active
4	Afghanistan	Northern Alliance		Active
5	Afghanistan	Taliban Militia		Active
6	Afghanistan	United Islamic Front for the Salvation of Afghanistan	UIFSA	Active
7	Algeria	Alliance for a Free Kabylie	AKAL	Uncertain
8	Algeria	Armed Islamic Group	GIA	[Groupe Islamique Armee] Active
9	Algeria	Belmokhtar Group		
10	Algeria	Islamic Salvation Front / Islamic Salvation Army	FIS/AIS	[Front Islamique du Salut, Armee Islamique du Salut] Active
11	Angola	Cabinda Democratic Front	FDC	[Frente Democratica de Cabinda]
12	Angola	Cabinda Enclave Liberation Front - Cabinda Armed Forces	FLEC-FAC	[Frente de LEC-Forcas Armadas Cabindesas] Active
13	Angola	Cabinda Enclave Liberation Front - Renovada	FLEC-R	[Frente de Libertacao do Enclave de Cabinda-Renovada] Active
14	Angola	National Union for the Total Independence of Angola	UNITA	[Uniao Nacional para a Independencia Total de Angola] Active
15	Austria	Bavarian Liberation Army	BLA	Active
16	Austria	People's Extra Parliamentary Opposition	VAPO	Active
17	Bahrain	Hezbollah-Gulf/Bahrain		Active
18	Bahrain	Islamic Front for the Liberation of Bahrain	IFLB	Active

19	Bahrain	Movement for the Liberation of Bahrain	MLB		Active
20	Bangladesh	Shanti Bahini			Cease-fire
21	Belgium	Fighting Communist Cells	CCC	[Cellules Communistes Combattantes]	Dormant
22	Bolivia	National Liberation Army - Bolivia	ELN	[Ejército de Liberación Nacional]	Dormant, 1996
23	Bolivia	Tupac Katari Guerrilla Army	EGTK	[Ejército Guerrillero Tupac Katari]	Possibly active
24	Burundi	Forces for the Defense of Democracy	FDD	[Forces pour la Défense de la Démocratie]	Active
25	Burundi	National Council for the Defense of Democracy	CNDD	[Conseil National pour la Défense de la Démocratie]	Active
26	Burundi	National Liberation Forces	FNL	[Forces Nationales de Libération]	Active
27	Burundi	National Liberation Front	Frolina	[Front de Libération Nationale]	Active
28	Burundi	Party for the Liberation of the Hutu People	PLPH	[Parti pour la Libération du Peuple Hutu]	Active
29	Cambodia	Party of Democratic Kampuchea		[Khmer Rouge]	Active
30	Canada	Front de Liberation du Quebec	FLQ		Inactive

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31	Chad	Armed Forces for a Federal Republic	FARF	[Forces Armées pour un République Fédérale]	Active
32	Chad	Chadian National Front	FNT	[Front Nationale du Tchad]	Active
33	Chad	Movement for Democracy and Development	MDD	[Mouvement pour la Démocratie et la Développement]	
34	Chad	National Awakening Committee for Peace and Democracy	CSNPD		
35	Chad	National Council for Rebuilding Chad	CNTR		
36	Chad	National Council for Recovery	CNR		
37	Chad	National Front for the Renewal of Chad	FNTR	[Front Nationale pour le Tchad Renouée]	Active
38	Chad	People's Democratic Front	PDF	[Front du Peuple Démocratique]	Active
39	Chad	Union of Democratic Forces	UFD	[Union des Forces Démocratiques]	Active
40	Chile	Lautaro Youth Movement	MJL	[Movimiento de Juventud Lautaro]	Dormant

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41	Chile	Manuel Rodriguez Patriotic Front - Autonomous	FPMR/A	[Frente Patriótica Manuel Rodríguez-Autónomo]	
42	Chile	Manuel Rodriguez Patriotic Front - Dissidents	FPMR/D	[Frente Patriótica Manuel Rodríguez]	Active (Chile's only)
43	Chile	Movimiento de la Izquierda Revolucionaria	MIR	[Movimiento de la Izquierda Revolucionaria]	Dormant
44	Chile	United Popular Action Movement-Lautaro	MAPU-I	[Movimiento de Acción Popular Unitario-Lautaro]	
45	China	Tibetan Separatists			Active
46	China	Uighur Muslim Separatists			Active
47	Colombia	April 19 Movement	M-19	[Movimiento 19 de Abril]	A few are active
48	Colombia	National Liberation Army - Colombia	ELN	[Ejército de Liberación Nacional]	Active
49	Colombia	Peasant Self-Defense Group of Cordoba and Uraba	ACCU	[Peasant Self-Defense Group of Cordoba and Uraba]	Active
50	Colombia	Popular Liberation Army	EPL	[Ejército Popular de Liberación]	Active

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51	Colombia	Revolutionary Armed Forces of Colombia	FARC	[Fuerzas Armadas Revolucionarias de Colombia]	Active
52	Colombia	Ricardo Franco Front	FRF	[Frente Ricardo Franco]	Active (as bandits)
53	Colombia	United Self-Defense Forces of Colombia	AUC	[Autodefensas Unidas de Colombia]	Active
54	Comoros	Anjouan Island separatists			Active
55	Cuba	April 19 Movement	M-19	[Movimiento 19 de Abril]	Inactive
56	Cuba	Che Guevara Brigade			Inactive
57	Djibouti	Front for the Restoration of Unity and Democracy	FRUD	[Front pour la Restauration d'Unité et Démocratie]	Active
58	Djibouti	Front for the Restoration of Unity and Democracy - Dini	FRUD	[Front pour la Restauration d'Unité et Démocratie - Dini]	Active
59	Dominican Republic	Anti-Imperialist Patriotic Union	UPA		
60	Ecuador	Alfaro Lives, Damnit!	AVC	[¡Alfaro Vive, Carajo!]	Active (one faction)
61	Ecuador	People's Combatants Group	GCP	[Grupo de Combatante de Pueblo]	Formed in 11/1998

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62	Ecuador	Red Sun		[Sol Rojo] or [Puka Inti]	Officially disbanded
63	Egypt	al-Jihad			
64	Egypt	Egyptian Islamic Jihad Group			Active
65	Egypt	Islamic Group	IG / GAI	[al-Gama'at al-Islamiyya]	Active
66	Egypt	Vanguards of Conquest			
67	El Salvador	Farabundo Marti National Liberation Front	FMLN	[Frente Farabundo Marti de Liberación Nacional]	Political Party
68	Equatorial Guinea	Movement for the Autodetermination of the Island of Bioko	MAIB	[Movimiento para la Auto-determinación de la Isla de Bioko]	Active
69	Eritrea	Active Al-Ittihad al-Islami			Active
70	Eritrea	Eritrean Liberation Front	ELF		Active
71	Ethiopia	Al-Ittihad al-Islami			Active
72	France	Action Directe	AD	[Action Directe]	Dormant
73	France	Corsican National Liberation Front-Historic Wing	FLNC-HW		Active
74	France	Corsican National Liberation Front-Traditional Wing	FLNC-CH		Active

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75	France	Kanak Socialist National Liberation Front	FLNKS	[Front de Libération Nationale Kanak Socialiste]	Active, non-violent
76	Georgia	Abkhazia rebels			Active
77	Georgia	Algetan Wolves		[Algeti Mglebi]	
78	Georgia	Horsemen		[Mkhedrioni]	Uncertain
79	Georgia	Internal Opposition Zviadists			
80	Georgia	South Ossetian Rebels			Cease-fire
81	Georgia	Ukrainian Self-Defence Organisation	UNSO		
82	Georgia	White Legion			
83	Germany	Anti-Imperialist Cell	AIZ	[Antiimperialistische Zelle]	
84	Germany	June 2			
85	Germany	Red Army Faction	RAF	[Rote Armee Fraktion]	Disbanded 4/21/98
86	Germany	Revolutionary Cells	RZ	[Revolutionaere Zellen]	Dormant
87	Greece	Anarchist Street Patrol			Active
88	Greece	Children of November			Active
89	Greece	Conscientious Arsonists			Active
90	Greece	Fighting Guerrilla Formation	MAS		Active
91	Greece	Militant Guerilla Formation			Active

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92	Greece	New Group of Satanists				Active
93	Greece	November 17	RO-17	[Epanastaiki Organosi Noembri]	17	Active
94	Greece	Revolutionary Popular Struggle	ELA	[Epanastikos Laikos Agonas]		Active
95	Greece	Revolutionary Subversive Faction - Commando Unabomber				Active
96	Guatemala	Guatemalan National Revolutionary Party	URNG	[Unidad Revolucionaria Nacional Guatemalteca]		Disarmed in 1997
97	Guinea-Bissau	Ansumané Mané rebellion				
98	Guyana	Guyana National Service				Disbanded
99	Guyana	Guyana People's Militia				Disbanded
100	Honduras	Cinchonero Popular Liberation Movement	MPL			Unclear; long quiet
101	Honduras	Comandos Operativos Especiales	COES			Active
102	Honduras	Morazanist Patriotic Front	FPM			Inactive, but intact
103	Honduras	Popular Revolutionary Forces Lorenzo Zelaya	FRP-LZ	[Fuerzas Revolucionarias Populares Lorenzo Zelaya]		Inactive, still extant

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104	India	Al Faran				Active
105	India	Al Hadid				Active
106	India	Al Jihad				Active
107	India	All India Sikh Students Federation				Active
108	India	All Tripura Tiger Force	ATTF			Active
109	India	Ananda Marg				Active
110	India	Azar Khalistan Babbar Khalsa Force				Active politically
111	India	Babbar Khalsa				Active
112	India	Bodo Liberation Tiger Force	BLTF			Active
113	India	Bodo Security Force	BSF			Active
114	India	Dal Khalsa				Active
115	India	Dashmesh Regiment				Active
116	India	Garo National Front				Active
117	India	Harakat ul-Ansar	HUA			Active
118	India	Hizb-ul Mujahideen				Active
119	India	Jamaat-e-Islam				Active
120	India	Jammu and Kashmir Liberation Front	JKLF			Active
121	India	Khalistan Commando Force				Active

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122	India	Khalistan Liberation Front		Active
123	India	Khalistan Zindabad Force		Active
124	India	Maoist Communist Center	MCC	Active
125	India	Muslim Brotherhood		Active
126	India	National Democratic Front of Bodoland	NDFB	Active
127	India	National Liberation Front of Tripura	NLFT	Active
128	India	National Socialist Council of Nagaland	NSCN	Active
129	India	People's War Group	PWG	Active
130	India	United Liberation Front of Assam	ULFA	Active
131	Indonesia	Revolutionary Front for an Independent East Timor	GPK, FRETILIN	[Frente Revolucionaria Timorensa de Libertacao e Independencia] Active; talks stalled
132	Indonesia	Gerakin Aceh Merdeka		Active
133	Indonesia	Organisasi Papua Merdeka	OPM	Active
134	Iran	Al-Harakan al-Islamiya		Uncertain
135	Iran	Ansar-e Hezbollah		Active
136	Iran	Babak Khoramdin Organisation	BKO	

137	Iran	Banner of Kaveh		
138	Iran	Democratic Party of Iranian Kurdistan	DPIK	Active
139	Iran	Democratic Revolutionary Front for the Liberation of Arabistan		Uncertain
140	Iran	Fadayan - Majority Faction		
141	Iran	Fadayan - Minority Faction		
142	Iran	Freedom Movement of Iran	FMI	
143	Iran	Iran Liberation Front		
144	Iran	Kurdish Communist Party of Iran, Committee of the Revolutionary Toilers of Iranian Kordestan	KOMALA	[Komala-ye Shoresghari-ye Zahmat Keshan-e Kordestan-e Iran] Active
145	Iran	Kurdish Democratic Party of Iran	KDP	Active
146	Iran	Lahkar-iJhangi		Active
147	Iran	Mujahedin-e Khalq Organization, People's Mujahedin	MEK, MKO, PMOI	Active
148	Iran	National Democratic Front		Active

149 Iran	National Democratic Front of Hedayatollah Matin-Daftari		Active
150 Iran	National Front		Active
151 Iran	National Liberation Army of Iran (Militant wing of MEK)	NLA	Active
152 Iran	National Resistance Movement of Iran		Active
153 Iran	Paykar		
154 Iran	Tudeh		
155 Iraq	Al-Dawa al-Islamiya		Active
156 Iraq	Communist Party militia		
157 Iraq	Iranian Democratic Party of Kurdistan	KDPI	
158 Iraq	Islamic Movement of Kurdistan	IMK	
159 Iraq	Kurdistan Democratic Party	KDP	Active
160 Iraq	Patriotic Union of Kurdistan	PUK	Active
161 Iraq	Socialist Party militia		Active
162 Iraq	Supreme Council for Islamic Revolution		

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163 Iraq	Supreme Council for the Islamic Resistance in Iraq, Badr Corps	SCIRI	Active
164 Iraq	Turcoman Front Militia		
165 Israel	Abu Nidal Organization	ANO	Active
166 Israel	Democratic Front for the Liberation of Palestine	DFLP	Active, in political
167 Israel	Fatah Uprising		Active
168 Israel	Gush Emunim Underground		Active
169 Israel	Hamas		Active
170 Israel	Islamic Jihad		Active
171 Israel	Kach and Kahane Chai		Active
172 Israel	May 15 Organization		Active
173 Israel	Organization of the Armed Arab Struggle	OAAS	Active Inactive
174 Israel	Palestine Islamic Jihad - Shiqaqi faction	PIJ	Active
175 Israel	Palestine Liberation Front - Abu Abbas faction	PLF	Active, but restrained
176 Israel	Popular Front for the Liberation of Palestine	PFLP	Active only in Syria

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177	Israel	Popular Front for the Liberation of Palestine-General Command	PFLP-GC		Active at low levels, in Syria
178	Israel	Popular Front for the Liberation of Palestine-Special Command	PFLP-SC		Active only in Syria
179	Israel	Popular Struggle Front	PSF		Dormant
180	Israel	Terror Against Terror	TNT		
181	Italy	Autonomists			Active
182	Italy	Hammer Skinheads Italia			Active
183	Italy	Red Brigades	BR	[Brigate Rosse]	Dormant
184	Italy	Third Position		[Terza Posizione]	Active
185	Japan	Aum Shinrikyo			
186	Japan	Blood Revenge Corps of the Partisan Volunteer Corps for the Independence of the Japanese Race	Sekihotai	[Nippon Minzoku Dokuritsu Giyugun Betsudo Sekihotai]	Active
187	Japan	Japanese Red Army	JRA	[Nihon Sekigun]	Active, training terrorists
188	Japan	Kakamaru-ha			Active

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189	Japan	Middle Core Faction, or Nucleus		[Chukaku-Ha]	
190	Japan	Sane Thinkers School		[Seikijuku]	
191	Jordan	Jordanian Muslim Brotherhood			Active
192	Kyrgyzstan	Independence		[Egemen]	Active
193	Laos	Lao Liberation Army	LLA		Active
194	Laos	Lao National Liberation Movement	LNLM		Active
195	Laos	United Lao National Liberation Front	ULNLF		Active
196	Lebanon	Hezbollah			Active
197	Lebanon	Islamic Resistance			
198	Lebanon	Lebanese Armed Revolutionary Faction	FARL	[Factions Armées Revolutionnaires Libanaises]	Dormant
199	Lebanon	Lebanese Resistance Detachments	Amal	[Afwaj al Muqawamah al Lubnaniyyah]	Active
200	Liberia	National Patriotic Front of Liberia	NPFL		Disarming (slowly)
201	Liberia	United Front for the Liberation of Liberia	ULIMO		Observ. cease-fire

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202	Liberia	United Front for the Liberation of Liberia-Johnson	ULIMO-J	Observ.
203	Libya	Fighting Islamic Group in Libya	FIGL	Active
204	Libya	Islamic Martyrs Movement		Active
205	Libya	Islamic Movement for Change		Active
206	Libya	Islamic Movement of Martyrs		Active
207	Libya	Libyan Jihad Movement		Active
208	Libya	Libyan National Democratic Movement		Active
209	Libya	Libyan National Grouping		
210	Libya	Libyan National Salvation Committee		
211	Libya	National Front for the Salvation of Libya		

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212	Macedonia, FYROM	Macedonian Revolutionary Organisation - Democratic Party for Macedonian National Unity	VMRO-DPMN	
213	Macedonia, FYROM	Unikom (ethnic Albanians)		Active
214	Mali	Azaouad Islamic-Arab Front	FIAA	[Front Islamique-Arabe de l'Azaouad] Cease-fire, 3/1996
215	Mali	Azaouad Popular Liberation Front	FPLA	[Front Populaire de Libération de l'Azaouad] Cease-fire, 3/1996
216	Mali	Azaouad Popular Movement	MPA	[Mouvement Populaire de l'Azaouad] Cease-fire, 3/1996
217	Mali	Azaouad Revolutionary Army	ARLA	[Frente Armadas Revolucionarias] Cease-fire, 3/1996
218	Mali	United Azaoud Movements and Fronts	MFUA	[Mouvements et Fronts Unifiés de l'Azaoud] Active
219	Mexico	Justice Army of the Defenseless People		[Ejército Justicia de los Indefensos] Active
220	Mexico	Popular Revolutionary Army	EPR	[Ejército Popular Revolucionaria] Active

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221	Mexico	Zapatista National Liberation Movement	EZLN	[Ejército Zapatista de Liberación Nacional]	Active, making peace
222	Moldova	Popular Front	PF		
223	Moldova	Republic of Transdniestr			
224	Morocco	Popular Front for the Liberation of Sakiet el Hamra and Rio de Oro	Polisario	[Frente Popular Para la Liberación de Sakiet el Hamra y Rio de Oro]	Active
225	Mozambique	Mozambican National Resistance	RENAMO	[Resistencia Nacional Mocambicana]	
226	Mozambique	National Resistance Movement	MNR		
227	Myanmar	Arakan Rohingya Islamic Front	ARIF		Active
228	Myanmar	Kachin Democratic Army	KDA		Cease-fire
229	Myanmar	Kachin Independence Army	KIA		Cease-fire
230	Myanmar	Karen Buddhist Democracy Army	DKBA		Active
231	Myanmar	Karen National Union / Karen National Liberation Army	GNU/ KNLA		Active
232	Myanmar	Karenni Army	KA		Active

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233	Myanmar	Myanmar National Democratic Alliance Army	MNDAA		Cease-fire
234	Myanmar	National Democratic Alliance Army	NDAA		Cease-fire
235	Myanmar	New Democratic Army	NDA		Cease-fire
236	Myanmar	Rohingya Solidarity Organization	RSO		Active
237	Myanmar	Shan State Army, or Shan State Progress Army	SSA/SSPA		Active
238	Myanmar	Shan State Restoration Council (Mong Tai Army)			Active
239	Myanmar	Shan United Revolutionary Army (Mong Tai Army)	SURA		Active
240	Myanmar	United Wa State Army	UWSA		Cease-fire
241	Nepal	Communist Party of Nepal (United Marxism-Leninism)	CPN-UML		Active
242	Nepal	United People's Front of Nepal		[Bhattarai]	
243	Nicaragua	Revolutionary Armed Front	FAR	[Frente Armadas Revolucionarias]	Active
244	Niger	Azaouad Liberation Front	FLAA	[Front de Liberation de l'Azaouad]	Tentative truce
245	Niger	Organisation de la Resistance	ORA		Tentative truce

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246	Niger	Revolutionary Liberation Army of North-Niger	ARLN	[Armée Revolutionnaire de Tentative Libération du Nord-Niger] truce	
247	Niger	Saharan Patriotic Liberation Front	FPLS	[Front Patriotique de Libération du Sahara	Tentative truce
248	Pakistan	Baluch People's Liberation Front	BPLF		Unclear
249	Pakistan	Baluch Students' Organization - Awami	BSO-A		Unclear
250	Pakistan	Harakat-ul-Ansar			Active
251	Pakistan	Jamaat ul-Fuqra			Active
252	Pakistan	Muhajir Quami Movement - Haqiqi Faction	MQM-H		Active
253	Pakistan	Muttahidda Quami Movement - Altaf Faction	MQM		Active
254	Pakistan	Nadeem Commando			Active
255	Pakistan	Popular Front for Armed Resistance	PFAR		Unclear
256	Pakistan	Shi'ite Movement of Pakistan			Active
257	Pakistan	Sipah-i-Sahaba Pakistan	SSP		Active

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258	Papua New Guinea	Bougainville Revolutionary Army	BRA		Cease-fire in effect: 4/30/98
259	Peru	Shining Path	SL	[Sendero Luminoso]	Active
260	Peru	Tupac Amaru Revolutionary Movement	MRTA	[Movimiento Revolucionario Tupac Amaru]	Active
261	Philippines	Abu Sayyaf Group	ASG		Active
262	Philippines	Alex Boncayo Brigade	ABB		Active
263	Philippines	Moro Islamic Liberation Front	MILF		Active
264	Philippines	Moro National Liberation Front	MNLF		Cease-fire
265	Philippines	National Democratic Front	NDF		Active
266	Philippines	New People's Army	NPA		Active
267	Philippines	Revolutionary Proletarian Army			Active
268	Portugal	Azorean Liberation Front			
269	Portugal	Azorean Nationalist Movement			
270	Portugal	Popular Forces of the 25th of April	FP-25	[Forças Populares do 25 Abril]	
271	Russia	Chechen rebels			Active

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272	Russia	South Ossetian rebels			
273	Rwanda	Interahamwe Militia			Active
274	Saudi Arabia	Brethren (Battalions) of the Faithful			Active
275	Saudi Arabia	Fighting Ansar of Allah			Active
276	Saudi Arabia	Hezbollah Gulf			Active
277	Saudi Arabia	Islamic Jihad in Hejaz			Active
278	Saudi Arabia	Islamic Peninsula Movement for Change - Jihad Wing			Active
279	Saudi Arabia	Islamic Revolutionary Organization			Active
280	Saudi Arabia	Jamaat al-Adala al-Alamiya			Active
281	Saudi Arabia	Legion of the Martyr Abdullah al-Huzafi			Active
282	Saudi Arabia	Movement for Islamic Change			Active
283	Saudi Arabia	Tigers of the Gulf			Active
284	Senegal	Movement of Democratic Forces of Casamance - Northern Front	MFDC-FN	[Mouvement des Forces Démocratiques de Casamance - Front Nord]	Active
285	Senegal	Movement of Democratic Forces of Casamance - Southern Front	MFDC-FS	[Mouvement des Forces Démocratiques de Casamance - Front Sud]	Active

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286	Sierra Leone	Armed Forces Revolutionary Council	AFRC		Ousted
287	Sierra Leone	Revolutionary United Front	RUF		Cease-fire
288	Somalia	National Somali Congress			Active
289	Somalia	Rahanwein Resistance Army			Active
290	Somalia	Somali Democratic Alliance	SDA		Active
291	Somalia	Somali Democratic Association			Active
292	Somalia	Somali National Alliance	SNA		Active
293	Somalia	Somali National Front	SNF		Active
294	Somalia	Somali National Movement	SNM		Active
295	Somalia	Somali Patriotic Movement			Active
296	Somalia	Somalia Democratic Front			Active
297	Somalia	Somalia Salvation Democratic			Active
298	Somalia	United Somali Congress	USC		Active
299	Somalia	United Somali Front	USF		Active
300	South Africa	Afrikaaner Weerstand Beweeging & Boer Attack Troops	AWB	[Afrikaaner Weerstand Beweeging]	Active
301	Spain	Basque Fatherland and Liberty ETA		[Euzkadi Ta Askatasuna]	Active
302	Spain	Iraltza			Inactive

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303	Spain	October First Anti-Fascist Resistance Group	GRAPO	[Grupo de Resistencia Antifascista Primero de Octubre]	Dormant
304	Spain	Those of the North			
305	Sri Lanka	Janatha Vimukthi Peramuna	JVP	[Iparretarrak]	Uncertain Active, but limited
306	Sri Lanka	Liberation Tigers of Tamil Eelam	LTTE		Active
307	Sudan	Fatah wing			Active
308	Sudan	Forces of Unity			Active
309	Sudan	Legitimate Command			Active
310	Sudan	National Democratic Alliance	NDA		Active
311	Sudan	Southern Sudan Independence Movement	SSIM		Active
312	Sudan	Sudan Alliance Forces	SAF		Active
313	Sudan	Sudan People's Liberation Army	SPLA		Active
314	Sudan	Umma Liberation Army			Active
315	Syria	Syrian Muslim Brotherhood			Active, but suppressed

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316	Tajikistan	Islamic Renaissance Party	IRP		Integrating into government
317	Tajikistan	People's Democratic Army			Active
318	Tajikistan	Popular Front			Active
319	Tajikistan	Tajik opposition			Active
320	Thailand	Pattani United Liberation Organization	PULO		Active Dormant
321	Tunisia	Hizb el Nahda			Active
322	Tunisia	Islamic Liberation Party			Active
323	Tunisia	Islamic Tendency Party			Active
324	Tunisia	Islamic Tunisian Front	FIT	[Front Islamique Tunisien]	Active
325	Turkey	Armenian Liberation Army	ALA		Dormant
326	Turkey	Armenian Secret Army for the Liberation of Armenia	ASALA		Dormant
327	Turkey	Grey Wolves (Idealists)			Active
328	Turkey	Justice Commandos of the Armenian Genocide	JCAG		Dormant
329	Turkey	Kurdistan Workers Party	PKK	[Partiya Karkaren Kurdistan]	Active

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330	Turkey	National Liberation Front of Kurdistan	ERNK	[Eniya Rizgariya Netewa Kurdistan]	Active
331	Turkey	People's Liberation Army of Kurdistan	ARGK		Active
332	Turkey	Revolutionary Communists' Union of Turkey	TYKB		Active
333	Turkey	Revolutionary People's Liberation Party/Front, or Revolutionary Left (formerly Devrimci Sol)	DHKP.C, Dev Sol	[Devrimci Halk Kurtulus Partisi / Cephesi]	Active
334	Uganda	Allied Democratic Forces	ADF		Active
335	Uganda	Lord's Resistance Army	LRA		Active
336	Uganda	Uganda National Rescue Front UNRF II II			Active
337	Uganda	West Nile Bank Front	WNBF		Active
338	United Kingdom	Continuity Army Council	CAC		Active
339	United Kingdom	Continuity Irish Republic Army	CIRA		Active
340	United Kingdom	Irish National Liberation Army	INLA		Active

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341	United Kingdom	Irish Republican Army	IRA		Active
342	United Kingdom	Loyalist Volunteer Force	LVF		Active
343	United Kingdom	Red Hand Commandos			Cease-fire
344	United Kingdom	Ulster Defense Association	UDA		Cease-fire
345	United Kingdom	Ulster Freedom Fighters	UFF		Cease-fire
346	United Kingdom	Ulster Volunteer Force	UVF		Cease-fire
347	United States	Armed Commandos for National Liberation			Active; low level
348	United States	Armed Forces of National Liberation	FALN	[Fuerzas Armadas de Liberacion Nacional]	Active; low level
349	United States	Armed Forces of Popular Resistance			Active; low level
350	United States	Army of God			Active
351	United States	Aryan Nations	AN		Active

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352	United States	Guerrilla Forces of Liberation			Active; low level
353	United States	Los Macheteros		[Los Macheteros]	Active; low level
354	United States	Militia Groups			Active
355	United States	Mountaineer Militia			Active
356	United States	Organization of Volunteers for the Puerto Rican Revolution			Active; low level
357	United States	People's Revolutionary Commandos			Active; low level
358	Uruguay	National Liberation Movement MLN (Tupamaros)		[Movimiento de Liberacion Nacional (Tupamaros)]	Legal political party
359	Venezuela	Red Flag	BR		Uncertain
360	Venezuela	United Revolutionary Front		[Bandera Roja]	Uncertain
361	Vietnam	United Front for the Liberation of Oppressed Races	FULRO		Uncertain
362	Western Sahara	Popular Front for the Liberation of Sakiet el Hamra and Rio de Oro	Polisario	[Frente Popular Para la Liberacion de Sakiet el Hamra y Rio de Oro]	Cease-fire, often broken

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363	Yemen	Yemeni Tribesmen			Active
364	Yugoslavia	Beli Orlovci			Uncertain
365	Yugoslavia	Kosovo Liberation Army	UÇK/KLA	[Ushtria Çlirimtare e Kosovës]	Active
366	Yugoslavia	Kosovo Republic Armed Forces	FARK		
367	Yugoslavia	Liberation Army of Kosova	LAK		
368	Yugoslavia	National Movement for the Liberation of Kosovo			
369	Yugoslavia	Srpska Dobrovoljacka Garda (SDG) Srpska Garda			
370	Yugoslavia	Srpski Cetnicki Pokret			
371	Zambia	Black Mamba			
372	Zimbabwe	Chimwenje			

From this incomplete list – please note the absence of Al'Queda, Malaysia's Al'Maunah and Kumpulan Militan Malaysia, some notable omissions from Indonesia, and many other terrorist organisations – it is clear that non-governmental "terrorist organisations" come in many shapes, colours, follow many faiths and non-faiths, champion the widest range of causes; they are all over the place, in ever nook and corner of the world.

As for the most active state terrorists, they have generally been the great and super powers of the day and a few extra-ordinary states.

**WHY do governments and
non-governmental organisations and groups
resort to terrorism and terrorist acts?**

TOO MANY REASONS. BUT TO MENTION JUST 9,

1. Powerful belief in a cause
2. War is increasingly illegitimate today.
3. War subject to int. law; terrorism generally not.
4. Terrorism easier to hide and to keep quiet.
5. Terrorism often more effective "mouse-trap".
6. Terrorism often cheaper.
7. Terrorism is often the "no-option" option.
8. Terrorism is often the outcome of utter desperation.
9. Sub-state terrorism is typically the weapon of the weak and poor. Four civilian aircraft hijacked on September 11 are "a poor man's air force".



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 2(c)

PLENARY SESSION TWO
Monday, 3 June 2002, 1130 -1300 hrs

THE TERRORIST THREAT IN THE ASIA PACIFIC REGION: CHALLENGE AND RESPONSE

“Terrorism in the Asia Pacific Region: The Reality and the Response”

by

Mr. John McFarlane

Executive Director

Australian Member Committee

Council for Security Cooperation in the Asia Pacific (CSCAP)

Strategic and Defence Studies Centre

Australian National University

Australia

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SOUTHEAST ASIA
REGIONAL PROGRAM

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ISIS Malaysia

**16th ASIA-PACIFIC ROUNDTABLE:
Confidence Building and Conflict Reduction**

Plenary Session Two

**THE TERRORIST THREAT IN THE ASIA-PACIFIC:
CHALLENGES AND RESPONSE**

**Terrorism in the Asia-Pacific Region:
The Reality and the Response**

John McFarlane

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Australian Member Committee
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**Monday 3 June 2002
11.30 – 12.55 hrs**

Terrorism in the Asia-Pacific Region: The Reality and the Response

Background

The opening words of the IISS *Strategic Survey 2001/2002* state that “for most of 2001, world affairs stumbled along, as they had for most of the post-Cold War nineties”.¹ Then came the events of 11 September. Over 3,000 people, representing more than 40 nationalities – most of them Americans and virtually all of them civilians – were killed.

The events of September 11 have dramatically demonstrated that highly-motivated and capable non-state actors, employing carefully planned and targeted terrorist operations, facilitated by criminal activities involving drug trafficking, financial crime and covert money movements, identification fraud, and so on, have been able to seriously challenge the global strategic order and precipitate a major rethink of national and international defence, security and law enforcement priorities. Those who predicted that 11 September would be just a nasty blip on the global security radar screen have been proven wrong: the “War Against Terrorism” has fundamentally changed United States strategic priorities causing it to adopt a hard-line unilateralist approach (albeit couched in “coalition” terminology) which will have a major impact on the global security outlook and, inevitably, risks upsetting the security relationships with other states.

Terrorism is not a new phenomenon, and certainly not to the Asia-Pacific. However, never have terrorist incidents, such as those which occurred on 11 September, made such an impact on the whole world. The traumatic sight of those two huge buildings collapsing, killing so many innocent people going about their normal activities, was a sight none of us will ever forget. That this was the first time since 1814 that the American heartland had been attacked; that this fate was suffered by the world’s only superpower, whose military might is overwhelmingly superior; that civilians were targeted on an unprecedented scale; and that this attack was carried out by 19 young men – non-state actors - inspired by a mystical cleric living in

¹ International Institute for Strategic Studies: *Strategic Survey, 2000/2001*. Oxford: Oxford University Press, May 2002, p. 5.

Afghanistan, and at an all-up cost of only about US\$500,000, drives home how 11 September has become a watershed in our strategic experience – the dawn of the post-Post Cold War era, in spite of the fact that many of the previous international conflicts and flash-points still.

Transnational Crime and Terrorism

Terrorist Financing

One of the key strategies in dealing with terrorism is to attack the financial base supporting the group concerned: without the funds to conduct their activities, purchase the weapons and explosives they require, and move their people around the world, transnational terrorist groups will obviously be a much less significant threat. This explains why such an emphasis has been placed since 11 September on attacking the financial base of terrorism.

In the absence of state sponsorship, terrorist groups are increasingly turning to criminal activities to support their operations.² For this reason, understanding the synergies between transnational terrorism and transnational crime are also important. It might also be noted that it is frequently observed that terrorist groups engaging in crime to support a political objective have difficulty in resisting the temptation to convert their political objectives to criminal ones, due to the personal power and profits derived from crime – *Abu Sayyaf* in the Philippines is a good example.

Traditionally, terrorist activities have been financed from a variety of sources, such as -

- State sponsorship, from, say, Libya, Iran, Iraq, Syria and, in the past, the former Soviet bloc;
- Non-state sponsorship, which is an increasing feature of modern terrorism and appears to be a major characteristic of *al-Qa'ida*, which has provided funding, training and infrastructure support to a network of groups sympathetic to own aims, apparently on a scale much wider than previously estimated;
- Drug production and trafficking (or narco-terrorism), which has been a major source of income for *al-Qa'ida*, using its international links on a commission

² See, for example, John McFarlane: "Organised Crime and Terrorism: The Reality and the Response". A paper delivered at the Conference *Globalising Terror: Political Violence in the New Millennium*, jointly sponsored by the Standing Advisory Committee for Commonwealth/State Cooperation for the Protection Against Violence (SAC-PAV) and the University of Tasmania, Hobart, Tasmania, 8-10 May 2002.

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In the absence of state sponsorship, terrorist groups are increasingly turning to criminal activities to support their operations.² For this reason, understanding the synergies between transnational terrorism and transnational crime are also important. It might also be noted that it is frequently observed that terrorist groups engaging in crime to support a political objective have difficulty in resisting the temptation to convert their political objectives to criminal ones, due to the personal power and profits derived from crime – *Abu Sayyaf* in the Philippines is a good example.

Traditionally, terrorist activities have been financed from a variety of sources, such as -

- State sponsorship, from, say, Libya, Iran, Iraq, Syria and, in the past, the former Soviet bloc;
- Non-state sponsorship, which is an increasing feature of modern terrorism and appears to be a major characteristic of *al-Qa'ida*, which has provided funding, training and infrastructure support to a network of groups sympathetic to own aims, apparently on a scale much wider than previously estimated;
- Drug production and trafficking (or narco-terrorism), which has been a major source of income for *al-Qa'ida*, using its international links on a commission

² See, for example, John McFarlane: "Organised Crime and Terrorism: The Reality and the Response". A paper delivered at the Conference *Globalising Terror: Political Violence in the New Millennium*, jointly sponsored by the Standing Advisory Committee for Commonwealth/State Cooperation for the Protection Against Violence (SAC-PAV) and the University of Tasmania, Hobart, Tasmania, 8-10 May 2002.

basis (10-15%). Many other terrorist groups also use drug production or trafficking as a major source of income;

- Other illicit activities, such as diamond sales. *Al-Qa'ida* is assessed as having reaped hundreds of millions of dollars over the last three years from the illicit sales of diamonds mined by its allies, the Revolutionary United Front (RUF) in Sierra Leone.

In 2001, the Financial Action Task Force (FATF)³ identified the following major sources of terrorist funding:

- Drug production and trafficking;
- Extortion, i.e. extortion of businesses, building companies, social clubs, and wealthy individuals;
- Kidnapping for ransom, i.e. hostage taking to extort money or political concessions (accompanied by the threat of execution);
- Robberies, especially bank robberies;
- Fraud, especially credit card fraud;
- Illicit gambling operations;
- Smuggling and trafficking in counterfeit goods;
- Direct sponsorship by states;
- Contributions and donations;
- Sale of publications (legal and illegal);
- Legitimate business activities.⁴

To this list could be added:

- Illicit trafficking in firearms and diamonds;
- Human smuggling and sex trafficking;
- Manipulation of the stock market;
- Over-invoicing for the provision of legitimate goods and services.⁵

It should be remembered that the funds generated from these criminal activities might not flow directly into supporting terrorist operations, but may be

³ See page 6.

⁴ See Bill Tupman: "The Business of Terrorism". Presentation made to a Conference on Terrorism and Finance at the Institute of Advanced Legal Studies, University of London, 29 November 2001.

⁵ See Jayatilleke S Bandara: "Collective Action and Economics of Transnational Terrorist Groups: A Case Study of the Liberation Tigers of Tamil Eelam (LTTE)". A paper delivered at the Conference *Globalising Terror: Political Violence in the New Millennium*, jointly sponsored by the Standing Advisory Committee on Commonwealth State Cooperation for Protection Against Violence (SAC-PAV) and the University of Tasmania, Hobart, Tasmania, Australia, 7-10 May 2002, pp.24, 36.

invested in legitimate sources to generate a long-term cash flow for the group concerned. Frequently, these means of generating money are so successful, that they may continue, as conventional criminal activity, after the political campaign has been concluded.⁶

When he established *al-Qa'ida* in the early 1990s, Osama bin Laden provided it with substantial "seed money" – assessed at about US\$150 million – from his personal wealth and the profits of his business enterprises. In addition, *al-Qa'ida* has benefited (and apparently continues to benefit) from donations from wealthy supporters from Saudi Arabia, the Gulf States, and other Middle Eastern countries. In addition, *al-Qa'ida* derives funds from a number of lucrative legitimate business enterprises established by bin Laden and others in the Sudan, the Middle East, and elsewhere. *Al-Qa'ida* also appears to have made significant profits on the stock market, particularly through the exploitation of hedge funds, and the "short selling" of shares in insurance and airline stocks just before 11 September 2001.

⁶ According to Schmid, there are a number of similarities and differences in relation to transnational crime and terrorism which need to be noted to better understand these two phenomena:

- Similarities:
 - Members are generally (but not always) rational actors;
 - Both use intimidation and ruthlessness;
 - Both use similar tactics – drug trafficking, kidnappings, extortion, bank robberies, assassinations, etc;
 - Both operate in secrecy;
 - Both are criminalised by the ruling regime;
 - Both usually (but not always) opposed to the state;
 - Both place heavy demands on individual members.
- Differences:
 - Terrorist groups are usually ideologically rather than profit motivated;
 - Terrorists usually admit their guilt in courts;
 - Terrorists seek media coverage for their cause;
 - Terrorist victimisation is less discriminate than criminal victimisation;
 - Terrorists compete with governments for legitimacy;
 - Criminal groups are more competitive and territorial.

A fundamental difference is that criminals want to live, in order to benefit from the profits of the r criminal activities; however, some terrorist groups employ suicide attacks, where the rewards for their actions will be given in the after life.

[Alex P.Schmid: "The Links between Transnational Organized Crime and Terrorist Crimes", *Transnational Organized Crime*, Vol. 2, Winter 1996, No. 4, pp. 40-82]

Investigation of Terrorist Funding

The investigation of the sources of funding for the people involved in the incidents on 11 September have been based on international intelligence exchanges; the exploitation of documentation recovered from post-11 September investigations in the United States and elsewhere, and documents and videotapes recovered in post-action searches in Afghanistan; from the interrogation of well over 1,100 suspects in the United States and elsewhere; and from substantial support from the international banking sector, leading to the freezing of the funds of some 74 organisations and individuals globally, said to be associated with *al-Qa'ida* and related terrorist activities. About 150 countries now have blocking orders in place to freeze terrorist funds and 200 countries have expressed their support in the fight against terrorist financing. Already, the money frozen is said to exceed US\$100 million. Regardless of the issue of terrorist funding, criminal money laundering on a global scale is a massive problem. Michel Candessus, the former Head of the International Monetary Fund, has assessed the annual volume of money laundering world-wide at US\$600 billion, or between 2-5% of global GDP.

International Response to Money Laundering and Terrorist Financing

A number of major initiatives have been taken to counter money laundering and trace the sources of terrorist finances. These initiatives, and the organisational structures supporting them, include:

- Financial Action Task Force (FATF);
- The Egmont Group of Financial Intelligence Units;
- The Wolfsberg Group of (Private International) Banks;
- The Basel Committee on Banking Supervision
- The G-20 forum of Finance Ministers and Central Bank Governors.

The Financial Action Task Force (FATF) [<http://www.fatf-gafi.org>] was established by the G-7⁷ in 1989, and is administered by the Organisation for Economic Cooperation and Development (OECD). Since its creation the FATF has spearheaded the effort to adopt and implement measures designed to counter the use of the financial system by criminals. It established a set of 40 Recommendations that

⁷ The G-7 nations comprise Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.

set out the basic framework for anti-money laundering efforts and are intended to be of universal application. Indeed, the 40 Recommendations are now the principal standard in this field. The FATF reviews its members for compliance with the 40 Recommendations. There are currently 31 members in the FATF⁸, including an Asia-Pacific Group on Money Laundering (APG)⁹ which has an office in Sydney, and which covers the countries in the Asia-Pacific region.

To reduce the vulnerability of the international financial system to misuse by criminals, the FATF is also involved in examining and identifying the serious systemic weaknesses in the anti-money laundering programs of certain jurisdictions, known as Non-Cooperative Countries and Territories (NCCTs). On 22 June 2001, the FATF listed 19 NCCTs, including the following Asia-Pacific countries:

Cook Islands	Marshall Islands	Nauru	Philippines
Indonesia	Myanmar (Burma)	Niue	Russia

The FATF has called on all its members to request their financial institutions to give special attention to transactions with persons, companies and financial institutions in these countries and territories.

On 31 December 2001, the FATF that further counter-measures should be introduced, on a gradual and proportionate basis, to cover the recording of financial transactions from NCCTs. These additional counter-measures were:

- Stringent requirements for identifying clients and enhancement of advisories to financial institutions for identifying beneficial owners before business relationships are established;
- Enhanced relevant reporting mechanisms for suspicious transactions;
- Review the requests for the establishment in any FATF country of branches or subsidiaries of banks for NCCTs;

⁸ Membership of the FATF currently comprises Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, European Commission, Finland, France, Germany, Greece, Gulf Cooperation Council, Hong Kong/China, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. In addition, there are five "FATF-Style" Regional Bodies and 14 International Organisations that have observer status on the FATF.

⁹ Membership of the APG currently comprises Australia, Bangladesh, Chinese Taipei, Cook Islands, Fiji, Hong Kong/China, India, Indonesia, Japan, Macau/China, Malaysia, New Zealand, Niue, Pakistan, Philippines, Samoa, Singapore, South Korea, Sri Lanka, Thailand, the United States and Vanuatu. In addition, Brunei Darussalam, Canada, Myanmar (Burma), Nepal and Vietnam have observer status, along with 13 International or Regional Organisations.

- Warning the non-financial sector that business with entities within NCCTs might run the risk of being associated with money laundering.

Terrorists frequently finance their operations through criminal activity, or they may also use funding from legitimate sources. In either case, terrorist groups utilise financial networks in the same way that other criminal groups do. That is, they move funds and hide connections between the source of their funding and the perpetrators, organisers, and sponsors of their activity. The FATF's work on underground banking (*hawala*) and alternative remittance systems, laundering mechanisms that play a role in some criminal and terrorist laundering operations, is also given a high priority.

In October 2001, the FATF promulgated 8 Recommendations to deny terrorists and their supporters access to the international finance system. In brief, these recommendations were:

1. Immediately take steps to ratify the *United Nations Convention on the Suppression of Terrorist Financing, 1999*;
2. Criminalise the financing of terrorism, terrorist acts and terrorist organisations;
3. Freeze and confiscate terrorist assets;
4. Require financial institutions to report suspicious transactions that may be linked to terrorism;
5. Assist other country's investigation of terrorist financing networks;
6. Improve money laundering requirements on alternative remittance systems;
7. Strengthen customer identification requirements for domestic and international wire transfers;
8. Take steps to ensure that non-profit organisations are not misused to finance terrorist groups.

The FATF met in Hong Kong between 30 January and 1 February 2001 to review progress in this area, and to begin to identify countries that are not taking appropriate measures to counter terrorist financing. These countries will be expected to be compliant by June 2002, or they may face sanctions.

The Egmont Group of Financial Intelligence Units [http://www1.oecd.org/fatf/Ctry-orgpages/org-egmont_en.htm], was formally established in 1995 to provide a forum for national Financial Intelligence Units

(FIUs)¹⁰ to improve support to their respective national anti-money laundering programs. This support includes expanding and systematising the exchange of financial intelligence, improving expertise and capabilities of the personnel of such organisations, and fostering better communication among FIUs through the application of new technologies. FIUs play a key role in identifying and tracking terrorist finance.

The Wolfsberg Group [<http://www.wolfsberg-principles.com/>], established in October 2000, consists of twelve leading international private banks, operating in collaboration with Transparency International, a Berlin-based NGO dedicated to increasing government accountability and curbing both international and national corruption. The Wolfsberg Group is currently examining such issues as:

- Practical measures to investigate lists of terrorists, terrorist organisations, and so on, provided by Governments or law enforcement agencies, to determine the whereabouts of their funds and the measures necessary to freeze them;
- Issues related to correspondent banking, particularly as it concerns “shell banks” in NCCTs;
- Record-keeping on foreign bank ownership;
- Exchanging information on suspicious broker-dealer activities;
- Examining measures to identify and deal with non-traditional funds transfer methods.

The Wolfsberg Group met last in Wolfsberg between 9-11 January 2002 to develop a set of best practice guidelines for traditional finance institutions investigating the financing of terrorism.

As an example of the seriousness of this work, it was recently established that 22 United States securities firms surveyed had more than 45,000 off-shore clients with an estimated US\$140 billion in assets in their accounts. Obviously sophisticated computer analysis is playing a key role in tracking money laundering and terrorist financing in this area.

¹⁰ As at 4 February 2002, there were 58 countries with FIUs which participate in the Egmont Group.

The Basel Committee on Banking Supervision [<http://www.bis.org/bcbs/>], established by the Central Bank Governors of the Group of Ten Countries¹¹ at the end of 1974. Its objective is to formulate broad supervisory standards and guidelines, and recommend best practice in the expectation that individual authorities will take steps to implement them through detailed arrangements – statutory or otherwise – which are best suited to their own national systems. Its work in the area of “due diligence” is of particular relevance to countering money laundering and the funding of terrorist organisations. The Committee’s Secretariat is provided by the Bank for International Settlements (BIS) in Basel.

The G-20¹², established in Washington on 25 September 1999, comprises the Finance Ministers and Central Bank Governors of 19 countries, the European Union and the Bretton Woods Institutions (the International Monetary Fund and the World Bank). The g-20 promotes discussion, and studies and reviews policy issues among industrialised countries and emerging markets, with a view to promoting international financial stability.

On 17 November 2001, the G-20 promulgated a comprehensive plan of multilateral cooperation to deny terrorists access to their financial systems, through a number of concrete steps designed to combat terrorist financing and money laundering.

United Nations Initiative

Prior to 11 September 2001, only four countries¹³ had ratified the *United Nations International Convention for the Suppression of the Financing of Terrorism, 1999*. This Convention establishes that it is an offence for a person “by any means, directly or indirectly, unlawfully and willfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out” a terrorist act.¹⁴

¹¹ Current membership of the Basel Committee comprises Belgium, Canada, France, Germany, Italy, Japan, Luxemburg, the Netherlands, Spain, Sweden, Switzerland, United Kingdom and the United States.

¹² Membership of the G-20 comprises Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States and the European Union.

¹³ Uzbekistan, the United Kingdom, Sri Lanka and Botswana.

¹⁴ *United National International Convention for the Suppression of the Financing of Terrorism, 1999*, Art. 2.

However, with the huge increase in international concern about the terrorist financing, the Convention came into force on 10 April, by which time 132 countries had signed the Convention and 26 had ratified it, four more than the 22 required. The Convention calls for stepped up efforts to identify, detect and freeze or seize funds earmarked for terrorist acts and urges states to use such funds to compensate victims and their families. It also calls on financial institutions to report to their governments any unusual or suspicious transactions. States that are party to the Convention must prosecute offenders or extradite them to nations that suffered from their illegal acts. They must cooperate in investigations and may not, for example, refuse a request for assistance on grounds of banking secrecy. They must also update their laws to comply with the provisions of the Convention.¹⁵

In addition to the above, an ad hoc committee of the Legal Committee of the United Nations General Assembly is developing a draft *International Convention Against Terrorism* that will codify the outlaw the financing of terrorism. However, at this stage, the committee has been unable to agree on a definition of terrorism, to find a way to distinguish a terrorist from a freedom fighter, and unable to agree on excluding state forces from anti-terrorism provisions (i.e. the problem of "state terrorism"). Also, at the initiative of the Russian Federation, the Legal Committee is working on a new convention or protocol to address the suppression of nuclear terrorism.¹⁶

Statement of G-7 Finance Ministers and Central Bank Governors

The G-7 Finance Ministers and Central Bank Governors met on 9-10 February 2002 to discuss the global economy, the importance of fostering development and ongoing efforts to combat the financing of terrorism. At the end of the meeting, they issued a progress report on combating the Financing of Terrorism. A copy of this report may be found at Annex "A".

¹⁵ "Terrorism: Treaty on Suppression of Financing to Enter into Force", UN Wire Report, 9 May 2002, at <http://www.unfoundation.org/unwire/current.asp#25381>, accessed 10 April 2002. See also "Treaty to stop cash flow to terrorists comes into force", Times of India, 10 April 2002.

¹⁶ "Suppression of Nuclear Terrorism Convention" at <http://www.fas.org/nuke/control/nt/>, accessed 6 May 2002. See also, "Ad Hoc Committee Established by General Assembly Resolution 51/210 of 17 December 1996" at <http://www.un.org/law/terrorism/>, accessed 6 May 2002.

Conclusion

The international response to the need to track and freeze terrorist finance and counter conventional money laundering, since 11 September 2001, has been most impressive. It also complements other international measures against both transnational terrorism and transnational crime. However, much of this is still "work in progress" at both the national and international levels.

The measures taken as a result of the investigations following the events of 11 September 2001 have flowed on to facilitate the investigations of money laundering and money movements relating to more conventional criminal issues, such as major drug cases and the investigation of fraud, white collar crime, capital flight, and more generally the nexus between the legitimate and illegitimate business practices undertaken by transnational organised crime groups.¹⁷

Terrorism in the Asia-Pacific Region

Unfortunately, the Asia-Pacific region is already facing quite serious terrorist threats from local terrorist groups, most of which have, or have had, contact with *al-Qa'ida*, although it would be wrong to characterise them as necessarily being part of the *Al-Qa'ida* network. Apart from the possibility that some of the *al-Qa'ida* cadres who have escaped from Afghanistan, may have sought to hide out in Southeast Asia, the greatest threat from the regional perspective appears to come from *Jemaah Islamiya* (JI), which has network covering Indonesia, Malaysia, Singapore and the Philippines, and had certainly planned a major terrorist offensive against US and Coalition embassies and personnel in Singapore, Kuala Lumpur and Jakarta in December 2001. Following the arrest of a number of its activists JI is probably lying low before striking back, possibly in Indonesia. A number of JI activists, including Fathur Rahman al-Ghozi, who was implicated in a bombing campaign in Manila, have been arrested, but not the spiritual leader of JI, the Indonesian cleric, Abu Bakar Ba'asyir. There is no doubt that some key individual members of JI were trained by *al-Qa'ida* in Afghanistan and that, through them, links have been maintained with *al-Qa'ida*. Another JI leader, Indonesian-born Riduan Isamuddin, better known as

¹⁷ For example, in January 2002, the United States Department of Treasury Financial Crimes Enforcement Network (FinCEN) published an *SAR Bulletin* (Suspicious Activity Report), which examined five significant cases of terrorist financing, and provided 23 very useful indicators, most of which are applicable to both terrorist and transnational crime investigations.

Hambali, who is regarded as Ba'asyir's deputy and protégé, and allegedly the mastermind behind many of the bombings in Indonesia and the Philippines, is still at large.

Other significant terrorist groups active in the region, largely at the domestic level. In Indonesia include the militant Islamist group, *Laskar Jihad*, which has been very active in Maluku, and may now be expanding its activities into Papua and Aceh; and the separatist groups, the GAM in Aceh; the OPM in Papua; and the FKM in Maluku. In the Philippines, the major terrorist groups include the Moro Islamic Liberation Front (MILF), the Communist New Peoples' Army and the *Abu Sayyaf* group, which, although it started out as a break-away from the Moro National Liberation Front (MNLF), is now more accurately characterised as a criminal gang specialising in kidnapping and extortion, similar to a small MILF breakaway group on Mindanao, known as The Pentagon. In its early days, *Abu Sayyaf* had links with *al-Qa'ida* through Ramzi Yousef who was convicted of complicity in the 1993 World Trade Centre bombing. *Abu Sayyaf* also appears to have been implicated in bombings in the City of General Santos in April this year. Three senior *al-Qa'ida* members, previously involved with the MILF, have recently been arrested in the Philippines. Nine other people were arrested in a police raid on an alleged *al-Qa'ida* training camp in Tarlac Province in the northern Philippines on 4-5 May. Delicate cease-fire agreements are now in place between the Philippine Government and both the MNLF and MILF.

Fortunately, although there are significant links to radical groups in Malaysia, Singapore and Thailand, the level of recent terrorist activities in these countries has been relatively low. However, there were nine deaths attributed to a series of violent attacks in March this year by a militant Muslim group in southern Thailand, the Guragan Mujahideen Islam Pattani (GMIP), the leader of which was reportedly trained and fought with *al-Qa'ida* in Afghanistan. In Malaysia, the JI arrests and police action against the Kumpulan Militan Malaysia (KMM) in December and January – which involved the arrest of 23 people, 19 of whom had received training overseas - appear to have dealt with the immediate threats to Malaysian security. One JI activist, now in detention, was a former Malaysian army captain, who had contact in Malaysia with two of the eleven 11 September hijackers, as well as Zacarias Moussaoui, now in prison in the United States, who was

apparently intended to be the 20th hijacker. However, these meetings in Malaysia appear to have been a matter of convenience for *al-Qa'ida* and do not imply, as claimed by Time and Newsweek, that Malaysia was "a launching pad for terrorists involved in the September 11 attacks."¹⁸

Lessons from the 11 September 2001

The three particularly worrying features of the 11 September attacks are:

1. It now appears that there were quite specific intelligence indicators, dating back to June 1994, that an attack along the lines of 11 September was likely, but these critical warnings were not communicated properly, and therefore went unheeded.
2. In spite of the campaign in Afghanistan, it appears that a very significant number of the *al-Qa'ida* and *Taliban* leadership has escaped from Afghanistan and is regrouping in the tribal areas of northern Pakistan, and elsewhere.
3. Further major terrorist attacks in the United States or against American or coalition targets abroad are almost certain. According to US Defence Secretary Rumsfeld, it is not a matter of if, but when such attacks will occur.

Where do we go from here? Undoubtedly the threat of further quite serious terrorist attacks against US and related interests will continue, and other attacks, not necessarily directed against US interests, are likely to occur in our region. Will they be more of the same – bombings, assassinations, kidnappings, and the like? Probably so. However, at the global level we may also see the emergence of new forms of attack, especially cyber-terrorism aimed at disrupting our vital national infrastructures and economic sectors, suicide bombings of the kind regularly occurring in Israel, the bombing of apartments as was experienced in Russia, truck or even train bombs, and maritime terrorism, including the use of sea containers and oil tankers. Worst of all, when and if the some of the more extreme groups, such as *al-Qa'ida*, can acquire or develop the capability, we are likely to see the use of biological, chemical or radiological agents – or even small nuclear weapons - with the huge casualties and impact that implies.

The Response to Terrorism

- Transnational terrorism requires a multi-faceted response:
- Law enforcement response:

¹⁸ For more detail, see United States Department of State: *Global Patterns of Global Terrorism*.

- Requires large resources to be diverted from normal law enforcement;
- Requires high priority and enhanced intelligence exchanges. Most modern police forces do not merely react to criminal incidents as they occur, but use proactive strategies, known as “intelligence-led policing”. So the police themselves have a large intelligence role to perform in counter-terrorism;
- Utilises extensive joint investigative and operational activities with the law enforcement agencies in other jurisdictions;
- Relies heavily on extradition and mutual support from other jurisdictions;
- Must attack and neutralise the terrorist financial base.
- Military response:
 - Counter-terrorism (as distinct from counter-insurgency) is not generally regarded as a core military war-fighting task, so the military can only be used selectively;
 - It is very hard to neutralise the target through military means alone;
 - Foreign direct military intervention in a counter-terrorist campaign is generally unacceptable to most sovereign states.
- Intelligence community response:
 - Terrorism is a very difficult target to attack. Imagery is of limited value if there are few fixed bases; communications intelligence of limited value if conventional communications channels are not used; tracing money movements is of limited value if non-conventional banking methods are employed. There needs to be much more emphasis on human intelligence collection, either through interrogation of suspects or through human sources.
 - Counter-terrorism needs real-time data, involving processing a very large volume of material which may need deciphering, translation, analysis and dissemination. If there is no other lesson we can draw from 11 September, it should be that there must be a far greater effort, not just at collecting intelligence, but at analysing and disseminating it to those who can take action to prevent or minimise terrorism and the loss of life it entails.

- We must overcome the traditional cultural introversion and elitism of our intelligence communities to facilitate the exchange with the law enforcement agencies, and foreign authorities. Transnational terrorism is a global threat that can only be neutralised by a global response. There may be times when the protection of sources and methods may be genuinely less important than disseminating the intelligence which has been acquired.
- Political/strategic response:
 - We need to attack the root causes of terrorism. Why are people doing this? Why are people so angry? Why are they prepared to kill themselves for the cause? Is this a religious problem or are there other causes (and therefore the solutions) of a much broader nature?
 - We need to recognise that we are living in a very complex and changing global environment. But has our thinking moved on to embrace these changes? Do our national strategies reflect these changes?
 - We should take note that the consistent line of criticism from a broad spectrum of the international Islamic community is that the US and its allies have mishandled the Israel/Palestine situation; they are concerned at the continuing presence of foreign military forces in Saudi Arabia; they oppose what they see as corrupt Islamic regimes being maintained in power by Western interests; they are critical of the impact of United Nations sanctions on the ordinary people of Iraq; and they are concerned about the overwhelming dominance of Western military power and its deployment where civilian casualties are suffered. We may not agree with all these propositions, but should listen to them and make such adjustments as we can to accommodate at least some of these concerns. If we ignore the underlying causes of terrorism – wherever they exist - we should not be surprised if we face the trauma of further 9/11 attacks, only possibly next time on a wider scale, and employing techniques which could make even the carnage of 11 September appear just another terrorist incident.

G-7 Progress Report on Combating the Financing of Terrorism

G-7 countries have been joined by over 200 other countries and jurisdictions in expressing support for the fight against terrorist financing. Our October 2001 Action Plan to Combat the Financing of Terrorism contributed to this international effort by setting out clear priorities: vigorous application of international sanctions, including the freezing of terrorist assets; rapid development and implementation of international standards; increased information sharing among countries; and enhanced efforts by financial supervisors to guard against the abuse of the financial sector by terrorists.

Significant results have already been achieved. Since September 11, almost 150 countries and jurisdictions have issued orders to freeze terrorist assets, and over \$US 100 million has been frozen worldwide. Each G7 country is implementing UN Security Council Resolution 1373 and has signed and is committed to ratifying the UN Convention for the Suppression of the Financing of Terrorism. The Financial Action Task Force (FATF) has agreed to a set of Special Recommendations on Terrorist Financing and is implementing a comprehensive action plan encouraging all countries to adopt them. All G-7 countries have established or are in the process of establishing Financial Intelligence Units (FIUs) that will facilitate the sharing of information on money laundering and terrorist financing. We have also all established mechanisms to share information relating to the tracking of terrorist assets.

Continued success requires even closer cooperation and an intensified commitment. We now set forth the following steps to further advance the global fight against terrorist financing:

- To enhance international coordination in the freezing of terrorist assets, we will develop a mutual understanding of the information requirements and the procedures that different countries can use to undertake freezing actions. We will also develop key principles regarding the information to be shared, the procedures for sharing it, and the protection of sensitive information. We will also work with other countries to identify jointly terrorists whose assets would be subject to freezing. We will continue to review our institutional structures to ensure that they facilitate the international flow of information necessary to identify, track, and stop the flow of terrorist funds. In this regard, we support the Egmont Group's work on improved information flow among FIUs.
- The G-7 are committed to fully implementing by June 2002 the FATF standards against terrorist financing. We urge all countries to accept the FATF's invitation to take part in a self-assessment and to commit to the rapid implementation of the standards. We look to the FATF, IMF and the World Bank to quickly complete their collaborative work on a framework for assessing compliance with international standards, including all FATF recommendations, against money laundering and terrorist financing. We urge all countries that have not done so by February 1, 2002, to implement the measures set out in the November 2001 Communiqué of the International Monetary and Financial Committee of the IMF, and look forward to the IMF's report to the spring meeting of the Committee on all issues raised by the Communiqué. We urge the Basle Committee on Banking Supervision to review its enhanced customer due diligence

standards for banks to ensure that they address terrorist financing, and the Financial Stability Forum to review its role in combating terrorist financing, including in relation to offshore financial centres.

- We look forward to the quick implementation of the IMF and World Bank plan to provide increased technical assistance for measures to combat money laundering and terrorist financing in coordination with the FATF, regional FATF-style bodies, the UN and the Egmont Group. For our part, G-7 countries are committed to providing technical assistance on a bilateral basis as well as through these coordination mechanisms.

We recognize that continued success in the fight against terrorist financing requires the close cooperation and unwavering commitment of the broad international community.

We therefore encourage all countries to join us in implementing these measures



16TH ASIA-PACIFIC ROUNDTABLE

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PLENARY SESSION TWO
Monday, 3 June 2002, 1130 -1300 hrs

“THE TERRORIST THREAT IN THE ASIA PACIFIC REGION: CHALLENGE AND RESPONSE”

“Can the Bush Jr. “war” eradicate terrorism from Asia?”

by

Mr. Serge Berthier
Chairman
Oriental International Strategies
Hong Kong

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Terrorism in Asia

Can the Bush Jr “war”
eradicate terrorism from Asia?

By Serge Berthier
Oriental International Strategies (HK)

ASEAN-ISIS Conference – June 3, 2002
Kuala-Lumpur
Malaysia

To avoid here games of moral relativity which would enable us to call one man a "terrorist" while another, generally from a different social background, would get credit for illegal, immoral and often far more horrific policies and attacks, I have to make clear that, in this paper, I approach the phenomenon of terrorism purely on a technical angle.

While "terrorism" has different meanings for different people, I believe that we can all agree that "terrorism" is a method that states and sub-state organisations used throughout history for a whole variety of political causes or purposes (1).

This special form of political action has five major characteristics:

- it only exists in a determined political environment
- it tries to influence political behaviour
- it tends to provoke an over-reaction
- it attacks the society upon which states rely to keep control
- it always bears a negative emotional connotation (2)

Terrorism is, of course, not an official foreign policy of any nation.

Since it is a political act, what makes it different from other "legitimate" political acts is that it is always using means that violate the natural rights of persons to further political or social objectives. Although we tend to assimilate "terrorism" to the use of indiscriminate violence, we should also keep in mind that it could also be using more subtle means.

The US government, although using in 1986 a similar definition of "terrorism", as the above one, thought it was necessary to qualify further that the means are "unlawful". However, because a state is the enforcer of its own laws, the lawfulness of the means used for a political action is a dubious criteria. For example, the implied consequence of the US State Department's definition is that "a lawful use or threat of violence against a person or property to further political objectives" can never be "an act of terrorism". Then dictators would have been innocent, as they always acted according to the laws of their countries. This is the line of defence used by Milosevic at the Hague tribunal. He was acting within the laws of his country that his government adopted.

We see already there that "terrorism" is a tricky concept because whatever the means, political actions aim always at:

- 1 forcing opponents into conceding some or all of the perpetrators demands,
- 2 serving as a catalyst for a more general conflict
- 3 publicising a political or religious cause that could or would not be expressed otherwise, and more generally
- 4 undermining existing governments and institutions
- 5 achieving power

Thus, there is a similarity that is striking between the two forms of actions. Why then turn to terrorism rather than conventional political means?

If we want to thoroughly answer that question, we will have to consider what those means are, and whether they are truly democratic or not. Let us agree here that the reason is that conventional means are unlikely to bring changes, either because they are considered unlikely to work, or too costly.

As we mentioned earlier, terrorism is not necessarily an act of pure violence resulting in the deaths of the victims. It can take the form of a more pervasive violence against the individual or the society. In fact, every form of government has commonly used intellectual terrorism ever since we have states and rulers.

Censorship, for example, is a form of intellectual terrorism as dangerous as any other. It aims at reducing the ability of the individual to judge or be informed. Directly or indirectly, it is a tool used by a dominant group to enslave a segment of the society (the dominated) into accepting a set of values and a given society (3).

But what attracts a lot more attention is terrorism expressed by the use of force either by state actors and non state-actors (4).

Keep in mind that politics are neither a fair game nor a moral enterprise. The ultimate goal of politicians is not to remain in the opposition but to become part of the government, and eventually the President or the Prime Minister.

As for States, on the geo-political level, they define themselves through their national interest, and success means to be able to resist any attempt against it, or to be able to extend it in a subtle manner, and that is always by weakening some other state's own self-defined national interest.

The negative emotional connotation the term carries has led many academics and governments to attempt to prove that "terrorism" is not a successful strategy. The fact that such a question is raised at all is already an admission that we have a serious problem with politics in general. How could you conclude for example that "terrorism" is a successful strategy? The society would be exposed to a terrible dilemma.

Yet, "terrorism" has been extremely successful as a strategy of change, but change does not mean success. If success is to put power in the hand of a politician, or a group of people, history will prove you time after time that only "terrorists" of one sort or another took power, but not all "terrorists" succeeded. Therefore, it is hard to prove it is your best strategy if you want to take over the Presidential palace and enthrone yourself.

But if the question is, was the world the same ever after, then the answer is simply no. By this admission, terrorism proves it is an effective tool of change. Whether we like the change or not, is another question (5).

Thus, success may be judged by a variety of benchmarks. Would such a judgment have any meaning for the future? Absolutely not, because none of the terrorist organizations we would refer too had to face similar circumstances. What they shared was only the fact that they were challenging a determined order. But the price for the society is high, and for the individuals unacceptable.

The question is therefore, why can't we find a better strategy for change? Is terrorism the only method to alter a given social order?

Looking back, we can't be optimistic. Civilisation, whatever the definition, has always been a long series of bloody undertakings. Look at historical records. What do we compile? The best generals, the wars, the change of powers. A blood thirsty ruler will get thirty pages in the book, whatever the country. A gentle ruler living in peaceful time will be lucky if he is mentioned at all.

We are very proud of being civilised but we have yet to find a proper definition for this word. If we have made a lot of progress, and the world is in appearance kinder to many individuals than it ever was, if we live longer, our health is better and poverty is receding, millions of people died in the last century, more than in any other, for the supposed welfare of the state. Clearly we have yet to get rid of the military mentality, where the individual is degraded to a mere instrument and becomes "collateral damages", because the normal ends of human aspiration vanish with such a viewpoint. Looking at the decision made by the Bush administration to spend 340 billion dollars on weaponry, we can hardly conclude that we are on the right path. If anything, we are returning to old rhetoric (6).

Why can't we change the way progress moves? Why is the evolution of mankind a long succession of wars and acts of terrors?

The root is with the state, which has always been to varying degrees, a contributory cause of campaigns of non-state terrorism. The historical pattern is that, once governments come to assume that their ends justify the means, they tend to get locked into a spiral of terror and counter-terror against their perceived adversaries.

States don't learn

States actually exist only in a determined political environment. Hegel had already observed in the XVIIIth century that *"nations and governments have never learned anything from history, or acted according to rules that might have derived from it."* They consider in fact their environment to be fixed forever, and in some quarters, a God-given order. As a result, States cannot accept that a challenge to

- the internal status-quo
- the sovereign state
- the external status-quo

is legitimate. But history constantly produces new features. The external conditions, as we shall see, are far from being frozen in time. It is this divergence between delusion and reality that creates the necessary conditions for terrorism to emerge, challenging one or the other status-quo, if not all of that.

The internal status-quo.

In Asia, which states have their internal status-quo challenged by "terrorists"? I don't want here to list all of them, but only the most significant ones:

- India with countless rebellions
- Indonesia with Muslims fighting Christians and vice-versa
- Nepal facing today a rebellion
- the Philippines with the Mindanao problem
- Pakistan with countless communal and regional infighting

I don't list Myanmar. Yet some would do it. Myanmar, although it is facing constant challenges at its borders, can't be said to be facing a challenge to the internal status-quo, since there is no such thing yet. That is the major issue facing the current government. It has yet to fix what the State is within a constitutional framework that unifies politically the country. A change of name from Burma to Myanmar is not the answer to such a challenge. Acts of terrorism, or qualified as such, in Burma, are in fact directed at the creation of a central authority that was never in the past in full control of the areas in dispute. It is a good example of the difficulties we face when trying to put into a box and under a label political acts that challenge the existing order by violent means. Whether Burma needs to be Maynamar within post-colonial borders is not for us to discuss.

The sovereignty of the state.

There is so much irony in the fact that economic globalization is challenging borders, yet sovereignty is fast becoming a sacro-saint concept. In Asia, sovereignty within the borders we know is quite a novelty. If we look back, 50 years ago we did not have so many sovereign states. Yet, every state pretends to have an historical legitimacy that will last for ever, but I don't think history will be so kind to many as we know them today.

Internal status-quo and sovereignty is another matter. Sovereignty is a space concept. It is valid within accepted international borders. It could be challenged for a variety of reasons, by insiders or by outsiders. Rebellion in Nepal does not challenge the sovereignty of the country, although it challenges the kingdom, which defines the internal order.

In India, its many rebellions do not get a lot of attention outside the country, nonetheless they are bloody and many civilians are killed year after year. They do not attract international attention because they do not challenge the borders of the federation of India itself, but the existing social order. The only rebellion that is worth our attention is the Kashmir one, because it challenges the sovereignty of India.

In Asia, where States are about 50 to 60 years old, there were many challenges to sovereignty. Let's mention here only the most significant ones:

- China with Tibet, and Xinjiang,
- India with Kashmir, but also insurgencies in the border tribal states of Nagalan or Tripura
- Pakistan,
- Indonesia with East-Timor, Aceh and Iran Jaya
- The Philippines with Mindanao

- Sri-Lanka with the Tamil community living in the north trying to secede

Some problems were solved one way or another. Yet, at the onset, the challengers were labelled by the State as "terrorists undermining the state". Yet, their only commonality was that they oppose the sovereignty of the central government.

Were the problems solved peacefully? No, but the use of force that ensued was not necessarily successful. For example the Tibet issue was not solved by the occupation of a large Red army in the country. The military deployment prevented others to move in, but the Tibetan population would have been hostile to China in its majority if economic assistance had not been forthcoming. The deployment of the Indian army in Kashmir has been a failure, and its Muslim population is as ever opposed to the State.

The external status-quo.

Each state projects its sovereignty within an international order that was shaped for the past fifty years around the concept of the Cold War.

When the Soviet Union disappeared, many thought that the Cold War principle would die with it. However, it did not happen because the Cold War principle was only the actualisation of the Monroe doctrine and its corollary, the Theodore Roosevelt one. Both still shape the foreign policy agenda of the United States. And the doctrine has more to do with the United States than Russia or communism.

Monroe, who was President in the early XIXth century put on notice the Western powers, at that time, he was referring to the British, the French, the Spanish, the Portuguese and the Russian, that they were not allowed to interfere with their ex-colonies in Latin America. In other words, the United States had declared that its power projection would encompass the whole of the American continent, North and South included. There was only one problem with such views: the American countries themselves had not been consulted and some Spanish colonies, Cuba was one of them, had no intention of joining the Northern American sphere of influence. South America's main trading partner had been Europe for centuries and the economic exchanges with the United States were basically non-existent.

Then foreign intervention in Latin America resurfaced as an issue in U.S. foreign policy at the turn of the century as European governments began to use force to pressure several Latin American countries to repay their debts. For example, British, German, and Italian gunboats blockaded Venezuela's ports in 1902 when the Venezuelan government defaulted on its debts to foreign bondholders. The United States worried that European intervention in Latin America would undermine their self-declared dominance in the region.

As a result, in his address to Congress in 1904, President Theodore Roosevelt stated that in keeping with the Monroe Doctrine the United States was justified in exercising "international police power" to put an end to chronic unrest or wrongdoing in the Western Hemisphere. The meaning was the right to interfere wherever the United States had considered the "national" interests of the country at risk. This so-called Roosevelt Corollary to the Monroe Doctrine contained a great irony: whereas the Monroe Doctrine had been sought to prevent European intervention in their former possessions, the Roosevelt Corollary justified American intervention throughout the Western Hemisphere. The Cold war principle fitted in. And the war on "terrorism" is, you will agree with me, then just another manifestation of the Roosevelt Corollary.

The world has changed greatly since 1904, therefore it is open to question whether such a concept is still relevant. Although some think that the world has reached an organization that is the best we ever had, it is unlikely that it will remain as it is for centuries. It never happened before.

And in fact, there are many signs, amongst which "terrorism" is one, that the world is breaking from the status-quo that reigned between the treaty of Yalta and the birth of the Euro, roughly between 1945 and 2000.

It can't be denied that the post-WWII status-quo achieved a lot but it must also be recognised that it entrenched a given structure that did not deliver all it could.

However, in the past five years, a number of events altering the external status-quo deeply and probably for ever took place. On the surface, they went unnoticed. The feeling of eternity remained strong among the leaders of the world, but the Roman emperors had the same blindness, while presiding over the collapse of their empire and a civilisation. They never doubted that they were still the masters of the universe until the end.

Let me here outline why the external status-quo is at the end of its shelf life.

For some, the collapse of the Soviet Union would appear as an important change. But I don't think it affected the existing order and its rational fundamentally. A proof of the limited impact on world order is that the G7 became the G8 to include Russia. If economic fundamentals had been what mattered to join the club, Russia would have been excluded and China included.

The only immediate consequence end of the Cold War, and historically it was not a novelty, was that the Eastern communists countries, for most of them former parts of the Austrian-Hungarian Empire, reinserted themselves into the European economy. The move was only a return to the world order of the XIXth century.

The only power to be truly affected in the long run, is not even Russia but the United States, hence its desperate gesticulation about NATO between 1995 and last week. But whatever happens to NATO will not change an historical pattern. Europe is back to where it was at the onset of the mid-nineteenth century.

Such an event, without international implication beyond the borders of Europe would have been of little consequence for the rest of the world if Continental Europe had not broken the post World War One status-quo (that gave birth to World War Two) by creating the Euro.

Money and society

Fernand Braudel, in his remarkable book "Civilisation and Capitalism" asserts that *"any society based on an ancient structure which opens its doors to money sooner or later loses its acquired equilibria and liberates forces that can never afterwards be adequately controlled. Then every society has to turn over a new leaf under its impact"*.

It has not yet fully been appraised that the emergence of this new currency has far more reaching consequences than the Yalta treaty.

The world has witnessed many political treaties in the past, Yalta was one of them. But our civilisation did not use many financial instruments since the Roman time and each one shaped for a while a given order.

The emergence of the dollar as a world currency was orchestrated through the Marshall plan in order to hook up the economies of Europe to the United States. It succeeded in destroying the pound sterling as a world currency. The ensuing result was that the world became dollar-addicted to the benefit of the dealer. The Euro is putting an end to the dollar addiction. Already the Euro zone is the largest trader of the world, and its economy larger than the American one. The reason it is not yet so apparent, especially in Asia, is that the Euro zone outsources only 20% of the goods and services its economy needs. It is therefore immune to international pressure. Hence for example its bad press when it slid against the dollar. Nobody really cared about such a rate as it was not an important factor or macro-economic policies. But if you tell a foreign exchange dealer that it is not big deal, and if you ignore Wall Street don't expect a good press.

The renaissance of China

Another factor that is much talked about, yet not really accounted for in international relations is of course the emergence of China as the third largest economy of the world, just behind Europe and the United States.

In the 1990s, it was fashionable to debate whether China's economy would sustain its course. The underlying thinking was that only capitalism sustains economic growth and it was unconceivable that a non-capitalist country could develop. But we had absolutely no facts to back up such a view while we have ample evidence that unfettered capitalism is self-destructive.

In any case, China is there and unlikely to go. Its economy will have its ups and downs, as well as its own Enron scandals, but overall its market and its consumers have both reached critical mass. Barring a war, the country is on course to achieve remarkable progress using a mixture of economic rules. And there is no evidence that its political system is not conducive to economic performance, it is rather the contrary.

Therefore the principles upon which the post-war external status-quo was established are already gone. The world can no longer be divided between three unequal blocks, a capitalist one, a communist one, and a third world. It is already divided into four, the American block, the European one, the Chinese one and the rest of the world. Russia with a population of less

than 200 million, will sooner or later have no choice but to fall into the attraction of Europe where its civilisation has its roots.

That "terrorists" surface to challenge the external status-quo when it is already under strain by other peaceful developments is classic. When the Roman order was about to collapse, it was subjected to all sorts of acts of violence challenging the status-quo. The most spectacular event, because it was a near impossible proposition, was the revolts of the slaves used as gladiators. Spartacus, their leader, nearly succeeded but when the Roman establishment regained control by sheer luck, it killed all the terrorists. But it did not change the course of history. The problem was not the slaves, but the Roman society itself.

Terrorism: a strategy of changes

What makes me believe that many are off the mark by a wide margin when we analyse the challenges to the external status-quo, is that one year ago, in this very room, an official of the new Bush administration was explaining to us the imperative necessity of the NMD defence system.

In a way, the new Bush administration had the vague notion that something had changed and that it was not in the interests of the United States, but it came to the wrong conclusion. Looking back at history, the mistake is typical and probably unavoidable.

As we go from one system to the next, no one has yet any knowledge of the working mechanisms of that new system, while we have many informations about the old one. Hence the natural tendency to analyse what is happening using the same rhetoric and the tools that have been proven useful in the past. And in military terms, the NMD is just an evolution of the MAD concept (mutual assured destruction). Can it apply to a new order is an open question, but what it proves is that we are still dominated by the military mentality, because the first answer to a shift in the world order is a military response.

It is doubtful that using old concepts such as states waging war against states, will bring a solution to the current challenges the world is facing. War might look an option for regional or localised conflicts, but is more and more unlikely between major states. This is the price or in my view rather the benefits of the extension of the MAD concept from the global level to the local level.

Einstein and his friends had this perception that proliferation was the second best answer to the madness of having weapons that could blow up the planet twenty times over. The first one was to hand over all weapons to an organization such as the United Nations backed up by an International Court (7). Of course, politicians are against such an idea and would like their own weaponry to remain ahead of that of their perceived enemies.

But look how useful the MAD concept is, today, in India and Pakistan. In any other circumstances, the countries being so far apart would already be engaged in a conventional war, had their armies been less powerful and the MAD principle not at play. People seem to

have forgotten that more people were killed in the war between Iran and Iraq than during WWI. An open conflict between India and Pakistan could be even more barbaric.

If we know that the external status-quo we lived with is on its last leg, we don't know what will emerge and when the new status-quo will be stable enough to be considered a new world order. Yet, we know that the idea of Einstein will not happen. States remain states and in the meantime, we have to get use living in a lawless disorder. Of course, it would be nice if we could get rid of such lawlessness, but here we are, with ad-hoc rules that consider non-human factors (missiles, strategic bases, weapons of all sorts, the possession of raw materials such as oil) essential, while the human being, his desires and thoughts – in short, the psychological factors, unimportant and rather secondary. Herein lies in truth the crux of terrorism.

Political disorder

That political disorder be punctuated by terrorism of one kind or another should not be a surprise. The first significant one with a global reach was not September 11th, but the Asian crisis that took place in 1997.

When it occurred, if you remember, every Asian government was immediately accused of all sort of sins, in spite of the fact that the crisis was not a result of profligacy on their part. Then, in stage two, the Asian governments were subjected to all kinds of pressures, some of them quite unacceptable such as the closure of small and medium size banks in Indonesia in dubious circumstances. The rules of the games were decided by the financial establishment that operates between New York and Washington. Here again, non human factors were considered essential and human beings dispensable.

Only Malaysia resisted the kind of intellectual terrorism that originated from the IMF and its sisters organizations. At the time, politicians had to show political courage to resist. Only one did. Dr. Mahathir, came out openly against the politically correct view of the day. Then, even one of the practitioners, the chief economist of the World Bank, Dr. Stiglitz became disgusted and came out openly against the intellectual terrorism that was taking place. He got bad press, was ostracized and ridiculed, but to no avail. As an excuse, he was later granted a Nobel Prize but I am not sure that he is very proud of it.

Today, in view of many scandals that occurred from the LTC hedge fund bankruptcy to the Enron scandal, it is clear that the Asian crisis had nothing to do with economic fundamentals or governance. It would certainly be interesting to revisit it entirely.

Some may feel that "terrorism" is a word too strong, and that there is little in common between a financial crisis and al-Qaeda. But how do you compare one and the other? If it is by the number of victims, more people had their livelihood destroyed by the Asian crisis than families lost their loved ones in the Twin Towers. But more to the point, the Asian crisis had all the characteristics of a act of terrorism because:

- it could exist in a determined financial environment
- the perpetrators tried to influence political behaviour through unlawful means
- the operators and institutions provoked an over-reaction

If the financial establishment had acted rationally and in the interests of the Asian community in general, there is no doubt that the crisis would not have taken place at all. The baht would

still have been devalued, but it would have been an one-off event. However the opportunity was there to take advantage of a system that did not have the means to resist. Ultimately the perpetrators were not at risk as the cost was born by the victims themselves, which is another peculiar characteristic of terrorist acts.

The Asian financial crisis took place in a shifting context, with the globalisation process moving in a way that was not clearly understood. Here again, old formulas were used to explain new things, and human beings considered secondary, as usual.

Probably, in economics, as in physics, rules that are at best approximation at a given dimension do not apply across the board. We know that Newton's physics are at best an approximation working only under specific circumstances. But it took a long time to admit that if objects are bigger, the law of gravitation does not work. If they are smaller, it does not work either. That is why we have quantum physics. It is quite probable that economics suffer from the same fate. Today we still do not have an understanding of what the new financial architecture of a global economy must be. A little modesty would do wonders. However those who benefit most from the confusion do not believe that something is fundamentally wrong.

Why changes do not proceed smoothly

The reason is that modification of the external status-quo, for those who benefit from it at the expenses of others, is a risk. At best, the new external status-quo could maintain their privileges, not improve them because the system being stable, it is assumed that it reached its optimum. It is the Bell curve principle that applies there. The odds are against an improvement, therefore change is a perceived enemy.

That is where there is a divergence between the actors. If changes are the enemy for those deriving maximum benefits, which is the Western economies, for Asia, with little privileges in the current order, any change in the external status-quo could carry opportunities. We can already distinguish a number of countries that are taking this view. Afghanistan, Burma, Japan, Pakistan, India, and Sri-Lanka are among them. But from the list, you realize that we already have conflicting perceptions. Afghanistan, India, Pakistan have conflicting expectations.

How to respond to Terrorism?

How to respond to terrorism is for a state a matter of survival. For the society in general, it is however a different matter.

This dichotomy is due to the fact that a state and its society do not necessarily share the same objectives or the same long-term value. We have already highlighted that, for the welfare of the state, non-human factors are generally more important than human beings. That is why today we are facing difficulties in forging a consistent view on how to respond to a challenge perceived as against a given determined order.

Is the challenge against the state or against the society?

Take the so-called war on terrorism incarnated by the ubiquitous al-Qaeda network. It is clear that the strategy of the Bush administration is to coerce the American society into the belief

that it is its core values that are at stake. The continental European society and its political establishment disagree strongly, making clear that it is the core values of the American policies that are challenged. To amalgamate the two was just a act of propaganda and, in my view, a very unwise one.

But what should then have been the response?

The society has the choice between three actions or a combination of them.

- Use of force
- Use of political means
- Use of economic means

Probably, a triple therapy would be best, but, because we use the state to organise the human society, it is an unlikely response. This is because to engage in the use of political or economic means would force the state to acknowledge the legitimacy of the claims made against it. This is an implausible proposition.

Because of the negative emotional connotation attached to the method, states chose generally to stress in a first step that the violence is illegitimate. There are many examples of this conduct throughout history. In Asia, a recent example of the denial of political or economic means as a necessity can be found in the Nepalese conflict.

What compounds the problem the society is facing when "terrorism" is used, is the fact that states have a prime responsibility in its emergence. Remember that not only does terrorism exist solely in a determined political environment but that it is never proactive. Terrorism is always a reaction to a perceived abuse by the state of its power.

The law of inertia

States in fact are like particles in the universe. They keep moving in the same direction unless forces act upon them. It is the law of inertia that applies to everything in this world, whether it is an atom or a planet.

Furthermore, states are subjected between their elements, to the same kind of interaction, one at close range, and one at long range. Its elements are the society and the individuals. Both carry a potential charge. In physics, the charge has this peculiar characteristic that unlikes attract and likes repel. The same seems to apply at the individual level. Attraction and repulsion do exist, but they generally balance out. When stable, their combination is overshadowed by the law of inertia.

When unstable, they repel one another, endangering the whole structure of the state. Hence we could say that terrorism is to a state what an electron is to an atom. It carries a force, exists at every step but under normal circumstances has not effect on the structure. Only an external factor may induce a change – it could trigger a nuclear reaction or simply provoke a new combination of atoms.

But then, what is the nature of the charges. I see three different elementary particles binding a society to a state. They are of course many other components, but they are not electrons but neutrons, if I may say. In other words, they carry no charge although they may play a part in a chain reaction. The three particles with a charge, as far as the state is concerned are:

- poverty,
- religion,
- nationalism

What shows how close state and terrorism are interrelated is that if poverty, religion and nationalism did not exist, it would be hard to find what "terrorism" would be about, and hard to justify the existence of a state.

Indeed, countries that have created the necessary close range social interaction to eradicate poverty, reduce religion to a private belief rather than a public concern and transform nationalism solely as a cultural reference within defined borders do not give rise to "terrorism".

Is terrorism on the rise?

A positive sign is that there is no resurgence of terrorist activities. By number of events, the data does not back up the hysteria surrounding the September 11 event.

We should not confuse the way a terrorist act is carried out with its meaning. In other words, it does not make the act of terror itself more or less important because one ends up being a sophisticated attack with an enormous loss of civilian life (the Twin Towers attack) while the other remains an individual action using a crude weapon ending with the killing of an innocent victim.

If we look at "terrorism" in 2001, and its perpetrators, there are today less perpetrators than last year.

If we should not focus on the number of victims but on the number of events or the number of actors, when analysing "terrorism", we should also discount the fact that the challenger is likely to be caught and that it would be the end of terrorism. Many people challenged the status-quo in the past, the status-quo being then incarnated by the papacy.

The enormous difference in resources made it likely that the challenger would be caught, dead or alive. When alive, a due process of justice would take place and the perpetrator was then lawfully executed. So it is expected that the terrorists of today are going to be caught and eventually executed, or just killed like when Che Guevara was caught.

But what is clear is that the society has adopted, time and time again a very different perception. Che Guevara is a hero and his killers are forgotten. States collapse easily when they misjudge their own citizens.

Can we find further similarities with past misjudgements? I believe that the most important similarity is one of value. Today the society at large has the pervasive sense that amorality and impunity are the hallmarks of globalization. This is bad news.

The papacy was in danger when people started to lose faith in the morality of the institution. Today, a massive number of people are losing faith in the morality of the international order and its leadership. It has created massive resentment on a scale never seen before in peaceful time. The mismanagement of the globalisation process has been appalling. No wonder something broke loose.

The mismanagement of globalization

The mismanagement started long before the Asian crisis, long before Seattle, but it is today all the more obvious that poverty seems to make a come-back in the coat-tail of institutions such as IMF. Since 1971, the number of countries considered by the United Nations to be extremely poor has risen from 25 to 48 in April and 49 in June, with the coming of East Timor among them. They represent 13% of the world population, while the OECD countries represent 17%. Those destitute countries represent 0.4% of world exports and of course they can hardly import anything from elsewhere. If they were improving their economies, the sentiment that they are condemned to poverty would probably be replaced by hope of a better future, but their trade has declined by 40% between 1980 and 1997. No one needs them anymore. Overall 80 countries have seen their per capita GDP fall during the 1990s. Could this be allowed to go on without consequences? We now know what the answer is: no.

Poverty breeds terrorism. Not always some would say. True, not all poor countries are breeding grounds for "terrorism", but there is no doubt that the correlation between poverty and "terrorism" is strong.

By the way, poverty has many meanings. The most common one is linked to wealth and affordability. Poor means being unable to feed oneself or raise a family. Poverty means deprivation and hunger. But poverty could also mean being deprived of proper education, of intellectual stimulus and of hope. Thus poverty could be either "economic deprivation" and/or "intellectual deprivation". The Saudi example shows that wealth is not necessarily enough to avoid "intellectual deprivation".

Recently, I was going through a paper written by Armatya Sen, the 1998 Economic Nobel prize. The topic of the paper was population growth and its consequences. In this paper, he argues that only education brings down birth rate. Coercive state policies do not work. He even went to argue that the one child policy in China did work but not because of the state apparatus - because of the remarkable economic growth that was simultaneous to the enforcement of the policy. If birth rates are going down with education, the corollary is that it is a better indicator of poverty and lack of education than any other economic indicator.

Birth rate versus terrorism

The world average is 22 births per 1000, with the developed countries at 11 births for 1000 versus less developed countries (excluding China) at 28. Further proof of the correlation between birth rate and poverty are given when one looks at Africa's birth rate: 38. In sub-Saharan Africa where poverty is endemic, the rate is even higher at 41. From those numbers, we certainly can assert that anything above world average means that the country is more likely to have a serious poverty problem combined together with a lack of basic education than a more fortunate country.

In Asia, the average is 25 (with China included it dropped to 22). Asia does not have a serious poverty problem, or does it? The average masks wide discrepancies. The highest birth rate in the region is 43. Where? In Afghanistan. It is the poorest country of the region. Then we find a birth rate at 39, in Pakistan and Laos, and Nepal at 35. The list could go on with East Timor at 33, the Philippines at 29. It is now assumed that Indonesia is poor. Under Suharto, the average birth rate went down to 23, with vast differences between Central Java and other parts of the countries. Every one at the time agreed that poverty had basically been eradicated. Today we do not have updated meaningful statistics but every one agrees that the birth rate is on the rise again, and poverty on the rise. Sensible family planning policies coupled with economic development had brought the rate down, bringing down the number of insurgencies and terrorist acts. Today the family planning policies have lost their impetus and any substantial funding. It is not surprising then that terrorist activities and communal violence are on the rise.

Religion

Does religion breed terrorism? Some might be surprised that I even ask the question, since we live under the impression that to be a terrorist one has to be a Muslim, or that every Muslim is a terrorist, especially when you happen to be Muslim and try to board a plane in some obscure airport in the United States.

The question must be asked because, if religion is a fertile ground for "terrorism", it is hard to conclude that one religion is actually a more fertile one than another. At any given time in history, you will find acts of terrible violence perpetrated by religious zealots against others in the name of their faith, not to mention act of violence against their own, just to be on the safe side of God.

Therefore, a more appropriate description of the problem is that "faith or belief", any faith or belief is a fertile element for terror. Once an individual believes in a supreme order and a supreme justice, he or she tends to become less rational as regards his or her relations with a determined political order.

Europe was wrecked for centuries by religious wars, and the Protestants and the Catholics committed countless atrocities in the name of their faith. Thus, the problem Islam is facing today is not unique and in terms of sheer number of victims, if one has any interest in such grim statistics, Christianity has been far more murderous than any other religion.

Can a state confront a religious "threat" in a satisfactory manner?

One way to look at the problem would be to define what kind of state we are talking about. Hence some might consider whether we can have secular and religious states. In fact, it is fashionable to think that a secular state is more peaceful than a religious one, but we have to be cautious because the state here might be one thing and the society another. A good example of a so-called secular state within a religious society is the American one. Where else do you have a President mentioning God here and there in public statements? In any case, I believe that a debate about the virtue of the states is sterile, because once again we have data that give us a different perspective. There is indeed a strong correlation between high birth rate and religious problems.

The Middle East is the most fertile ground of religious conflicts in what looks like a tradition going back to the Stone Ages. The states that are based on religious values have very high birth rates. Yemen is at 42. The country was by the way mentioned as a haven for terrorists. Saudi Arabia is at 35.

Of course, Saudi Arabia is not listed by the US as a "terrorist" state, but don't be fooled by the ad-hoc lists issued by the State Department. Saudi Arabia has been a net exporter of "terrorists" for years and no one was surprised that in the tragedy of September 11, 2001, its citizens played a key part. Furthermore, about 100 of them are in Guantanamo, more than any other nation except Afghanistan.

The true situation in Saudi Arabia is that, while the family of Saud accounts for the bulk of the wealth of the country, and its capital is a showcase, the country has all the syndromes of a poor one: high birth rate, low level of education in the population (illiteracy rate among women is amazingly high) and high frequency of "terrorism". Bin Laden, viewed in this context, is not after all a phenomenon. His tactics to bring down the unelected rulers of his country are pretty much the same as many would-be kings of the past in a past kingdom.

And to put perspective on the validity of the birth rate as a benchmark of political violence, look at the numbers of the Palestinian territory: 42, while Israel is at 22, which, for one or the other, is far higher than the civilised world.

Where else do we have endless serious religious terrorism? In Sudan, where birth rate is 34. Northern Africa in general, with a birth rate of 28 is at the threshold of poverty versus "terrorism". United States too is not immune to acts of terrorism by religious fanatics. It goes from the killing of doctors practising abortion to the Waco massacre or the Oklahoma bombing. This should indicate that while the per capita of the United States is very high, the actual distribution is badly skewed. And it is the case. The proportion of families with incomes of less than US\$10,000 is still a surprising 12.6% of the population, and even more worrying is the fact that the median income for families whose head had not completed a high school degree decreased between 1995 and 1998. Such families still account for 20.4% of the total.

What about Asia?

It is thought today that Asia has been extremely successful at accommodating a myriad of religions for centuries. My opinion is that it is a glorious illusion. Religion has been a powerful factor in shaping the countries, but as religions tended to go along ethnic lines, state terrorism blurred the usual pattern of religious "terrorism". Today, however, the faultlines are coming to the surface whenever poverty and lack of education are present such as in the Indian states.

Since all the states facing terrorism in the name of religion have high birth rates, my opinion is it is a social problem rather than a religious one that needs to be tackled. It goes back to poverty and alienation. The use of force against religious "terrorism" under these circumstances can at best buy time but it will not eradicate the problem if poverty and alienation are still nurtured by the system.

Nationalism.

Only few weeks ago, East Timor became the 190th member of the United Nations. The media were extremely positive about it. It was the end of a long process, and the sign that people can make their own decisions, that democracy is at work and that it is a sign of progress.

I will disappoint you but I don't believe for one second that democracy had anything to do with East Timor, and in the long run, we have to wonder what really has been achieved. East Timor is only a few weeks old but is already embroiled in court cases about its rights over oil fields in its vicinity. As a small player in a big game, it has little resources to know exactly how to protect its rights and what to do. As for poverty, East Timor is unlikely to get out of it, with or without oil. I know that we argue today that the right to statehood is part of a democratic choice. It is not true, nationalism is a figment of the imagination.

Asia is well aware, with so many Diasporas that cultural attachment to one's culture can be expressed in many different ways, and that it can be borderless. I remember interviewing the head of the Indian diaspora in Hong Kong. He made clear that he does not feel Indian. He did not feel any belonging to India to whom he only had a cultural attachment.

The same could be said of many other Diasporas including the Chinese one. One of the assets of Asia is in fact that with the exception of China, nationalism did not equate for a long time with ethnicity. However, this concept is now under threat. In India, the BJP is introducing and supporting the supremacy of the Hindu culture over any other indigenous culture. The problem is that India is a federal state and Hinduism is only one of its elements. The more it wants to be an Hinduist country, the more its "nationalism" will be challenged. This is precisely what the communal violence in Gujarat is about. In Sri-Lanka, it is the same story with communal violence taking place along ethnic lines.

Why is it that we have a resurgence of "nationalism" along ethnic or religious lines in Asia? Most certainly because the dividend of economic progress under the states were distributed or perceived to be distributed along ethnic lines.

Malaysia, to avoid such a problem, took drastic action more than 20 years ago, but it does not mean the problem no longer exists, but Dr. Mahathir would tell anyone easily that, if it has been greatly reduced and brought to a manageable level, it is still there.

One country that failed to address decisively such an issue was Indonesia where the Chinese community still controls a disproportionate portion of the wealth. Sri-Lanka too is the victim of a miscalculation and it played in the hand of the poorest segment of the society, the Tamil. The Philippines state is also a victim of its own negligence.

But what are we saying there? That nations brought upon themselves problems because of their own failure to take care of every segment of their society.

Nationalism is in fact a weapon of last resort for the disfranchised. When the state fails its citizens, so the citizens failed it. It is only when people are sorry about their social identity that they become nationalist. Here again, the root cause is poverty and what goes along.

Nationalism is the easy answer to poverty. People believe and are told to believe that any action to improve their recognition through nationalism would induce an economic benefit.

Unfortunately it is far from being true. Many countries are poorer as a result, but it does not prevent others from trying the same game. After all, why not. Even if the odds are against any real improvement, it is a wager that can rip huge returns especially for the leaders of groups vying for independence.

Here again, it seems that at the root of any independence movement is a feeling of deprivation that has been nurtured by the state apparatus. Then it is used to breaking apart the society. Compounding the problem are most of the time historical factors and the many vested interests that more powerful nations have in the status-quo.

Conclusion.

Because terrorism is a tool of last resort, the corollary is that the situation must be pretty bad or hopeless for people to turn to "terrorism". If we do not admit it, then we are unlikely to go to the bottom of the problem.

One thing that seemed to be obliterated by the negative connotation of terrorism is that the perpetrators do not become what they are for the fun of it. They are, rightly or wrongly, strongly motivated by what they perceive to be wrong around them. And those people have as much faith in their cause as the Pope in his religion.

Of course, the easy way out for governments is to say that the perpetrators of terrorist acts have been brainwashed into believing into their cause. Look at the disbelief of the United States officials when they discovered foreigners among the Taleban including a perfectly decent Californian. The official attitude was that he did not know what he was doing although he made a statement to the contrary.

But all the above shows that an act of terror must firstly be interpreted as an act of failure on the part of the state, a sign of if not bankruptcy then of bad management.

Of course, for many reasons, states have a duty to prevent act of terrorism pretty much the same way they must prevent crimes. But we should be blinded by the atrocities the terrorists are committing to get their message across. Their actions are always a response to an unanswered question.

Asia has its share of questions left unanswered for too long. For example, Nepal was considered a peaceful kingdom for many years. At the same time, many economists were pointing out that it was a country that squandered its foreign aids. People were getting poorer and poorer. No reform to the Panchayat system was in sight. If as far as Washington, a conservative institution such as the World Bank was questioning the rational of the government policies, then clearly at home, a new generation of Nepalese was asking the same questions again and again without getting any attention. The answer has been the Maoist insurgency.

Another insurgency linked to the impoverishment of a segment of the population was the Mindanao one. Mindanao is blessed with a huge potential. It could be the green belt of the Philippines. It will never be. What made it an easy prey to terrorism of one sort or another, is that, in a predominantly Christian country, it is a Muslim region. Yet, it is not a religious problem at all, but its impoverishment could be seen as some sort of sinister plot against a segment of the society. In fact, the state was totally impotent, because it is impotent

elsewhere and in Mindanao the Church does not play its self-induced role of educator of last (and actually first) resort.

The Philippines has been unable to solve its poverty problem. In fact, the disfranchised population of the country is getting bigger every year, not smaller. There is no reason to believe that what the state can't achieve in Catholic counties, that is a reduction of rural poverty, it will achieve it in Mindanao. That is why I am not optimistic on any long lasting eradication of terrorism in this part of the country. And actually, we should not be surprised if elsewhere something broke lose in the medium term.

Indonesia is facing the same problem. The current insurgencies are generally a response to poverty and hopelessness. We should not be blinded by this notion of independence. It is nowadays only a cry of last resort rather than a demand for more freedom and a modicum of democracy. In actual fact, most of the new countries are less democratic than they ever were in the past. Generally they are mired in communal conflicts that ruin their economy and their population. Zimbabwe when it was Rhodesia use to feed half of Africa. When I lived in Gabon in the 1970s, the local market was awashed with fresh vegetables that were flown in every day from Harare. Today, Zimbabwe can't feed itself. There are many potential Zimbabwe out there in Indonesia.

What Asia should not do

Fortunately Asia is not beset with the problems Africa inherited from its former colonial masters although it did have its share of ethnic problems. In some places they have been solved through political balancing, in others they have yet to be solved, but in essence economic growth has always been the right answer to those problems.

The worry is that, with limited resources, Asia falls into the trap that the United States are laying around in their war against "terrorism". The trap is that for more security, Asia should spend more money, not on its hone-grown development programs but on its military.

The United States have been criticising the European on that aspect, arguing that only its military had the capability to wage a total war, albeit an electronic one because of its advanced weaponry.

We are not here going to discuss how efficient an army spending 10 billion US\$ dollars in Afghanistan is against one whose total budget did not exceed 30 million in its best year, but the logic of the military mentality. If peace could be achieved through military means, the world would have been at peace long time ago, because never before so much money was spend to wage war than in the twentieth century.

That is the conclusion that the European have reached when they told the American that if the choice is between decreasing aids and debt-forgiveness to finance a new array of high-tech weaponry, or increasing aids and support to poor countries and this limiting military purchases to what is strictly needed for deterrence, then Europe will chose the latter rather than the former. Asia should do the same, because if we don't change our cultural attitude, we are unlikely to bring changes to the structure of the society. And we all agree that it needs to be improve. Otherwise, terrorism will keep its legitimacy as a tool of change.

Furthermore, our society, to survive, should elaborate new rules and morality and if the terrorist have to account for their actions, then surely a common international law must apply to all. And I mean all of them without exception.

Thank you for your attention.

NOTES.

1.- we should try to remain neutral and keep a scientific view of this special form of political action. But it is difficult because, even this word 'special' introduces a moral element into the field of politics, and that is a doubtful proposition. History shows us that politics over and over has no morality but only goals, and politicians, and I don't target one in particular, but all of them, have only one fixed idea and it is power.

2.- Two Dutch researchers from the University of Leiden, Alex Schmid and Albert Jongman, collected 109 academic and official definitions of terrorism and analyzed them in search for their main components. They found that the element of violence was included in 83.5% of the definitions, political goals in 65%, and 51% emphasized the element of inflicting fear and terror. Only 21% of the definitions mentioned arbitrariness and indiscriminate targeting and only 17.5% included the victimization of civilians, non-combatants, neutrals or outsiders

3.- a new form of pervasive censorship in the development of Science is the overuse of the intellectual property rights attached to scientific researches. A good example of the danger is the clash that occurred between the United States authorities and the European ones about the human genome. Ultimately the European decided that the research would be publicly funded and the results available to all scientists. Since then, there are many examples of scientists being sued for using what is considered a patented form of molecules or other elementary particles used in the field of their researches. However, as Einstein and others outlined many years ago, it is 'society' which provides man with the tools of work, language, the forms of thought, and most of the content of thought he uses. The scientist's life is made possible through the labour and accomplishments of many other scientists, past and present who are all hidden behind the world "Science". Can one pretend a right to a particular discovery on his /her own? It is of course an implausible proposition. Yet, it is exactly the underlying thinking of the current trend about intellectual property rights.

4.- Thus, the moral dilemma about terrorism that ensues can be summarized as follows:
When the perpetrators are the state actors, the act of terror is considered as legitimate, moral and legal.

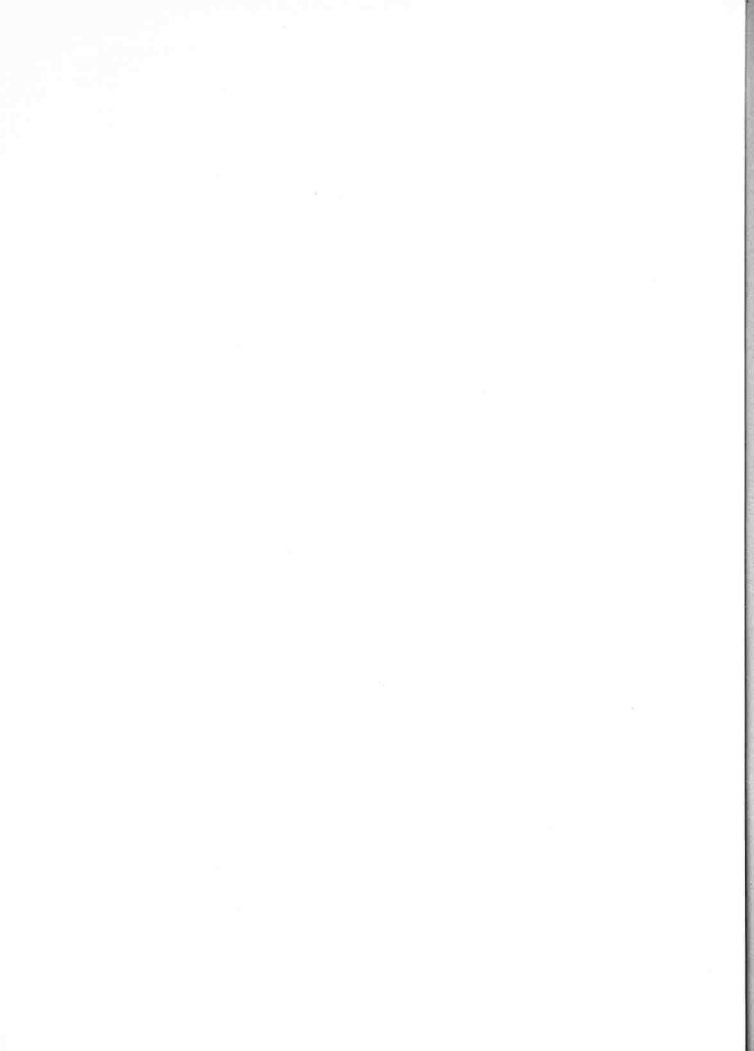
When the perpetrators are non-state actors, the act of terror is considered to be illegitimate, immoral and illegal.

When the non-state actors become state actors, which is often the case, then morality changes sides.

5.- it can be argued for example that the al-Qaeda organization set up by Osama Bin Laden has been very successful in bringing changes, but not successful in taking power.

Among the changes the al-Qaeda forced upon its target (the house of Saud) is the realignment of the external policies of the kingdom towards the Middle East countries and away from the American sphere of influence. Another far-reaching consequence of its war against the United States has been the revamping of NATO with the creation of a council where Russia is an equal on a number of issues – a proposition that the United States had rejected before September 11, 2002. A third consequence has been the undermining of the United States' moral authority on the human rights issue. "By suggesting that national security may require compromises on human rights in the United States, the U.S. government risks signalling its allies that 'anything goes' in their own human rights practices", Amnesty International concluded in its 2002 annual report. Geo-political analysts knew for along time that the human rights issue was only a tool of the foreign policies of the United States, but this knowledge was limited to a confined circle. What al-Qaeda provoked, was the unveiling of such attitude to the public at large. In turn, it resulted in a serious loss of credibility of the American foreign policies that will make impossible for the United States to conduct the same policies without resorting to new tools, or alternatively to abandon them and establish a new relationship with the rest of the world.

6.- *Einstein, in 1947, observed already that "the military mentality is still more dangerous than formerly because the offensive weapons have become much more powerful than the defensive ones. Therefore it leads, by necessity, to preventive war. The general insecurity that goes hand in hand with this results in the sacrifice of the citizen's civil rights to the supposed welfare of the state. Political witch-hunting, controls of all sorts (e.g., control of teaching and research, of the press and so forth) appear inevitable, and for this reason do not encounter that popular resistance, which, were it not for the military mentality, would provide a protection. A reappraisal of all values gradually takes place in so far as everything that does not clearly serve the utopian ends is regarded and treated as inferior".*





16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 3(a)

PLENARY SESSION THREE
Monday, 3 June 2002, 1415-1545 hrs

SEPTEMBER 11: POLITICAL AND SECURITY IMPACT AND
CHANGES IN THE STRATEGIC BALANCE OF THE ASIA
PACIFIC REGION

“9/11 and Asia’s Future: Security Cooperation, or a “Clash of
Civilizations”? Reconciling Divisions within the World of Islam”

by

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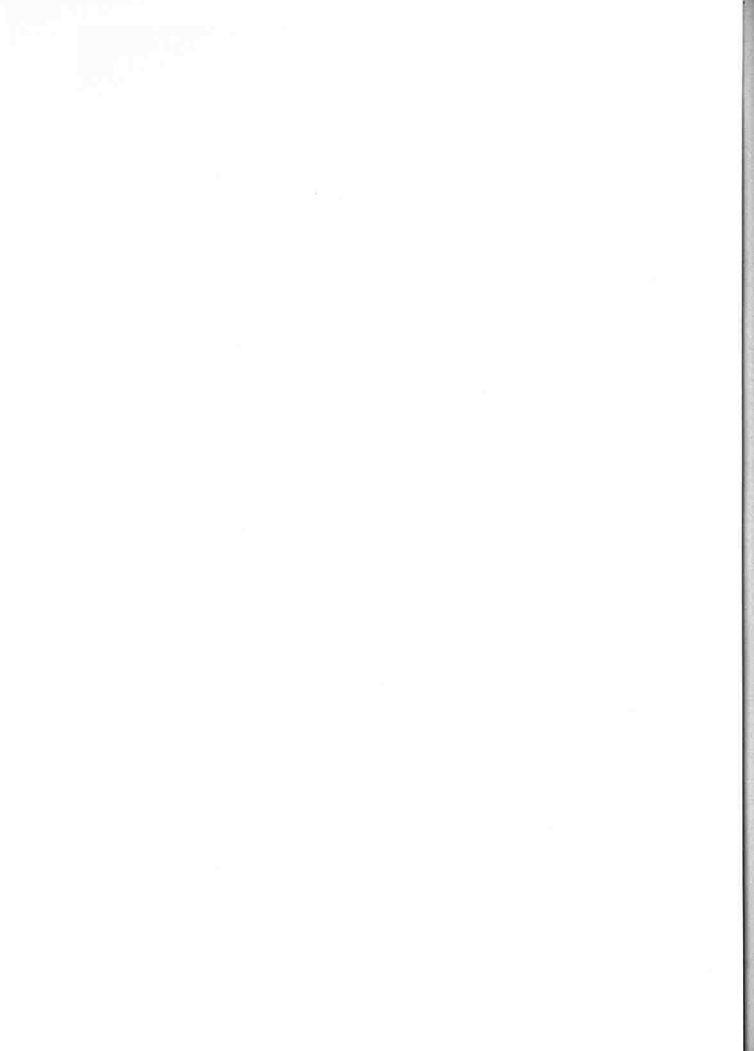
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9/11 and Asia's Future:

Security Cooperation, or a "Clash of Civilizations"?
Reconciling Divisions within the World of Islam

by

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In the United States, if a citizen encounters an emergency situation he, or she, just picks up the phone and dials "911" for help. On September 11 of last year, "911" acquired a new dimension of meaning as the date of a crisis that is transforming national – and international – approaches to security and global relationships. As with the fateful day of December 7, 1941, the al Qaeda-sponsored surprise attack on the United States last fall profoundly altered, in just two hours, Americans' perceptions of the vulnerability of their homeland, and their awareness of hostile forces abroad determined and able to bring them harm.

The new security challenges represented by "9/11" were not unforeseen. In the late 1990s, American defense specialists had clearly identified a range of emerging threats: the proliferation of weapons of

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mass destruction; the vulnerability of the American homeland to attack from abroad via missiles, cyber warfare, or biological agents; the threat of terrorism by subnational groups; turmoil generated by economic globalization; and the destabilizing impact of ethnic and religious strife abroad.¹ The events of September 11 catalyzed the process of transforming these analytical insights into a new national security agenda. The Bush administration is now developing new policies and strategies of national defense, remaking security institutions, and acquiring the budgetary resources needed to deal with these threats — a process that will take some time and domestic political struggles to fulfill.² The United States, despite its strengths, is determined to enhance its capabilities for dealing with these threats, and the security vulnerabilities exposed by 9/11.

One key issue was understated in the assessments of the national security specialists: the motivational force behind the al Qaeda assaults on the World Trade Towers in New York and the Pentagon in Washington. 9/11 was so shocking because it revealed the determination of a radical Islamist organization of global scope to resort to suicide attacks in a well organized and long term plan to expel the United States from the Islamic world. Osama bin Laden's strategic objective, once the U.S. was discredited, was to bring down

¹ The most notable of these assessments was published by the United States Commission on National Security/21st Century as *New World Coming: American Security in the 21st Century* (September 15, 1999).

² For a description of the concepts behind U.S. defense modernization, see Donald H. Rumsfeld, "Transforming the Military," *Foreign Affairs*, May/June, 2002, pp. 20-32.

"moderate" Muslim governments, as in Saudi Arabia and Egypt, and precipitate a "clash of civilizations."

Harvard professor Samuel Huntington, in a notable but roundly criticized 1993 article in *Foreign Affairs*, had anticipated this notion of a clash of civilizations.³ What Huntington's prescient analysis did not stress was the extent to which al Qaeda's war against infidels was, at its core, a war within the world of Islam, a jihad against those Osama bin Laden considers(ed) corrupted Islamic infidels — especially leaderships which cooperate with the United States on shared security and economic objectives.⁴ This matter of who are the targets of the Islamists, and what has to be done to prevent the war against terrorism from becoming a conflict between the worlds of Islam and the West, is an issue to which we will return in conclusion.

What was the impact of September 11 on the Asian region? Above all, it demonstrated the growing global interconnectedness of not just

³ Samuel P. Huntington, "The Clash of Civilizations?" *Foreign Affairs*, Summer 1993, pp. 22-49.

⁴ Huntington wrote: "The faultlines between civilizations are replacing the political and ideological boundaries of the Cold War as the flash points for crisis and bloodshed." (Huntington, *op. cit.*, p. 29, underline added.) See also Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1996), esp. pp. 109-121.

The reason that what Huntington calls "faultline wars" between civilizations stimulate conflicts within the bounds of an ideologically or religiously-organized order is that attacks like 9/11 provoke strong defenses by those under assault, and the extremists have to struggle to maintain control within their own societies. In the history of communism and the Cold War, for example, the Bolsheviks asserted that "capitalists" were their primary enemy, but in practice they waged bloody battles against the Mensheviks and more moderate social democrats in the contest for leadership of international (and national) socialism, and the Soviet Union most

economic relationships, but security factors as well. A religiously motivated organization located in a small, isolated and underdeveloped part of the world could serve as the base for successfully attacking a highly industrialized, high-tech major world power. As well, the attacks shifted the focus of security concerns in the region from Northeast Asia (Korea and China) to Southeast Asia and ASEAN states such as Indonesia, Malaysia, the Philippines and Singapore.

Three security developments growing from the al Qaeda attacks are of particular significance for Asia: 1) The terror of the Islamists has provoked a remarkable measure of common interest and cooperation among the major powers, overriding at least for a time contentious problems in U.S. relations with both China and Russia. 2) Stability in East Asia is threatened above all by uncertainties about Indonesia's future, and tensions between Pakistan and India. And 3), the United States has a unique opportunity, stimulated by 9/11, to help build a broad international coalition oriented toward dealing with the security threats of the early 21st Century and to facilitate global economic growth.

The one challenge the United States is not well equipped to cope with is the tension *within* the Islamic world that was the motivating force behind the attacks of September 11. The U.S., and the international community, face the daunting challenge of waging war against

frequently used force against other "fraternal" socialist countries -- all to maintain dominance within its camp.

terrorism in a way that doesn't play into Osama's strategy of provoking a war between the West and Islam. The effort to prevent a clash of civilizations remains one of the great challenges of world order in the coming decades.

The Coherence of the Major Powers - But for How Long?

The attacks of September 11 had a remarkably galvanizing effect not just on the United States but on the international community at large, especially the major powers. Part of the sympathetic, if not supportive, response was no doubt a desire to avoid being on the wrong side of Uncle Sam, who was clearly determined to destroy "terrorism with a global reach." As President Bush asserted in a strong statement before the U.S. Congress on September 20, 2001, "Every nation, in every region, now has a decision to make. Either you are with us, or you are with the terrorists."⁵ This challenge was not an issue for the many countries now actively cooperating in the war against terrorism, for they could easily see threats to their own security in America's vulnerability to the violent plotting of al Qaeda.

The measure of common interest evoked in the international community was evident in the rapid and unanimous support of the United Nations Security Council for mandatory and proactive efforts by all countries to counter terrorism. This response included the establishment of a special committee of the Security Council to monitor each UN member's implementation of such mandated

measures as suppressing the financing of terrorist groups, denying them safe haven, prosecuting them where possible, and taking actions to prevent future attacks. The resolution justified preventive action against terrorists, and continuing efforts to suppress them.⁶

The five permanent members of the Security Council each have good reasons to make common cause with the United States. The Russians face a broad challenge of instability in the tier of Muslim states – many of them former republics of the Soviet Union – on their southern frontier, from the Caucasus to the states of Central Asia bordering on China. The unending war in Chechnya, moreover, directly linked al Qaeda to Russian security. The Russians, like the Chinese, fear "separatists," and will use the war against terrorism in ways that may well exacerbate ethnic and religious tensions – and in the process cause problems in relations with the U.S. on human rights grounds.

China faces internal unrest from its Muslim Uighur minority in the western province of Xinjiang, and had established the Shanghai Cooperation Organization (informally termed the "Shanghai Five," despite its membership of six) in June of 2001 to project influence into a region of political and economic importance. Moreover, turmoil in the Islamic world, ranging from Indonesia in Southeast Asia to the Persian Gulf, puts at risk both political stability and access to energy resources vital to Beijing's plans for economic growth.

⁵ Speech by President George W. Bush to a joint session of Congress, September 20, 2001.

⁶ UN Security Council Resolution 1373 (September 28, 2001).

The British and French both face internal security challenges from significant numbers of Muslim immigrants, and al Qaeda's destructive plans have included attacks on such symbols of European culture and community as the Eiffel Tower and the European Parliament.

Thus, not since the end of the Cold War, when the five permanent members of the UN Security Council joined together in crafting a peace process for Cambodia,⁷ has there been such a degree of common purpose. And in their differing ways, other major powers — Germany, India, Japan — also have strong reasons of national interest and security to join with the United States in the war against al Qaeda and the Taliban.

While all the major powers thus, in varying degrees, have seen their world change since September 11, China has been the one most affected by the consequences of al Qaeda's attack. Since the fall of the Soviet Union in 1991, Beijing has been seeking to construct a multipolar international system to countervail the military and economic influence of the "single superpower." Thus, the Chinese had established a "strategic partnership" with Russia to counter such Washington initiatives as NATO expansion, national missile defense, and support for Taiwan. And as noted earlier, the Shanghai Cooperation Organization was an effort to project Chinese influence

⁷ See Richard H. Solomon, *Exiting Indochina*, Washington, D.C.: United States Institute of Peace Press, 2001.

into the strategically sensitive zone of Central Asia, along with that of Russia.

This vision of a multipolar world was shattered by September 11. Within weeks, the United States had taken the lead in establishing new programs of security cooperation with Russia, India, and long-term ally Japan, was deploying troops and building airfields in Tajikistan and Uzbekistan, and overflying Russian airspace. Thus, overnight, the "Shanghai Five" had a nominal sixth (actually seventh) member — the United States. And Japan was suddenly asserting an active international presence in the war against terrorism (although how long it will sustain such security cooperation is unclear, given the country's constitutional constraint against collective security measures and its sluggish economy).

While the Chinese might have reason for concern about this rapid and unanticipated U.S. "encirclement," Beijing also has good reason to support — or at least not oppose — U.S. actions. American attacks on al Qaeda training camps in Afghanistan destroyed a source of support for the Uighur separatists. American support for the Musharrif government in Pakistan, efforts to stabilize the tense Indo-Pakistani confrontation over Kashmir, and support for the Megawati government in Indonesia, all reinforce China's interests in stability in Southeast Asia and on the Subcontinent.

Thus, whatever concerns Chinese leaders might have, to date they have chosen not to resist U.S. initiatives. Yet they are maintaining

other options in other relationships, as was evident in President Jiang Zemin's post-9/11 trips to Iran and Libya. How they will react to the Bush administration's evolving plans for Iraq, for example, remains to be seen.

Equally significant for Beijing, 9/11 substantially altered the Bush administration's approach to China. During the presidential campaign of 2000, candidate Bush had characterized China as a "strategic competitor," and tensions generated by the downing of an American EP-3 reconnaissance aircraft early in Mr. Bush's first year in office, as well as vocal support for Taiwan and promotion of national missile defense, presaged a difficult U.S.-China relationship. Al Qaeda's attacks dramatically altered the Bush administration's foreign policy priorities. The PRC was no longer its primary security concern, and if China did not become a "strategic partner" it did suddenly drop way down on the list of states of concern.

Reflecting this new approach to China, within six months there were two positive summit encounters between President Bush and Chinese leader Jiang Zemin, with a follow-on visit to the United States by Jiang's likely successor, Hu Jintao. Jiang himself is expected to visit the U.S. this fall. Bolstered by the Bush administration's support for China's entry into the World Trade Organization, the Chinese have picked up on opportunities to cooperate with the United States in the war against terrorism.

For the Asian region, this diminution in Sino-American tensions has been a welcome development. No country has an interest in being caught in the middle of conflicts between Washington and Beijing. That said, however, the pre-9/11 issues of contention between the U.S. and China -- Taiwan, national missile defense, proliferation policy, reconnaissance flights, trade disputes and human rights practices -- remain below the surface of current cooperation against terrorism. The question is whether today's improved mood of cooperation will enable both sides to better manage for the longer term the issues that divide them.

In politics little is permanent, but nine months after September 11 the major powers continue to work in concert against the remnants of al Qaeda and other manifestations of global terrorism. The cooperation is not complete. Actions against the proliferation of nuclear and missile know-how and materials, for example, remain a matter of contention or limited cooperation in the cases of both Russia and China. Yet today there is a remarkable degree of common purpose among the major powers, especially if one contrasts the post-9/11 world with the contentious era of the Cold War. The challenge for leaderships in all the major powers is to put this consensus to use in the service of common interests -- and to sustain it in the face of the many divisive issues likely to emerge when the war against terrorism becomes less urgent.

Regional Vulnerabilities: Indonesia's Future; India-Pakistan Tensions

The immediate impact of 9/11 was to precipitate military action in Afghanistan against al Qaeda and its supporter the Taliban regime, which had turned the country into a base for training terrorists and promoting operations against the West. The Bush administration also moved to develop joint counter-terrorism programs with Pakistan, the Philippines, Indonesia, and a range of other states, indicating just how extensive al Qaeda's global network had become. One shared concern was that as military operations against the Taliban and al Qaeda developed in Afghanistan, support cells in other countries would either conduct their own violent attacks, or provide refuge for terrorists fleeing Afghanistan.

The arrests of al Qaeda agents in Singapore and Malaysia beginning last December exposed the reach of the terrorist network as well as its plans to attack embassies and military facilities in the ASEAN region. Indeed, information made public by regional security services this spring indicates that the attacks of 9/11 were inspired by the terrorists Ramzi Yousef and Abdul Hakim Murad, convicted for their involvement in the 1993 attack on the World Trade Center, for conspiring to kill the Pope during a visit to Manila in 1995, and plotting a major airline hijacking in the Asian region. Other al Qaeda agents in Indonesia, Malaysia, and the Philippines supported their operations.⁸ In short, growing "underneath" ASEAN was a covert regional terrorist network determined to drive the United States from

⁸ See Leslie Lopez and Jay Solomon, "Indonesian Cleric May Be Terror Leader," *Wall Street Journal*, February 1, 2002; Steve Fainaru, "Clues Pointed to Changing Terrorist Tactics," *Washington Post*, May 19, 2002.

Southeast Asia and radicalize Muslim populations throughout the region.

As we look at Southeast Asia today, it is evident that the weakening of ASEAN as a result of the financial crisis of 1997, and especially the collapse of the Suharto government in Indonesia, heightened the vulnerability of the region to political destabilization. The challenge to regional political leaders is to prevent militant Islamists from broadening their support, and to strengthen the position of moderate Muslims. Malaysia is assuming an important role in this matter, as was evident in its hosting of an extraordinary session of the Organization of the Islamic Conference in April, and as will be more apparent when it shortly becomes chair of the OIC.

The recent Memorandum of Understanding guiding cooperative counter-terrorism activities signed by the leaders of Malaysia, the Philippines and Singapore was a positive development as the ASEAN region responds to the terrorist threat. The Bush administration is supporting the Philippines, one of its most willing partners in ASEAN, in building capacity to deal with al Qaeda and Abu Sayyaf, and is cooperating with other regional states in matters of information sharing, financial tracking and other counter-terrorist activities. For the longer term, however, its most important contributions to the struggle against militant Islamists may turn out to be heightened efforts to get the Israeli-Palestinian conflict back on a political track, and support for moderate leaderships in Afghanistan and Pakistan.

Indonesia, as the largest and potentially most influential member of ASEAN and also the Association's most weakened Muslim state, is the key to regional stability. If as a result of internal problems the Megawati government should be unable or unwilling to constrain Islamist extremists, or if the economy should fail to revive, Indonesia could become a new base of support for terrorist groups and a source of instability for all of Southeast Asia.

In the Asian region more broadly, only the situation in Pakistan today is more critical to stability than Indonesia. The Musharrif government faces a daunting challenge of bridging the gap between a secular government committed to cooperation with the West and a population responsive to Islamist appeals and supportive of the violent struggle for Kashmir. Given the nuclear dimension of Indo-Pakistani tensions, destabilization of the government in Islamabad would hold profound implications for war and peace on the Subcontinent and throughout Asia.

U.S. Policy: Building New Coalitions; Managing Threats Old and New

The Bush administration began its term in early 2001 with a foreign policy orientation significantly different from that which has developed post-9/11. As is the American political tradition, new administrations tend to construct foreign policy in reaction to what they see as the errors of their immediate predecessor. Candidate Bush critiqued the Clinton administration for its hyper-engagement in conflicts around the world, its tendency to rely on diplomacy in

dealing with "rogue" regimes (especially North Korea and Iraq), or to shrink from the use of force in dealing with explicit security threats (Somalia, Haiti, al Qaeda). It also rejected its predecessor's unstable engagement with China at the expense of dealings with long-term ally Japan. Thus, George W. Bush's first seven months in office were characterized by reluctance to take on a mediating role in the Israeli-Palestinian conflict, rejection of diplomatic dealings with North Korea, and a standoffish approach to China.

The reality of 9/11 significantly altered its national security agenda and its approach to the world. Today the President devotes much of his time to international security issues and coalition-building efforts in support of the war against terrorism. While "nation building" is not a preferred term of the administration, it is committed to something like it to prevent Afghanistan (and other failed or weak states) from again becoming "hijacked" by Islamist terrorists. It is engaged with China; and it has a military presence in Central Asia that was quite unanticipated prior to 9/11.

Thus far the world has responded with support for U.S. initiatives and leadership in the war against terrorism. The challenge is to sustain the coalition established by Security Council resolution 1373, and to broaden both its membership and its mandate. The "root causes" that give rise to or empower terrorists can only be dealt with by cooperative international efforts. Of particular salience in this new security agenda are the issues of proliferation of weapons of mass destruction, drug trafficking and organized international crime

(which fund terrorist operations), and the problems of economic mismanagement that make countries vulnerable to financial crises like 1997 and unable to compete in global markets. Preventing the emergence of more "failed states" is a daunting challenge, but 9/11 has taught the international community that such problem countries cannot just be left to fester. Without remedial efforts, they can become incubators of terrorism.

The Bush administration is committed to working with the international community on these issues, although on a basis rather different from the treaty-based alliances that defined Cold War coalitions. The approach now is the formation of flexible associations in which a particular security mission determines the coalition, and operations are not highly constrained by "decisions by committee."⁹ This policy, as well as the administration's rejection of a number of international treaties, has generated widespread concern about U.S. "unilateralism" and a desire for a more consultative approach to collective action. It remains to be seen how long the anti-terrorism consensus will last given these concerns, and how effective ad hoc "coalitions of the willing" will be with less attention paid to joint planning and matters of force interoperability.

On a political track, the U.S. is now reengaged on such sources of instability as the Israeli-Palestinian conflict and the tensions between Pakistan and India. And while the world looks to American leadership, the reality is that these long-standing conflicts can only be

⁹ See Rumsfeld, *op. cit.*, p. 31.

resolved -- "managed" is a more realistic word -- with substantial cooperation from the parties directly involved.

The one critical issue on which American leadership can have only limited effect is the appeal of militant Islam within Muslim societies ranging from the Maghreb to Indonesia. The President has made clear that the United States is supportive of Islam even as it attacks the terrorists. But the reality is that Muslim governments and societies themselves have to come to terms with the many issues that would reconcile Islamic religious teachings and practice with the requirements of economic modernization and democratic governance. Only they can deal with the official corruption and authoritarianism that undermine public support for established leaderships -- issues that make publics resentful of U.S. support for friendly governments and receptive to the appeals of the Islamists. Washington will continue to face the dilemma of supporting cooperative leaders in the war against terrorism even as they may resist reform and change.

The United States can play only a supporting role in dealing with the sources of tension and conflict within the Muslim world. Yet after 9/11 they are some of the most profound challenges that will determine if the international order of the early 21st Century comes to be characterized as a time of clashing civilizations.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 3(b)

PLENARY SESSION THREE
Monday, 3 June 2002, 1415-1545 hrs

**SEPTEMBER 11: POLITICAL AND SECURITY IMPACT AND
CHANGES IN THE STRATEGIC BALANCE OF THE ASIA
PACIFIC REGION**

“New Opportunities for Regional Cooperation”

by

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Secretary-General
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Organised by



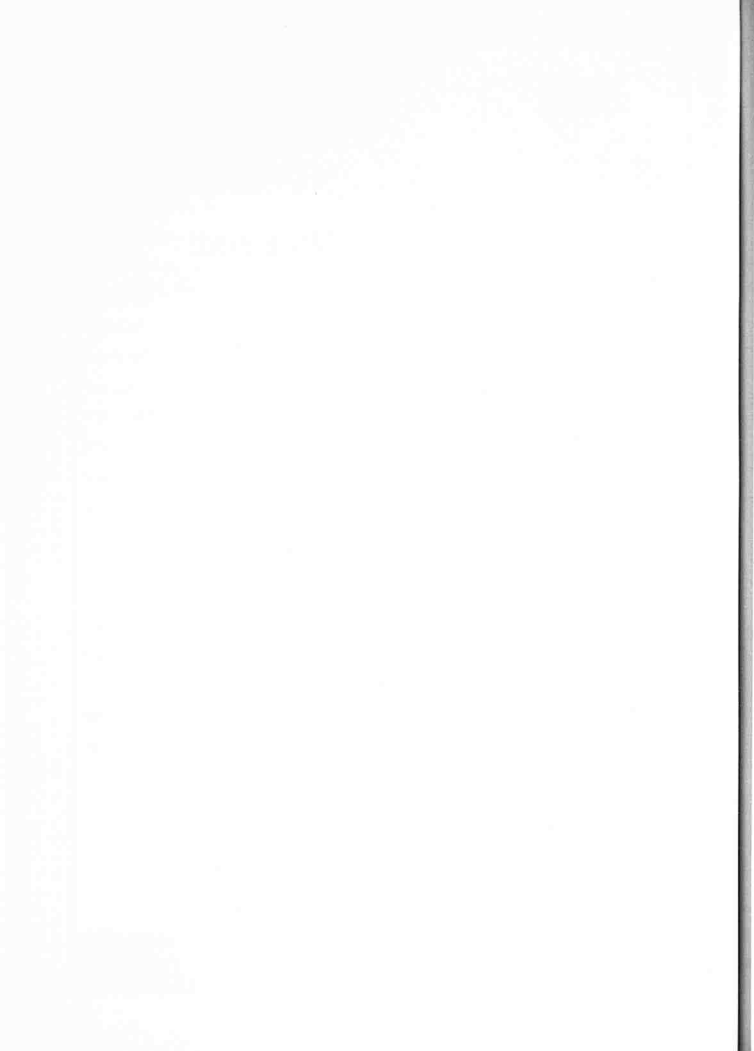
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16th Asia Pacific Roundtable

Plenary Session Three

September 11: Political and Security Impact and Changes in The Strategic
Balance of the Asia-Pacific Region

New Opportunities for Regional Cooperation

Yuan Jian

For countries in the Asia-Pacific region, the impact of the events of 11 September features, first and foremost, the emergence of a united fronted against terrorism. Terrorism is widely perceived as a grave menace to regional peace and stability. A common position among regional states on the need to confront this new threat resolutely, and to fight the war on terror by forming a broad, enduring as well as effective regional coalition, provides a solid basis for advancing the kind of regional cooperation that is likely to have a positive impact on the strategic balance of the Asia-Pacific Region.

Basic elements of an emerging consensus

The united front against terrorism in this region rests on some widely shared views. They concern how to perceive the nature of terrorism as a new security problem; what should make basic guidelines for cooperative anti-terrorist operations; what kind of strategy the regional community should formulate in order to win the war against terror; and what should be the basic elements of such a strategy. A convergence of opinions on these important issues will contribute a great deal to the building of a sustainable anti-terrorist coalition in the region.

Although an universally agreed definition of terrorism has yet to emerge, countries in this region generally accept the principle that the use of violence against innocent people for the purpose of creating a climate of terror to facilitate the achievement of certain goals should never be tolerated. Terrorist acts cannot be justified whatever causes they set out to promote.

As for guiding principles to be adopted in organizing a campaign against terrorism, there are following shared views:

Terrorism is a menace to mankind. It should not be equated with any specific ethnic group or religion. A war

against terrorism should not be targeted at any specific ethnic group or religion. It is not a war between civilizations.

All actions taken for the purpose of preventing and combating terrorism and terrorist networks should be guided by principles of the UN Charter and other recognized norms of international law. Efforts to build and strengthen international anti-terrorism regimes should be made with the United Nations and its Security Council playing a leading role.

Terrorism should be resolutely countered no matter when, where and in what form it occurs, or at whom it is targeted. There should be no adoption of double standard.

Operations against international terrorism should take special care to avoid harm to innocents. Their targets should be clearly defined. The target identification should be based on convincing evidence. The scope of such operations must not be arbitrarily enlarged.

Regional support for the war on terror and for the adoption of a comprehensive strategy

As an immediate reaction to the September 11 attacks, countries in the region gave unified support for the military operations in Afghanistan targeted at Osama bin Laden, his followers, and the Taliban regime that harbored them. There is also region-wide support for Afghanistan's reconstruction—for the efforts made by the international community to restore peace and order to that country, and for the programs and projects designed to assist the Afghanistan people to gain national reconciliation and to restart economic development.

Countries in this region have also started cooperation at the technical and operational level to cut down the functional capacity of terrorists and terrorist networks to plan, fund and implement their activities. They have made concerted efforts to introduce more effective intelligence sharing arrangements, to trace terrorists and their financing networks, and to enhance cooperation among law enforcement agencies of different countries in preventing terrorist organizations from relying on some forms of transnational crime to generate funding for their operations.

There is also extensive support for a long-term approach to the threat posed by international terrorism. It is widely recognized that

to win the war on terror, the international community must address the root cause of terrorism.

There are, of course, different views about what is the major cause of terrorism. In fact, the events of September 11 have intensified the long-standing debate on the issue. Some analysts stress the influence of religious extremism, such as hatred toward secularism and failure to reconcile with modernity; others emphasize the impact of poverty and social distress. Most people, however, recognize the complexity of the issue, and expect no simplistic answer to the question.

What is more important is that fact that countries in the region support a comprehensive strategy for the war against terror. They recognize both the relevance of religious extremism and that of socio-economic conditions as important factors behind the rise of modern day international terrorism. It is widely agreed that to improve the economic prospects of the poor makes an important part of the effort to cut down the social influence of terrorists and to reduce their ability to recruit new foot soldiers. Although economic growth may not inoculate against religious fanaticism, its absence will certainly make the job of discrediting new brands of extremist ideology much more difficult.

It is also widely accepted that a comprehensive counter-terrorist strategy should, among other things, offer assistance to alleviate poverty and social injustice, support development in poor countries, and reducing inequality within and among nations.

It is true that countries in the region have different views on what should be the structure and composition of a comprehensive anti-terrorism strategy—on the relative weight to be given to military, political, diplomatic, socio-economic, and cultural approaches. The differences should cause no surprise given the fact that root causes of terrorism are varied and complex. To reduce the differences calls for dialogue and consultations—more extensive exchange of views among states in the region.

What we should not overlook, however, is the fact that differences among countries in the region are basically over how the war against terror should be conducted—how best to deal with specific problems. They are not over whether such the war should be waged and should be won.

non-traditional security threats and new stimulus for regional cooperation

The September 11th terrorist attacks indicates the rise of a new type of security threat, the so-called non-traditional security threat. It is perceived as no less menacing to international peace and stability than traditional security crises. The concept covers a wide range of problems, such as terrorism, excessive economic distress, illegal migration, global warming, trans-border pollution, the spread of AIDS, drug trafficking, and quite a number of other problems that are likely to give rise to chaos, violence, and desperation.

Only a few years ago, it would be hard to imagine that such problems could produce disastrous consequences in distant countries. As indicated by the events of September 11, non-traditional security troubles, even if occurring in a country with limited geopolitical significance, can threaten the security of the world's most powerful nation. This new reality is changing the way national security is being perceived in many countries.

Given the transnational nature of these new problems, their resolution and containment would rely heavily on multilateral approaches, more so than the settlement of traditional security disputes or conflicts. No country, however powerful and influential, can deal with such problems effectively on its own.

And, compared with traditional security problems, non-

traditional threats often have more complicated or deeper-rooted political, socio-economic, ethnic, cultural, and religious backgrounds. Their solution tends to call for a longer term strategy—more comprehensive, preventive, and step-by-step approaches.

China's reaction to non-traditional security threats

Like most other countries in the world, China feels increasingly threatened by this new type of security problems.

China's foreign policy attaches great importance to the promotion of regional cooperation in combating various forms of non-traditional security threat, and in demolishing their breeding grounds. It has been pushing actively for more extensive consultations on the possibility of enhancing cooperative efforts to this end at ARF conferences and at the summit meetings attended by the leaders of ASEAN plus China, Japan and ROK.

China supports multilateral efforts aimed at controlling drug trafficking, stopping illegal migration, preventing the spread of HIV/AIDS, and cracking down on piracy.

China and the other members of the Shanghai Co-operation Organization made counter-terrorism a top priority for their cooperation agenda even before September 11. The conclusion of the Shanghai Convention on Combating Terrorism, Separatism and

Extremism clearly indicated the organization's commitment to containing terrorism through coordinated efforts.

China has worked with Thailand, Myanmar, Vietnam, Cambodia, Laos and UNDCP to launch a sub-regional drug control cooperation mechanism. It held a four-nation ministerial conference with Thailand, Laos and Myanmar to identify specific targets for joint drug control operations.

China has also signed drug control deal with the ASEAN countries: The Plan of Action of ASEAN and China Cooperative Operations in Response to Dangerous Drugs.

As part of a long term approach to non-traditional security threats, China has also been pushing vigorously for regional cooperation in the economic field. Its bid to build a stronger economic partnership with Southeast Asia—to foster a cooperative relationship with the ASEAN countries—offers an example. China and the 10 ASEAN member states reached an agreement in November 2001 to set up a China-ASEAN free trade area within 10 years. It will be one of the world's largest free-trade zones, one with combined market of more than 1.7 billion people, gross domestic product of more than \$2 trillion and total trade exceeding \$1.2 trillion.

The move reflects a shared desire to enhance the possibility that the growth of one country also means new growth opportunities for

the others in the community.

A free trade area would benefit all its participants, not only because an expanded market offers greater attraction to outside investors, but also because enhanced intra-Asian trade—greater opportunities for regional countries to expand trade and investment with each other—will make economic growth in the region more sustainable than previous periods of expansion. It will foster its participants' capability to cope with fluctuations or vicissitudes coming from other parts of the world.

Joint endeavors to promote regional economic growth—to build an economically stronger, more prosperous and stable Asia—will have a profound impact on the regional efforts at preventing terrorism. Like the other steps taken to enhance regional efforts to counter non-traditional security threats, promoting economic cooperation will have far-reaching implications for the security environment in the region. Given that the region's economic dynamism depends heavily on a stable geopolitical environment, and that growing interdependence gives countries in the region greater stake in seeking peaceful means for dispute settlement, we have reasons to believe that advancing such cooperation will contribute a great deal to peace and stability in the Asia-Pacific region.



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**“POLITICAL AND SECURITY IMPACT AND CHANGES IN THE
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by

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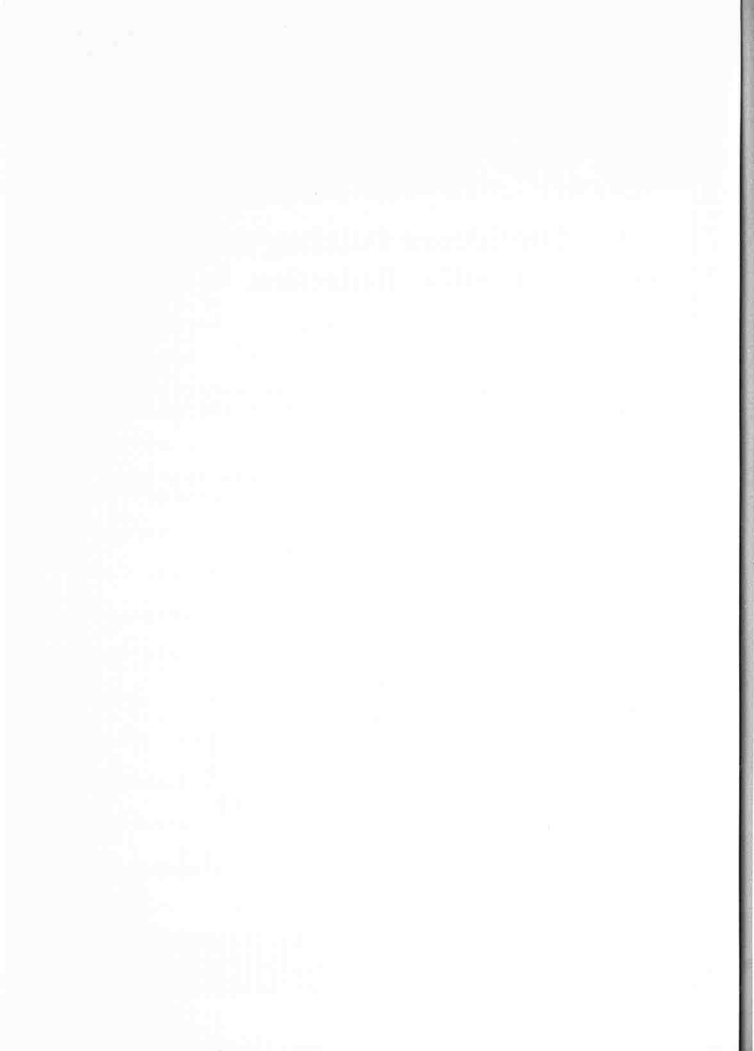


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POLITICAL AND SECURITY IMPACT AND CHANGES IN THE STRATEGIC BALANCE OF THE ASIA-PACIFIC REGION

By Prof. Vitaly V. Naumkin

The terrorist attacks against New York and Washington were followed by unprecedented changes in the international system comparable to those caused by the demise of the Soviet Union. Prior to these events East Asia had usually been described as a polycentric, or multipolar region both from the standpoint of the diversity of local actors and in terms of the great confluence of major players – the USA, China, Japan and Russia.¹

After the end of the Cold War Russia significantly improved its relationship with the ASEAN states, but it was badly affected by the Asian crisis. This crisis brought difficulties in relations between these states themselves, which lost some of their ability to manipulate the strategic balance in the region. The successful elimination of the repercussions of the crisis at the beginning of this century gave a new impetus for cooperation among all countries of the Asia-Pacific region. The September 11 events have exerted a contradictory impact on the situation: on the one hand, they laid the groundwork for a more effective international cooperation in the security field; on the other, they accentuated and even exacerbated the existing differences and contradictions.

The tragic events of September 11 brought the most significant changes in the security agenda at the global, regional and national levels. Formulating an adequate response to the threat of international terrorism on the part of the countries of the region has become one of the main tasks in their security domain. The advancement of terrorism to one of the foremost places in the security agenda is accompanied by a heightened relevance of terrorism-related threats, such as, for example, transnational organized crime, especially drug trafficking, earnings from which are used for the financing of terrorist networks. Quite naturally, combat against terrorism is directly related to the question of war and peace, and to conflict-proneness in general. Such a threat as WMD proliferation, under the new conditions also becomes associated with international terrorism.

The international community's concern with the problem of terrorism and all sorts of extremism (religious, ethnic, and so forth) places on the agenda not only the question of the sources of these phenomena, but also of the nature of violence.

In order to understand the sources of aggression and violence, and correctly interpret it, what we need is not so much a global definition and summary of all the available experience, as an analysis of those concrete social conditions which in a concrete society breed violent behavior. There exists a wealth of interpretations of the nature of violence: it seems that each region and each state must clarify this question for themselves, refraining from borrowing general theories based on a different experience. In this connection I shall but briefly mention the idea of the nature of violence being primarily collectivist rather than individualist; that violence is a social rather than antisocial phenomenon; and that it is constructed within a given culture.² In the view of US anthropologists, "the «collectives» involved in the perpetration of collective violence vary significantly: small networks or organizations of individuals, less formally organized crowds and gatherings, loosely connected paramilitaries, armies with varying degrees of discipline, and government bureaucracies. Some acts are perpetrated by members of dominant groups of the state against members of subordinate groups; others by members of subordinate groups against members of dominant groups or states..."³

After September 11 a new situation was established, in which the centre of attraction of global political forces is distinctly shifting towards Asia in general and the Asia-Pacific region in particular. This is associated with the influence of a multitude of old and new factors, among them the region's burgeoning trade and economic weight in the eyes of the USA and the world's other developed states, the prospects for its further growth, the consolidation of the economic, political and military positions of the PRC, the appearance of "new nuclear states" – India and Pakistan - in South Asia, the region's involvement in the antiterrorist campaign, and so on.

The Asia-Pacific region's joining the international struggle against terrorism has become an important change in the strategic balance. The level of this involvement varies (for example, suffice it to compare the PRC, Indonesia, Malaysia and the Philippines). In some cases it is very high and linked to a

greater degree of openness, close cooperation with global and extraregional actors and even the presence of foreign troops.

The nations of South Asia are also important in this respect. For instance, Pakistan performs a particular function in the US antiterrorist operation. The international profile of that state has changed, the virtual recognition of its nuclear status by the USA and other world powers (the same refers to India as well) being the price paid for the role it played in the antiterrorist coalition. At the same time, the impact of the external factor on the internal development of Pakistan increased, just as it did on many other Asian states.

After September 11, with the world powers increasingly aware of the significance of extralocal threats, national security ceased to bear an exclusively national character. This implies unprecedentedly extensive transnationalization and even denationalization of the states' activity in this field. Certain experts even speak of the "contraction of national sovereignty." In these conditions, the states that possess insufficient financial, economic and military might, and particularly those that have sources of instability capable of generating translocal risks, become the objects of powerful external pressure. Some states of Asia fall under this definition, and excessive outside pressure on them, including military, may in principle be viewed as a source of possible security risk. While depriving the national states of the possibility to act regardless of the interests of global players and the international community on the one hand, the participation in the international antiterrorist coalition, on the other hand, helps resolve certain problems of national security, for instance, to combat separatists and religious extremists more effectively. It is the international character of the coalition that can, if not altogether put an end to, then to significantly curtail outside support for separatist, extremist and other destructive forces. Therefore it is not accidental that some Asian, and not only Asian governments strive to make an active use of the international antiterrorist campaign to resolve their internal problems, and in certain cases simply to shore up their positions or legitimize their actions.

Following September 11, the international system went through the renaissance of the role of military power. The successful US unilateral actions, for whose realization the USA did not even need such an efficient collective organization as NATO, were perceived in many regions of the world as a

signal that active interventionism and manipulation with military might may be the most effective means of solving complex problems. Will this not lead to an erosion of well-known principles underlying ASEAN's regional strategy?

Obviously, one cannot do away with either terrorism or extremism and intolerance by the use of force alone. The roots of these phenomena lie, in particular, in the socioeconomic domain. Having recognized the need to eliminate the deep-rooted causes generating terrorism and extremism, the developed states thereby gave a chance for a true renewal of the world. Rendering international aid to the world's depressive regions, assigning funds for development programs, assistance in eliminating the lag behind the developed countries is also part of the international antiterrorist campaign. In this sense, the minimization of negative consequences of globalization should also become an object of international attention. It is an extremely positive thing that some ASEAN states take an active and constructive stand on that question.

The changes that came about in the Southeast Asian region in the wake of the September 11 events, bear a fundamental character. A retrospective examination of the basic ASEAN documents on security issues prior to September 11 practically does not discover the word "terrorism" in their vocabulary.

But in the Declaration on Joint Action to Counter Terrorism, adopted in November 2001, the heads of ASEAN states/governments agreed not only to strengthen national mechanisms to combat terrorism, which is regarded as a direct challenge to the attainment of peace, progress and prosperity of ASEAN and even the realization of ASEAN Vision 2020, but also to:

Discuss and explore practical ideas and initiatives to increase ASEAN's role in and involvement with the international community, including extraregional partners...

This means that ASEAN has become part of the international antiterrorist alliance. Pooling the efforts of the ASEAN states in the combat against terrorism as a common evil enhances the international standing of this

organization, allowing to see it as an increasingly stable association for integration.

As noted earlier, the worldwide combat against terrorism, on the one hand, unites states and nations, relegating to the background the differences and frictions existing between them. On the other hand, it also creates new irritants, suspicions and fears. Thus, the transnational application of military force in any form and on any scale always generates suspicions that the true objectives and intentions of its use do not coincide with those declared. As an example one may cite the deployment of American forces in Central Asia, which drew plenty of contradictory comments, also among American analysts.

Many observers point out that the main long-term objective of US military presence in Central Asia is the deterrence of China, which in the coming century may occupy the place of the main opponent of the USA, the only power that is not afraid of "globalism"; as written by an expert of the Moscow Carnegie Center, this is so because China is self-contained in the military-political and cultural respects and is now becoming so economically.⁴ From this point of view, especially important for the Americans is the base in Manas (the main airport of Bishkek), the location of which gives US forces flexibility to operate in a variety of hypothetical situations in Asia. For example, contingency plans are said to envisage air operations over China, in the event that Beijing directly threatens Taiwan later in this decade. From Kyrgyzstan, the US tactical aviation has China's west within its range. This is where that country's main strategic missile forces are located. Thus Manas is relevant to the US deterrence capacity vis-a-vis China in the medium term, amid uncertainty over Beijing's intentions and pending the development of a US antimissile defense system.⁵

It is known that after September 11 China unequivocally supported the USA. So that its support should not bear an exclusively verbal character, experts on antiterrorist operations dispatched to Washington had received an instruction to communicate information to the US government, which might be useful for the military operation in Afghanistan. Some reports say that Chinese specialists even recommended to the Americans during the bombardments of Afghanistan to intensify the "diplomacy of understanding" with respect to the

Islamic states and isolate the Taliban regime and Al-Qaida by means of dropping food for the population.⁶

The American administration was amazed by Beijing's willingness towards cooperation. In a certain sense, joint US-Chinese action in the security field was initiated. However, just as in the case of Russia, it is scarcely possible to build bilateral relations solely on the basis of cooperation in the antiterrorist operation, all the more so as the two countries' perception of the terrorist threat is different. For China, terrorism is closely associated with the Uigur separatism (just as it is with the Chechen one for Russia). But China is hardly likely to share the perceptions of the American population that the terrorist attacks are the main security threat. This difference is aggravated by the fact that the terrorist danger is for the USA one of the arguments for the promotion of its anti-missile defense program, in which China sees a threat for itself, just like Russia, which is, nevertheless, attempting to accommodate itself to the new reality.

The improvement of American-Chinese relations, beyond doubt, seriously influences the strategic balance in the Asia-Pacific region. How steady is this improvement is so far hard to judge. However, the resumption of US criticism of the PRC's human-rights policy, the turndown of Chinese protests over the supplies of certain arms to Taiwan on the one hand - and the PRC's criticism of unilateral US actions and "hegemonism" on the other - meant that the US-PRC relations may, as some analysts believe, revert to the mode of "strategic competition."⁷

In the opinion of Russian military experts, the international situation will be further influenced by the "escalation of the contest for leadership in the Asia-Pacific region (APR) among the USA, Japan and China, the unsettled nature of territorial problems, and continued tensions at the Korean peninsula."⁸

A certain parallel can be drawn between the transatlantic link for Europe and the trans-Asia-Pacific link for Southeast Asia. An Italian researcher believes that since Germany's unification "the American presence prevents Germany from becoming the focus of united Europe thanks to its economic and financial strength and to its central position."⁹ Some strategic planners think that the US role in Asia prevents an Asian giant from becoming a similar focus.

The Asian financial crisis gave lessons that are being learned not only in Asia, but in many other regions of the world. Another parallel can be drawn between some European US partners that support initiatives backing "anti-globalization" projects (France and the Tobin Tax) and similar positions of some Asian states.

The strategic balance in the APR is also seriously influenced by the perplexing turn of events in South Asia. The appearance of two nuclear powers balancing on the brink of war with each other will impair the security environment in Asia as long as the knots of conflict in relations between the two countries (the Kashmir issue, above all) are unraveled.

While highly appreciating the real assistance of its Asian partners in the antiterrorist struggle, the USA, nonetheless, reproach many states of Asia that they are using the international combat against terrorism as a pretext for suppressing ethnic and confessional minorities, as well as for crackind down on the internal opposition. Without citing a list of states thus criticised also in the new conditions, I shall but note that this criticism also constitutes an element of the strategic landscape in the APR., which was dominant in Asia after September 11 in the new partnership on the antiterrorist basis, especially in the first months following those tragic events.

Antiterrorist international cooperation creates a shared value for many nations, improves understanding and mutual trust. But the lack of commonly recognized definition of terrorism creates an obstacle to the development of this cooperation. The suspicions that the label of terrorists may be applied to those who are struggling against occupation or merely to the adherents of a certain religious belief can only be overcome by joint international efforts aimed at framing a shared vision of terrorism and terrorists.

The ASEAN countries can play a major role in harmonizing these international efforts and generally in improving the security environment in the APR.

Strategic analysts of various countries discern a number of trends in the APR security domain. One of them leads to the formation of multilateral institutions for regional security, in the framework of which many initiatives of the ASEAN states are being realized, also by means of intensive dialogue

within the Asia Regional Forum, Asia-Pacific Conference for Security and Cooperation and other bodies dealing with various questions.

In parallel to the above, there continues to develop a trend towards the formation of a security system on the basis of military alliances of a number of countries with the USA (Japan, the Republic of Korea, Australia) and defense agreements of certain ASEAN countries with it (the Philippines, Thailand, Singapore). Among Russian analysts there is a widespread belief on the need to form in perspective a corporate regional security system there, based on inclusive and equal cooperation, which, however, does not mean a denial of the paramount role of the USA as the greatest world power, the stabilizing role of whose presence is recognized by the greater part of APR states.

Security dialogues remain a major channel of cooperation of APR countries, and their development will subsequently help to considerably moderate the existing differences between individual countries, if not to eliminate them.

Russian politicians and analysts see a lot of things in common in the security challenges, which confronted both Russia and the countries of Southeast Asia.

The possible links between militant groups in the Southern Philippines, Chechnya, Afghanistan and Indonesia are an alarming factor, but until now they have not been properly investigated and verified.

It is significant that in the cases of Southeast Asia, Central Asia and the Caucasus the creation of a pan-Asian Islamic state was considered as one of the threats coming from Muslim militants, but this idea was aimed only at legitimizing the struggle for power waged by means of violence.

Summing up, one may say that the changes that came about in the APR after September 11 are creating new ample possibilities, although they give rise to certain risks and difficulties. It is constructive multilateral cooperation alone that will allow the countries of the region to effectively face up to these risks and use the vistas that have been opened for the benefit of their nations.

ENDNOTES

¹ See Andrew C. Kuchins, "Russia and Great-Power Security in Asia", in: Gennadi Chufirin (ed.), *Russia and Asia: The Emerging Security Agenda* (SIPRI, 1999), p. 427.

² A. Feldman, *Formation of Violence: The Narrative of the Body and Political Terror in Northern Ireland* (Chicago: University of Chicago Press, 1991); V. Das (ed.), *Mirrors of Violence: Communities, Riots and Survivors in South Asia* (Delhi: Oxford University Press, 1990); V. A. Tishkov, *A Status of Art in Understanding Violence* (in print).

³ Mark R. Beissinger and Stathis N. Kalyvas, *Draft Working Paper for US-Russian Meeting on Collaborative Research*.

⁴ A. Malashenko, "Zachem Amerike Tsentral'naya Aziya?" (Why does Amerika need Central Asia?), *Vremya novostei*, 01.21.2002.

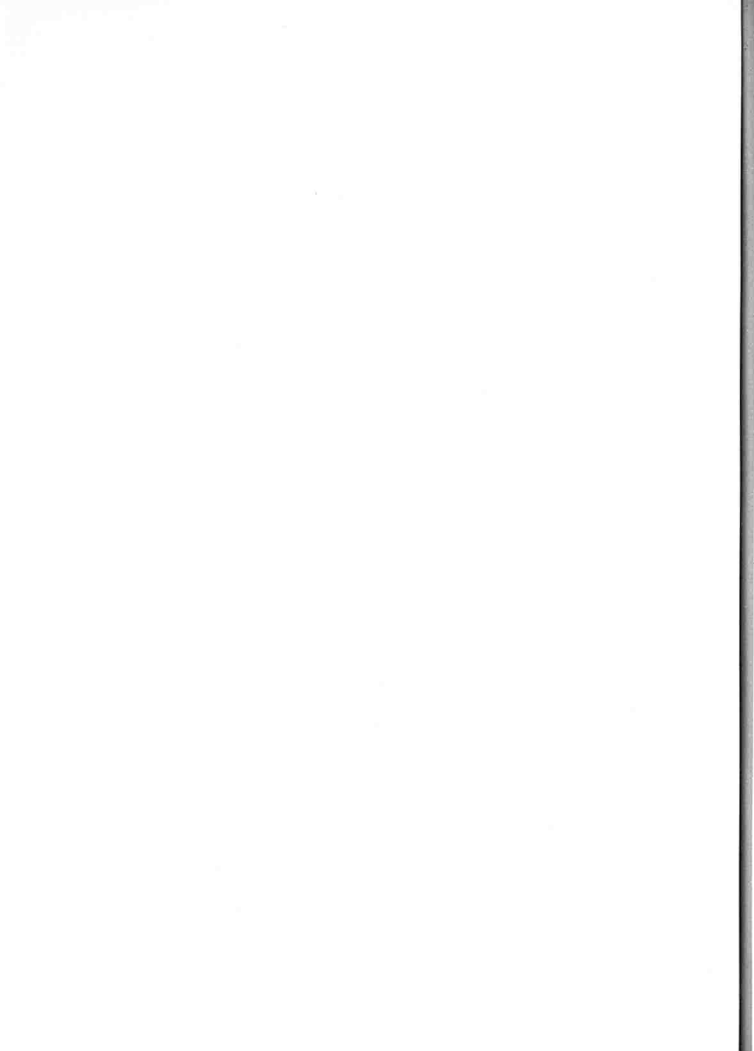
⁵ *Jamestown Monitor*, January 16, 2002.

⁶ <<http://www.phoenixtv.com/usa/1018/yw01.html>>

⁷ Gilber Achahar. "Eine Allianz auf unilateraler Basis", *Kle Monde Diplomatie*, décembre 2001, pp. 12-13.

⁸ Dmitri Afinogenov and Viktor Yesin, "V plenu ustarevshikh stereotipov" (A captive of obsolete stereotypes), *Nezavisimoe voennoe obozrenie*, No. 14, 04.26-05.16. 2002, p. 4.

⁹ Lt.-Gen. (rtd.) Carlo Jean, *ESDP Implications for Institutional Cooperation on the Continent and Transatlantic Links*, article in print, p. 2.





16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 3(d)

PLENARY SESSION THREE
Monday, 3 June 2002, 1415-1545 hrs

**“SEPTEMBER 11: POLITICAL AND SECURITY IMPACT AND
CHANGES IN THE STRATEGIC BALANCE OF THE ASIA
PACIFIC REGION”**

**“September 11: Political and Security Impact and Changes In The
Strategic Balance of The Asia Pacific Region – An Emerging Arms
Race?”**

by

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SOUTHEAST ASIA
REGIONAL PROGRAM

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'Asia is rushing to arm itself as never before';¹ 'Southeast Asian countries have recently gone on a military spending spree';² China is also now engaged in an 'arms buying spree';³ 'Asia's armories are bulging, ... conventional arms abound, and more are flooding in';⁴ and there is a 'new Asian arms race' underway which 'bodes ill for a region already racked by ancient animosities and border disputes'.⁵ These quotations from press reports in the early 1990s reflect the concerns which were widespread among strategic analysts at that time regarding the sustained build-up of modern conventional weapons systems in Asia that had been underway since the mid-1980s. I argued then that it was misleading to characterise the robust weapons acquisition programs as an 'arms race', but that they could be better explained in terms of defence modernisation and the new requirements for defence self-reliance in the region (and especially the maritime dimension).⁶

But a decade later, and notwithstanding the impact on regional defence budgets of the Asian economic crisis in 1997-98, the question of whether the Asia-Pacific region is on the verge of an emerging arms race must be reconsidered. Regional defence expenditures have rebounded since 1998-99, and a multitude of new weapons systems have already been or are expected to soon be ordered – dozens of new warships, submarines, hundreds of fighter aircraft, and all sorts of infantry weapons. This is particularly the case in Northeast Asia, where the growth in China's defence budget has been especially disturbing – it has increased by double digit figures every year since 1988 amounting to some 200 per cent over the 14-year period, including some 55 per cent since 1998. The US has also announced a record defence budget, which has significant

¹ Jonathan Sikes, 'Asia Puts Its Wealth in Military', *Washington Times*, 12 February 1990, p.7.

² James Clad and Patrick Marshall, 'Southeast Asia's Quiet Arms Race', *Chicago Tribune*, 23 May 1992, p.21.

³ Tai Ming Cheung, 'Loaded Weapons: China in Arms Buying Spree in Former Soviet Union', *Far Eastern Economic Review*, 3 September 1992, p.21.

⁴ 'Asia's Arms Race', *Economist*, 20 February 1993, p.19.

⁵ James Clad and Patrick Marshall, 'Southeast Asia's Quiet Arms Race', *Chicago Tribune*, 23 May 1992, p.21.

⁶ Desmond Ball, 'Arms and Affluence: Military Acquisitions in the Asia-Pacific Region', *International Security*, (Vol. 18, No. 3), Winter 1993/94, pp.78-112; and Desmond Ball, 'Arms Acquisitions in the Asia-Pacific: Scale, Positive and Negative Impacts on Security and Managing the Problem', in Thangam Ramnath (ed.), *The Emerging Regional Security Architecture in the Asia-Pacific Region*, (Institute of Strategic and International Studies (ISIS) Malaysia, Kuala Lumpur, 1996), pp.199-233.

implications for the strategic balance and security in the Asia-Pacific region. This region is now also subject to the most active proliferation of weapons of mass destruction (WMD), as well as long-range delivery systems, in the world today. Estimates of WMD capabilities must now figure integrally with new conventional weapons capabilities in strategic calculations with respect to this region – and in any discussion of the question of a prospective arms race in the region.

The impact of the terrorist attacks on the US homeland on 11 September 2001 and the subsequent 'war on terror' on regional security and the strategic balance in the Asia-Pacific region has undoubtedly been profound, although many of the longer-term consequences and implications are unclear. It will lead to changes in the strategic influence and relative military capabilities of important regional powers. It has raised a new agenda for strategic, defence and security policies, including the alliance relationships between regional countries and the US, and has induced changes in strategic priorities. It has caused new thinking about the use of force, operational concepts, and capability requirements.

But September 11 and the war on terror must be viewed in perspective. They may presage a new era in international relations, but they will not lead to wholesale reorientations in strategic policies or defence postures, and they will not change the more fundamental dynamics of strategic developments in the Asia-Pacific region. Rather, the recent events have formed an additional dimension to the geostrategic issues and national security concerns of the post-Cold War period, which by and large have retained their currency and potency – the evolving balance of power in the region, the rise of China, and the future character of the US-China relationship; the multiplicity of conflicts, both inter-state and intra-state; the salience of maritime issues; the requirements of defence self-reliance, the proliferation of weapons of mass destruction, and the possibility of an arms race in the region; and the challenges of the so-called 'new security agenda' – such as environmental security issues, unregulated population movements, transnational crime, drug trafficking and money laundering. Generally, the impact of September 11 will be to reinforce trends which had already become manifest in the region – for example, to provide an additional rationale for increasing defence expenditures (in which the war on terror is really only a minor factor), acquiring new defence capabilities, and exploiting

new technologies, especially some elements of the Revolution in Military Affairs (RMA) and Information Warfare (IW).

This paper has four principal parts. The first part discusses the political and security impact of September 11 on this region, including the extent of support provided to the US-led coalition in the war in Afghanistan, the realignments in geopolitical relationships, the concerns about terrorism and US counter-terrorist policies in Southeast Asia, and the regional interest in new defence capabilities and operational concepts demonstrated by the US in Operation *Enduring Freedom*. The second part describes the recent trends in regional defence expenditures and acquisitions. It briefly outlines the main new capabilities most commonly being acquired in the region, noting where relevant the particular influences of September 11 and the war on terror. It shows the preponderance of Northeast Asia in the regional military balance, but the design and development of the vast force structures in this sub-region will only be marginally affected by September 11. Special attention is drawn to naval acquisitions and the issue of an 'emergent naval arms race' in the region. It also discusses a couple of particular developments, viz: unmanned aerial vehicles (UAVs) and information warfare (IW), which received substantial impetus from September 11, but whose implications are relatively unexplored. The third part describes the state of proliferation of WMD and associated delivery systems in this region. Finally, the fourth part argues that September 11 should not be allowed to distract policy-makers and analysts from other erstwhile and potentially more consequential regional security issues, and that the opportunities created by September 11 for greater regional security cooperation should be exploited to ameliorate the disturbing trends.

The political and security impact of September 11

The political and security impact of September 11 on the Asia-Pacific is deep, but it runs in divergent currents and confusing eddies; and there will be unexpected consequences. This will be a long war, with asymmetric responses; current assessments will almost certainly have to be radically revised as the war progresses. There will be victors and vanquished in this war, but the winners in the long-term will not necessarily

be those who enjoyed military success on the battlefields of Afghanistan (or, in the near future, Iraq).

Every government in East and South Asia (including North Korea and, belatedly, Myanmar) condemned the terrorist attacks of September 11 and proclaimed their opposition to terrorism. They could hardly have done otherwise. The attacks demanded condemnation and retribution, and the US insisted that every country must take sides. As President Bush declared in his address to a special joint session of Congress on 20 September 2001: 'Every nation, in every region, now has a decision to make. Either you are with us, or you are with the terrorists'.⁷ In his State of the Union speech on 29 January 2002, President Bush explicitly listed one East Asian country, North Korea, together with Iraq and Iran, as constituting 'an axis of evil', which was seeking to acquire weapons of mass destruction and posed 'a grave and growing danger [to] the peace of the world'.⁸ But September 11 also caused serious introspection in many parts of Asia, especially in countries with large Muslim populations – where there were concerns not only about Muslim extremism but also about possible US responses. President Bush's declaration identifying Southeast Asia as 'the second front in the war on terrorism' was received with considerable consternation in the region.

But the anti-terrorism rhetoric notwithstanding, in practice the support for Operation *Enduring Freedom* has been quite limited, and many governments have clearly been using different definitions of 'terrorism' in their rhetoric. For some, support for the war on terror has simply meant reaping the benefits of alignment with the world's sole superpower while becoming more repressive against internal dissent.

Australia and Japan have been the only countries in East Asia to provide a military contribution to Operation *Enduring Freedom*, and only the Australian forces have participated in combat operations.

⁷ President George W. Bush, 'Address to a Joint Session of Congress and the American People', The White House, Washington, D.C., 20 September 2001, at <http://www.whitehouse.gov/news/releases/2001/09/print/20010920-8.html>.

⁸ President George W. Bush, 'President Delivers State of the Union Address', The White House, Washington, D.C., 29 January 2002, at <http://www.whitehouse.gov/news/releases/2002/01/print/20020129-11.html>.

Figure 1

The strategic balance in the Asia-Pacific region: recent trends

1. The political and security impact of September 11.
 - Support for the US and the 'war on terror'.
 - Concern about the 'second front'.
 - September 11 and regional defence programs.
2. Return to economic growth and increasing defence expenditures.
 - Impact of Asian economic crisis in 1997-99 on force structures fairly marginal.
 - Patterns of acquisitions: self-reliance and maritime orientation.
 - Predominance of Northeast Asia.
 - The 'emerging naval arms race'.
 - Information warfare (IW).
3. Proliferation of weapons of mass destruction (WMD).
 - Nuclear weapons.
 - Chemical and biological weapons.
 - Missiles.
4. Conclusions.
 - Prospects for cooperation.
 - The persistence of post-Cold War dynamics.
 - A complex but discernible arms race.

In October-November 2001, Australia deployed some 1,550 troops to the Afghanistan region – including a naval task force with an amphibious command ship and three frigates, two P-3C *Orion* maritime patrol aircraft, two B-707 aerial refuelling tankers, four F/A-18 fighter aircraft, and 150 Special Air Service (SAS) troops.⁹ Australia's robust commitment can be explained in terms of its special alliance relationship with the US – together with the UK and Canada, they constitute a special club. But Australia's commitment was also inflated for domestic political purposes – a 'khaki' election campaign was underway, in which farewells for the forces departing for Afghanistan and the Persian Gulf provided regular photo opportunities.

Japan's support for the war in Afghanistan is both unprecedented in terms of breaking the constraints on overseas deployments of the Japanese Self Defense Force (JSDF) but also very conditional. On 19 October the diet approved anti-terrorism legislation which authorised the JSDF to provide military support to the US-led war on terrorism – including escorts, guards, intelligence and logistics, but not direct combat services. The JMSDF moved quickly to organise a task force, consisting of a non-*Aegis* destroyer, minesweepers and supply ships, which deployed to the Indian Ocean in November – the force time Japan has assisted forces in combat since the end of the Second World War.¹⁰ The mission of the destroyer was declared to be intelligence collection, in line with the new legislation allowing the JDSA/JSDF to conduct necessary 'research' activities, rather than direct support for US operations.¹¹

The JASDF has also committed almost half of its C-130 transport aircraft in support of Operation *Enduring Freedom*, flying US military equipment and personnel to Singapore, Guam and other places in the region.¹²

In September-October, the JDA/JMSDF had suggested deploying one of the new *Kongo*-class *Aegis* destroyers, equipped with the SPY-ID radar systems (allowing them to simultaneously track hundreds of targets). This proposal was welcomed by the US Navy,

⁹ 'War on Terror', at <http://www.angelfire.com/al2/diggers/ultimatejustice.html>.

¹⁰ Jason Sherman, 'U.S. Seeks Japanese Aid in Terror Fight', *Defense News*, 15-21 April 2003, p.10.

¹¹ 'MSDF Dispatch Decision Coming Soon', *The Japan Times*, 3 November 2001, at <http://www.japantimes.co.jp/cgi-bin/getarticle.p15?nn20011103b5.htm>.

¹² Jason Sherman, 'U.S. Seeks Japanese Aid in Terror Fight', *Defense News*, 15-21 April 2002, p.10.

but 'was blocked ... by Japanese politicians, who were concerned about upsetting Asian neighbours [i.e., China]'.¹³

In May, when the 6-month review of the November commitment was underway, Washington raised the question of Japanese support for a US-led attack on Iraq, and reportedly asked specifically for the deployment of *Aegis* destroyers and P-3C *Orion* long-range maritime patrol aircraft (which would replace US capabilities in the Arabian Sea if the US forces were to move to the Persian Gulf for the attack).¹⁴ The issue was embroiled in military politics in Tokyo, with the unabashed lobbying by some Japanese naval forces for accession to the US request causing some dissatisfaction.¹⁵ Japanese parliamentarians have said that Japan will not assist the US in any campaign to depose Saddam Hussein without proof that Baghdad was directly involved in the September 11 attacks or it as undertaken under the auspices of the UN, but even then it would be unlikely to dispatch either *Aegis* destroyers or P-3C aircraft.¹⁶

The war in Afghanistan has enhanced the geopolitical importance of particular sub-regions and caused significant realignments in alliance relationships. In Central Asia, the five authoritarian regimes (Kazakhstan, Kirgystan, Tajikistan, Turkmenistan and Uzbekistan), which have provided the US with air bases and allowed it to send aircraft through their airspaces and transport arms through their territory, have been greatly strengthened by US economic assistance – but there has also been 'a staggering increase in repression' in these countries.¹⁷ In South Asia, the sanctions that had been imposed on India and Pakistan after they had tested nuclear weapons in May 1998 were lifted by the Bush Administration as soon as planning began for the war in Afghanistan.

Some countries in the region which have supported the US-led war have nevertheless expressed concern about the expansion of US military capabilities in Central Asia and the long-term strategic intentions of the US in that sub-region. The US has

¹³ Ibid..

¹⁴ 'U.S. Eyes Japan Aid in Iraq Attack', *Asahi.com*, 20 April 2002, at <http://www.asahi.com/english/international/K2002042000252.html>; and Jason Sherman, 'Japan Reluctant to Join U.S.-Led Attack on Iraq', *Defense News*, 6-12 May 2002, p.4.

¹⁵ 'MSDF Lobbied for U.S. Aegis Request', *Asahi.com*, 6 May 2002, at <http://www.asahi.com/english/politics/K2002050600151.html>.

¹⁶ Jason Sherman, 'Japan Reluctant to Join U.S.-Led Attack on Iraq', *Defense News*, 6-12 May 2002, p.4.

¹⁷ Ahmed Rashid, 'Central Asia: Trouble Ahead', *Far Eastern Economic Review*, 9 May 2002, pp.16-18.

expanded and may be making permanent more than a dozen military bases built in or near Afghanistan since October 2001, including the Manas airfield near Bishkek, Kyrgyzstan, only about 300 km from the Chinese border. Some Russian and Chinese officials have reportedly questioned why the US presence has continued to grow months after the Taliban were routed in Afghanistan. In January, Chinese Foreign Minister Tang Jiaxuan said that: 'One should not endlessly expand the aims of the anti-terrorist operation, which should be conducted under UN aegis'.¹⁸

The 'second front'

In November 2001, at the Seventh ASIAN Summit in Bandar Seri Begawan, Brunei Darussalam, the heads of the ASEAN governments declared that they unequivocally condemned the terrorist attacks on September 11 and committed themselves 'to counter, prevent and suppress all forms of terrorist acts',¹⁹ but in practice the responses have varied greatly from country to country. The Philippines and Singapore moved quickly to make available port and airfield facilities for US forces transiting to and from the Afghanistan area. But elsewhere there have been concerns about the evidence for some US claims about the presence of al-Queda in Southeast Asia, and about whether US potential actions might prove counter-productive.

In October 2001, Bush Administration officials declared that: 'There has been a concerted effort by bin Laden and his people to expand their activities in [Southeast Asia], not only in the Philippines but in Malaysia and Indonesia'.²⁰ But apart from the Abu Sayyaf group in the Philippines and some members of the Jemaah Islamiya group in Malaysia and Indonesia (as discovered by Singapore last September-December), there has been no evidence forthcoming about more extensive linkages. As Lee Poh Peng has noted: 'The US campaign is disproportionate to the evidence of terrorism in Southeast Asia'.²¹

¹⁸ Paul Basken and Anthony Capaccio, 'China, Russia Voice Concern Over U.S. Bases in Central Asia', *Bloomberg News*, 11 January 2002, at <http://globalsecurity.org/org/news/2002.020111-attack01.htm>.

¹⁹ '2001 ASEAN Declaration on Joint Action to Counter Terrorism', 5 November 2001, at http://www.aseansec.org/print.asp?file=newdata/2001_asean_declaration.htm.

²⁰ Cited in Joseph Gerson, 'The East Asian Front of World War III', *Peacework*, December 2001/January 2002, at <http://www.afsc.org/pwork/0112/011214.htm>.

²¹ Cited in Barry Wain, 'Southeast Asia: Wrong Target', *Far Eastern Economic Review*, 18 April 2002, p.15.

Domestic political considerations have generally been paramount in determining the responses of particular governments. Those countries with large Muslim populations are especially worried that clumsy and misguided US actions will inflame ethnic and religious passions and exacerbate their internal security problems. Thailand's support for US military operations in Afghanistan has been very reluctant, conditioned by fear of alarming Muslim unrest in its southern provinces. Prime Minister Mahathir has reportedly said that, although extremist groups exist in Malaysia, they 'are directing their attacks at us, and we can take care of them. They are not attacking the United States'.²² Indonesia firmly insists that there are no al-Queda operatives in that country.

Some governments have used their counter-terrorist apparatuses to arrest and smear political opponents. But authoritarian rule and repression without genuine economic and political reform will cause rebellion, instability, and perhaps more serious terrorism.

September 11 and new defence capabilities

Regional defence planners and strategic analysts paid close attention to Operation *Enduring Freedom*, the war in Afghanistan, and have been vigorously debating its lessons with respect to new operational concepts and capability developments. They have been most impressed by the US application of the Revolution in Military Affairs (RMA) and network-centric warfare. Indeed, as Panitan Wattanayagorn has said, some countries in East Asia are 'enamoured' with the US success in Afghanistan, and he expects that some of them 'will try to emulate a scaled-back version, adopting a limited form of network-centric warfare'.²³

The regional interest in the RMA and Information Warfare (IW) was clearly evident at the *Asian Aerospace 2002* exhibition in Singapore in February. Visitors were reportedly less interested in the latest weapons platforms, and more in the constituent elements of C³ISREW (command, control, communications, intelligence, surveillance, reconnaissance and electronic warfare), such as new sensor systems, advanced

²² Cited in Sheldon W. Simon, 'Mixed Reactions in Southeast Asia to the U.S. War on Terrorism', *Comparative Connections*, October-December 2001, at http://www.csis.org/pacfor/cc/0104Qus_aseam.html.

communications and information technologies, and unmanned aerial vehicles (UAVs), as well as precision-guided munitions (PGMs). The interest in UAVs included both the high-altitude surveillance systems (such as *Global Hawk*) and tactical systems such as *Predator*, which has been used by the CIA to launch *Hellfire* missiles at targets in Afghanistan.²⁴

The 'arms race' argument in the early/mid-1990s

From the mid-1980s to the mid-1990s, defence expenditure in Asia increased at an unprecedented rate. Together with a decline in defence spending in the US, Europe and the former Soviet Union in the late 1980s and early 1990s, this resulted in a doubling of the Asian share of world military expenditure in the decade from 1986 to 1996. In the case of arms imports to the region, Asia's share of world expenditure on arms transfers has increased nearly three-fold since the early 1980s – from 15.5 per cent in 1982 to 33.24 per cent in 1993,²⁵ to 41 per cent in 1998.²⁶

But the common characterisation of the arms acquisition programs in East Asia in the 1980s/1990s as an 'arms race' was very wrong. Any arms race should have two principal features: first, a very rapid rate of acquisitions, with the participants stretching their resources in order to ensure that they remain at the head of the race; and, second, some reciprocal dynamics in which developments in the defensive and offensive capabilities of one adversary are matched by attempts to counter the advantages thought to be gained by another. Thus, the continued acquisition of new weapons capabilities becomes an interactive process in which the arms requirements of one party depend upon the known, assumed, or anticipated capabilities of the forces of the other party or parties.

²³ Cited in Jason Sherman, 'High-Tech Success in Afghanistan Provokes Worldwide Scrutiny', *Defense News*, 4-10 March 2002, pp.1,4.

²⁴ *Ibid.*

²⁵ Ian Anthony, Agnes Courrades Allenbeck, Paolo Miggiano, Elisabeth Skons and Herbert Wulf, 'The Trade in Major conventional Weapons', in Stockholm International Peace Research Institute (SIPRI), *SIPRI Yearbook 1992: World Armaments and Disarmament*, (Oxford University Press, Oxford, 1992), p.308; Ian Anthony, Paul Claesson, Gerd Hagmeyer-Gaverus, Elisabeth Skons, and Siemon T. Wezeman, Table 13B.1, 'Volume of Imports of Major Conventional Weapons', in SIPRI, *SIPRI Yearbook 1994*, (Oxford University Press, Oxford, 1994), p.510; and Bates Gill, Table 13E.1, 'Trends in the Import and Licensed Production of Major Conventional Weapons in East Asia, 1984-93', in SIPRI, *SIPRI Yearbook 1994*, p.552.

²⁶ United States Pacific Command, *Asia-Pacific Economic Update, January 2000*, (United States Pacific Command, Honolulu, 2000), p.89.

There was little of this in the acquisition programs in the region in the late 1980s and the 1990s. In most countries in the Asia-Pacific region, the proportions of GNP committed to defence spending (a key indicator of the existence of a regional arms race and the national commitments to such a race) were much lower in the mid- and late 1990s than they had been in the early 1980s – typically 30 or 40 per cent lower. China, where the proportion has remained fairly constant, is the only exception to this. Further, there was little evidence of the action-reaction dynamics that are an essential feature of arms races. Rather, the regional acquisition programs could best be explained in terms of the requirements for enhanced self-reliance in the context of a rapidly changing and increasingly uncertain regional security environment.

On the other hand, there were two important cautionary points expressed. The first was that many of the new weapons systems being acquired had an 'offensive' character (such as fighter/strike aircraft, modern surface combatants, submarines and long-range anti-ship missiles), which not only made them more likely to generate counter-acquisitions in the future, but which were also disturbing in terms of their implications for crisis stability.²⁷

Second, it was noted that the possibility of some regional arms race developing within the next decade or so remained a serious concern. Since the requirements for defence self-reliance cannot be defined without some consideration of the capabilities possessed by neighbours and potential adversaries further afield, there must come a point where further acquisitions begin to stimulate reciprocal or interactive dynamics. By 2010, most countries in the region will face the demands not only of continued force modernisation but also of replacement of the weapons systems acquired in such large volumes in the late 1980s. Defence budgets and acquisition programs may enter another cycle of substantial increase – but this time for a base of higher numbers and more sophisticated capabilities than obtained during the round of the late 1980s and early 1990s.

Defence economic trends, 1987-2001

Some data on defence economic trends in the region from 1987 to 2001 is given in Tables 1 and 2.²⁸ These show that defence expenditure in East Asia and Australasia has grown steadily in real terms since 1987 (by about 24 per cent in constant US \$ 1995 over the 13 year period); that the growth in defence expenditure in Southeast Asia remained steady until 1995-96; and that the high rate of growth in Northeast Asia levelled off in 1993-94 but was resumed in 1995-96, until hit by the regional economic crisis towards the end of 1997 (Table 1 and Figure 2). The decrease in the proportions of GNP being spent on defence in most countries in the region is shown in Table 2.

The impact of the Asian economic crisis on regional defence expenditures in 1997-98 is barely noticeable near the top of the graph at the right of Figure 2. The resumption of growth is shown in Table 3. Total defence expenditure in Asia, which has now reached US\$150 billion, increased by 15.4 per cent from 1998 to 2001. It increased by 13.2 per cent in Southeast Asia, where the total defence expenditure now amounts to double that of Australasia.

Nearly all of the countries which were severely affected by the economic crisis have resumed increasing defence budgets - Indonesia being the most important exception to this. In Northeast Asia, South Korea, which was hit the hardest by the crisis, increased its defence spending by 6.2 per cent in the fiscal year 2000-2001. South Korea's current defence budget (fiscal year 2001-02) is a record US\$12.72 billion. South Korea plans to spend \$26.5 billion on new weapons systems over the next five years, intending to acquire 40 new fighter aircraft, manned and unmanned reconnaissance aircraft, the SAM-X air defence system, at least three and perhaps six KDX-111 destroyers, and improved command and control systems.²⁹

²⁷ Desmond Ball, 'Arms and Affluence: Military Acquisitions in the Asia-Pacific Region', p.105.

²⁸ Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 1997*, (Australian Government Publishing Service, Canberra, 1997), Tables 24 and 25; Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 1998*, (Australian Government Publishing Service, Canberra, 1998), Tables 24 and 26; and Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 1999*, (Australian Government Publishing Service, Canberra, 1998), Tables 24 and 26.

²⁹ Darren Lake, 'South Korea Announces Record High Budget', *Jane's Defence Weekly*, 4 July 2001, p.3.

Table 1

**Defence expenditure in East Asia (Selected Countries) and Australasia,
constant 1995 US\$ billion**

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Australia	6.7	6.3	6.2	6.4	6.7	6.8	7.1	7.4	7.2	7.2	7.2	7.3	7.5	7.6
New Zealand					0.8	0.8	0.7	0.7	0.7	0.71	0.7	0.68	0.68	0.65
Australasia	6.7	6.3	6.2	6.4	7.5	7.6	7.8	8.1	7.9	7.91	7.9	7.98	8.18	8.25
Brunei	0.5	0.7	0.7	0.6	0.7	0.6	0.6	0.7	0.6	0.6	0.33	0.33	0.3	0.4
Burma	2.4	2.0	1.5	3.0	3.0	2.6	2.2	1.4	1.3	1.2	1.2	1.2	1.4	1.5
Cambodia						0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.2
Indonesia	2.0	2.0	2.1	2.2	2.3	2.3	2.2	2.4	2.6	2.9	2.93	1.8	2.4	2.5
Laos					0.1	0.12	0.12	0.12	0.09	0.08	0.08	0.04	0.03	0.03
Malaysia	1.1	1.2	1.3	1.5	2.1	2.0	2.2	2.3	2.4	2.48	2.25	1.8	2.0	2.0
Philippines	1.0	1.4	1.4	1.3	1.3	1.4	1.2	1.0	1.0	1.0	1.4	1.3	1.48	1.4
Singapore	2.1	2.2	2.4	2.8	2.9	3.2	3.2	3.3	4.0	3.92	4.27	4.9	5.0	5.0
Thailand	2.4	2.5	2.5	2.8	2.9	3.2	3.5	3.6	3.7	3.88	4.38	2.6	2.4	2.6
Vietnam		2.0	1.1			1.0	0.8	1.4	1.2	1.6	1.7	1.4	1.7	1.8
Southeast Asia	11.5	14	13	14.2	16.3	16.52	16.12	16.42	17.09	17.86	18.74	15.57	16.81	17.43
China*	6.4	5.9	6.3	6.7	7.2	7.9	7.8	8.1	7.6	8.0	9.0	10.5	12.2	14.0
Japan	40.8	42.7	44.4	46.1	47.7	48.8	49.5	49.9	50.3	51.1	51.3	51.9	51.4	50.1
South Korea	10.2	10.9	11.7	12	12.9	13.4	14.2	14.2	14.4	15.6	16.3	16.4	15.0	14.8
Taiwan	7.6	8.3	8.9	9.3	9.8	10.2	12.5	11.5	10.9	11.4	11.4	11.6	12.7	11.1
Northeast Asia	65	67.8	71.3	74.1	77.6	80.3	84	83.7	83.2	86.1	88	90.4	91.3	90
TOTAL	83.2	88.1	90.5	94.7	100.4	104.42	107.92	108.22	108.29	111.86	114.67	114.12	116.31	115.68

* Official Chinese figure. The IISS estimate of Chinese defence expenditure in 1995 was US\$33 billion (and US\$37.5 billion in 1998 in current dollars).

Source: Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 1997*, (Australian Government Publishing Service, Canberra, 1997), Table 25; Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 1998*, (Australian Government Publishing Service, Canberra, 1998), Table 26; Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 1999*, (Australian Government Publishing Service, Canberra, 1999), Table 26; and Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 2000*, (Defence Publishing Services, Department of Defence, Canberra, 2001).

**Table 1: Defence expenditure in East Asia (Selected Countries) and Australasia, constant 1995
US\$ billion**

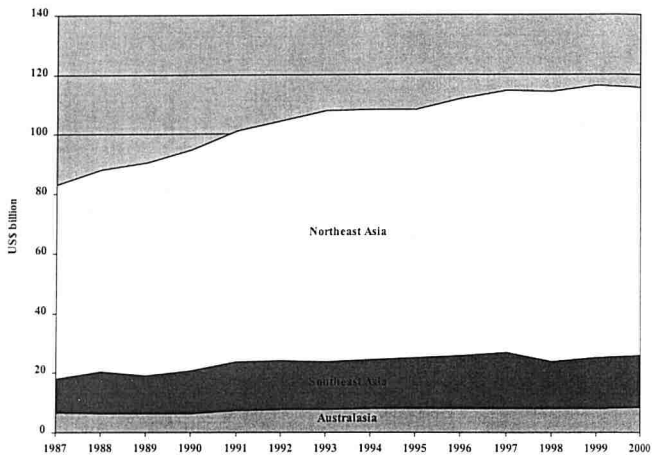


Table 2

Defence expenditure in East Asia (Selected Countries) and Australasia as a percentage of GDP

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Australia	2.4	2.2	2	2.1	2.2	2.2	2.2	2.2	2	1.9	1.8	1.8	1.7	1.7
New Zealand					1.5	1.4	1.2	1.1	1.2	1.2	1.12	1.1	1.0	1.0
Brunei	4.3	6.2	5.6	5.6	6.4	6.4	5.8	7.4	5.5	5.2	6.03	5.8	5.9	5.7
Burma	2.6	2.5	0.18	3.6	3.6	2.9	.24	2.4	2.6	2.4	1.81	1.4	1.3	1.5
Cambodia					3.5	4.7	4	7	5.9	5.2	4.9	4.6	4.1	4.5
Indonesia	1.8	1.6	1.6	1.5	1.5	1.4	.13	1.3	1.3	1.3	1.28	0.9	1.2	1.3
Laos			2.5			8.6	7.9	7.4	5.1	4.4	3.7	2.0	1.3	1.2
Malaysia	2.6	2.5	.26	2.6	3.3	3	3	2.9	2.8	2.7	2.22	1.8	1.9	1.8
Philippines	1.8	2.3	2.1	2	2	2.1	1.7	1.4	1.4	1.3	1.73	1.61	1.7	1.6
Singapore	5.2	4.9	4.8	5.1	4.9	5.1	4.6	4.3	4.7	4.3	4.42	5.0	4.8	4.5
Thailand	3.3	2.85	2.5	2.5	2.4	2.4	2.5	2.4	2.2	2.2	2.43	1.7	1.5	1.5
Vietnam		16.5	8.3				2.3	8.8	7.2	8.9	8.43	6.1	7.6	7.7
China	1.9	1.5	1.6	1.6	1.6	1.6	1.4	1.3	1.1	1	1.1	1.1	1.2	1.3
Japan	1	1	1	1	1	1	1	1	1	1	0.9	1.0	1.0	0.9
South Korea	4.2	4	4	3.8	3.7	3.7	3.7	3.4	3.2	3.2	3.0	3.2	2.7	2.5
Taiwan	5	5	5	4.9	4.9	4.7	5.4	4.7	4.2	4.1	3.8	3.6	3.8	3.1

Source: Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 1997*, (Australian Government Publishing Service, Canberra, 1997), Table 25; Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 1998*, (Australian Government Publishing Service, Canberra, 1998), Table 26; Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 1999*, (Australian Government Publishing Service, Canberra, 1999), Table 26; and Defence Intelligence Organisation (DIO), *Defence Economic Trends in the Asia-Pacific 2000*, (Australian Government Publishing Service, Canberra, 2001).

In Southeast Asia, the Malaysian Defence Minister, Najib Razak, has been very forthright about Malaysia's planned defence expansion in the wake of its economic recovery. As he said in April: 'Malaysia has renewed its armed forces modernisation program which was somewhat affected by the economic woes of the late 1990s The government has re-embarked on major defence procurement programs'.³⁰ Malaysia is currently in the process of acquiring battlefield rocket launchers (from Brazil), anti-ship missile systems, short-range air defence missiles, anti-armour weaponry, infantry light arms, 64 PT-91 battle tanks (from Poland), and 10 Mi-17 helicopters (from Russia), and is considering the purchase of a squadron of multi-purpose fighter aircraft (probably Su-30 MKs or F/A-18E/F Super Hornets) and submarines.³¹ Mr Najib said that he expects a similar trend across Asia as other nations build up their defence capabilities 'to protect sovereignty and territorial integrity'.³²

Table 3
East Asia, South Asia and Australasia: Defence Budgets,
1998 and 2001 (US\$)

	1998	2001
Northeast Asia		
China	37.5 b	47.0 b
Japan	37.66 b	40.4 b
South Korea	9.9 b	11.8 b
North Korea	1.3 b	1.3 b
Mongolia	24 m	30.2 m
Taiwan	8.3 b	8.2 b
	94.62 b	108.73 b

Southeast Asia

³⁰ Jaiil Hamid, 'Malaysians Push For Rearming of Asia', *Australian Financial Review*, 10 April 2002.

³¹ *Ibid.*.

³² *Ibid.*.

Brunei	357 m	348 m
Cambodia	75 m	128 m
Indonesia	939 m	1,268 m
Laos	33 m	15.8 m
Malaysia	1.2 b	1.9 b
Myanmar	1.7 b	1.7 b
Philippines	1 b	1.1 b
Singapore	4.4 b	4.3 b
Thailand	2 b	1.7 b
Vietnam	924 m	1.8 b
	<hr/> 12.6 b	<hr/> 14.26 b

Australasia

Australia	7 b	6.6 b
New Zealand	860 m	678 m
	<hr/> 7.86 b	<hr/> 7.278 b

South Asia

Bangladesh	612 m	692 m
India	10 b	15.6 b
Pakistan	3.2 b	2.6 b
Sri Lanka	733 m	700 m
	<hr/> 14.55 b	<hr/> 19.59 b
USS	<hr/> 129.71 b	<hr/> 149.86 b

Note: Official budget figures, except for China (IISS estimates).

Source: International Institute for Strategic Studies (IISS), *The Military Balance, 2000-2001*, (Oxford University Press, Oxford, October 2000), pp.167-218; and International Institute for Strategic Studies (IISS), *The Military Balance, 2001-2002*, (Oxford University Press, Oxford, October 2001), pp.161-213.

Conventional acquisition programs

Throughout the region as a whole, there have been significant common themes apparent in the acquisition programs since the late 1980s. East Asia is, of course, an extremely diverse region, with extraordinary disparities in national economic resources and military capabilities, and significant differences in security concerns and threat perceptions – in light of which, the degree of consistency in the acquisition programs is all the more remarkable. Most of these programs have been proceeding essentially heedless of September 11 and the war on terror, but some have been given increased impetus. The principal common themes involve:

- *National command, control and communications systems*

Since the end of the Cold War and the commitment by most countries in the region to policies of enhanced self-reliance, there have been very substantial investments in national command, control and communications (C³) systems – including the construction of modern HQs and command and control centres, and the procurement of all sorts of communications and data relay systems.

September 11 and the war on terror have prompted moves to enhance both the physical and electronic security of key C³ facilities.

- *National strategic and tactical technical intelligence systems*

The policies of greater self-reliance, together with the continuing prevalence of conflicts and disputes (both inter-State and intra-State) throughout the region, the requirements for maritime surveillance in Exclusive Economic Zones (EEZs), and the need to monitor the details of new weapons systems being acquired by neighbours and potential adversaries, have led to increased investments in technical intelligence collection systems, and especially signals intelligence (SIGINT) capabilities. Budgets for new SIGINT systems and expanded collection operations typically doubled during the period from around 1985 to 1995.³³ Many countries in the region now maintain ground stations for intercepting satellite communications (i.e., long-distance telephone calls,

³³ Desmond Ball, *Signals Intelligence in the Post-Cold War Era: Developments in the Asia-Pacific Region*, (Institute of Southeast Asian Studies, Singapore, 1993).

facsimile traffic, e-mails, computer-to-computer data exchanges, etc.) – including the US, Russia, China, Japan, Australia, Singapore, and even Myanmar.³⁴

Some countries have also been acquiring extensive airborne SIGINT capabilities. These are very expensive to maintain, but they provide the only means for effective, continuous, real-time surveillance of the electromagnetic emissions across maritime approaches and around areas of interest further afield. Japan now has about 16 dedicated SIGINT-collection aircraft, half a dozen electronic warfare (EW) training aircraft with some ELINT capabilities, and 13 E-2C *Hawkeye* and four E-767 airborne early warning and control (AEW&C) aircraft with substantial secondary ELINT capabilities.³⁵

In Southeast Asia, Singapore acquired modest but sophisticated airborne SIGINT capabilities in the early 1990s. Two of the Air Force's C-130H *Hercules* aircraft have been equipped with extensive suites of Israeli-supplied COMINT, ELINT and EW systems for strategic, operational and tactical SIGINT mission.³⁶ They have been reported undertaking collection in Australia; over the Andaman Sea and along the western coasts of Malaysia, Thailand and Burma, with stop-overs in Rangoon and Dhaka;³⁷ and 'as far west as Pakistan'.³⁸ Singapore also has four Fokker F-50 *Maritime Enforcer* Mark-2 maritime patrol aircraft, which are equipped with similar Israeli SIGINT systems, and which operate around Southeast Asian waters from the Andaman Sea to the South China Sea.³⁹

³⁴ Ibid., pp.102-106; Desmond Ball, *Australia's Secret Space Programs*, (Canberra Papers on Strategy and Defence, Strategic and Defence Studies Centre, Australian National University, Canberra, 1988); and Desmond Ball, *Burma's Military Secrets: Signals Intelligence (SIGINT) from the Second World War to Civil War and Cyber Warfare*, (White Lotus, Bangkok, 1998), pp.107-110.

³⁵ Desmond Ball and Euan Graham, *Japanese Airborne SIGINT Capabilities*, (Working Paper No. 353, Strategic and Defence Studies Centre, Australian National University, Canberra, December 2000).

³⁶ Desmond Ball, *Developments in Signals Intelligence and Electronic Warfare in Southeast Asia*, (Working Paper No. 290, Strategic and Defence Studies Centre, Australian National University, Canberra, December 1995), p.16-17; and The International Institute for Strategic Studies (IISS), *The Military Balance*, 2001-2002, p.207.

³⁷ Desmond Ball, *Burma's Military Secrets*, pp.235-237; and Robert Karniol, 'Singapore Boosts SIGINT Using C-130 Transports', *Jane's Defence Weekly*, 17 September 1997, p.19. See also Bertil Lintner, 'Burma Road: China's Economic Push Southward Worries Neighbours', *Far Eastern Economic Review*, 6 November 1997, pp.16-17.

³⁸ Peter Ricketts, 'Special Mission Aircraft: Same Result, Lower Cost', *Asia-Pacific Defence Reporter*, March/April 2002, p.45.

³⁹ Desmond Ball, *Developments in Signals Intelligence and Electronic Warfare in Southeast Asia*, p.16; and Peter Ricketts, 'Special Mission Aircraft: Same Result, Lower Cost', *Asia-Pacific Defence Reporter*, March/April 2002, p.45.

In 1995-98, the Royal Australian Air Force acquired two EP-3C *Orion* aircraft which had been specially configured for SIGINT operations,⁴⁰ which were used extensively around Timor in 1999-2000, and which have more recently been used in the Persian Gulf in support of Operation *Enduring Freedom*. The RAAF reportedly also operates a SIGINT-configured C-130H; the Australian Army has a *King Air 200* fitted for ELINT operations; and the Navy has a *Learjet* specially equipped for ELINT and electronic warfare activities.⁴¹

Operation *Enduring Freedom* has undoubtedly stimulated further regional interest in the acquisition of airborne collection systems. The intensity of intelligence collection flights in the region will increase, but so too will the risks of neighbourly disputes about them (as occurred between Singapore and Australia because of RSAF technical intelligence collection activities in Australia in 1993-94),⁴² as well as more serious crises, such as the confrontation between the US and China occasioned by China's shooting down of a US EP-3 SIGINT aircraft near Hainan Island on 1 April 2001. (US SIGINT flights along the Chinese coast were resumed in early May 2001, using RC-135 *Rivet Joint* SIGINT aircraft flying from Okinawa, which fly at higher altitude and greater speed than the EP-3s, and also carry a more sophisticated array of SIGINT equipment).⁴³

- *Multi-role fighter aircraft, with maritime attack capabilities as well as air-superiority capabilities (e.g., F-16s and F-18s)*

During the decade from around 1987 to 1997, Asian countries procured about 3,000 new fighter and strike aircraft, and about an equal number of existing aircraft were upgraded with new mission avionics and armaments. By 2000, Asia accounted for about 60 per cent of world holdings of combat aircraft. A somewhat smaller number of more

⁴⁰ Peter La Franchi, 'Australian Orion Spy Exposed', *Flight International*, 9-15 May 2000, p.4; Geoffrey Barker, 'RAAF Spy Planes Secretly Watch Indonesia', *Australian Financial Review*, 11 May 2000, pp.1, 10; and Ian McPhedran, 'RAAF Sends Spy Planes Over Timor', *The Courier Mail* (Brisbane), 12 May 2000, p.6.

⁴¹ Peter Ricketts, 'Special Mission Aircraft: Same Result, Lower Cost', *Asia-Pacific Defence Reporter*, March/April 2002, pp.44-45.

⁴² 'Australia Goes Public with Espionage Claim', *Jane's Defence Weekly*, 5 November 1994, p.3; and 'Singapore Centre of Spying Allegations', *Lateline*, ABC Television, 8 August 2001, transcript at <http://www.acb.net.au/lateline/s343425.htm>.

⁴³ 'Higher Flier', *Aviation Week & Space Technology*, 14 May 2001, p.29.

advanced and more expensive fighter aircraft will be procured through the coming decade.

In April, South Korea announced that it has decided to buy 40 new Boeing F-15K fighter jets, at a cost of US\$4 billion.⁴⁴ Australia has embarked on Air 6000, a US\$6 billion project to acquire 'up to 100 new combat aircraft' to replace its F/A-18As and F-111s later this decade.⁴⁵ Singapore plans to decide on a new fighter type in 2004, planning to initially acquire 20-24 new fighters to replace its highly-upgraded A-4s, but the final total requirement may be for as many as 80.⁴⁶ Myanmar has reached agreement with Russia for the supply of ten MiG-29 fighters.⁴⁷

A significant feature of the current fighter programs is the acquisition of new air-to-air missiles, such as the US AIM-20 Advanced Medium Range Air-to-Air Missile (AMRAAM), which has a range of more than 40 km and uses active radar guidance for interception. Australia, South Korea, Taiwan and Japan have already taken delivery of AMRAAMs; missiles reportedly purchased by Thailand and Singapore 'are held in the US on 48-hour call'; and the US is considering supplying them to Malaysia, Indonesia and the Philippines.⁴⁸

- *Unmanned aerial vehicles (UAVs)*

Operation *Enduring Freedom* and the war on terror have stimulated great interest in the acquisition of unmanned aerial vehicles (UAVs) for surveillance, targeting and fire support.

According to defence industry representatives at the *Asian Aerospace 2002* show in Singapore in February, as noted earlier, UAVs attracted more attention than any other sort of aerospace equipment or service exhibited. Exhibitors said that 'Right now its

⁴⁴ 'Decision on Fighter Project Likely to Stir Diplomatic Row, Controversy Over Fairness', *The Korea Herald*, 28 March 2002; and Shim Jae Hoon, 'Boeing Beats Dassault in Seoul's Fighter Contest', *Jane's Defence Weekly*, 24 April 2002, p.3.

⁴⁵ John Moore, Minister for Defence, *Defence 2000: Our Future Defence Force*, (Defence Publishing Service, Department of Defence, Canberra, 2000), p.87.

⁴⁶ Robert Wall, 'Singapore Fighter Race Begins', *Aviation Week & Space Technology*, 4 March 2002, pp.24-27; and Julian Kerr, 'Singapore's Defence Establishment on Centre Stage', *Asia-Pacific Defence Reporter*, March/April 2002, p.24.

⁴⁷ Bertil Lintner, 'Burma MiGs Spell Trouble', *Far Eastern Economic Review*, 2 August 2001, p.23.

⁴⁸ Julian Kerr, 'AMRAAM Release Nears', *Asia-Pacific Defence Reporter*, March/April 2002, p.25.

UAV time; we know the surveillance and reconnaissance capability [demonstrated in Afghanistan] has really impressed military officers'; 'We've seen much more interest in UAVs since Afghanistan. It didn't really take off after Kosovo, but now it has'; and 'Every crisis sharpens the concept of operations of UAVs'.⁴⁹

Singapore is the only country in the region which had hitherto invested in a substantial UAV capability. The Singapore Air Force currently has a Squadron with 40 *Searcher* Mark-2 and 24 *Chukar* 111 UAVs.⁵⁰ Singapore Technologies has also been working on the development of larger UAVs, such as the *Firefly*, which could carry a warhead rather than sensor payload.⁵¹

Thailand has a single *Searcher* UAV. In the last couple of years, it has been used for surveillance flights along the northern Thailand-Burma border in support of counter-narcotics operations. In March 2001, the Thai Army released images, taken by the *Searcher*, of opium crops and metamphetamine laboratories in Burma.⁵²

Australia plans to acquire six *Global Hawk* high-altitude UAVs in 2004 for broad-area surveillance purposes, at a cost of US\$200 million. (A *Global Hawk* UAV flew to Australia from California in April 2001, the first non-stop flight across the Pacific Ocean by an autonomous aircraft, and was tested in several roles over the next month).⁵³ Australia also intends to acquire about 16 tactical UAVs for focal-area surveillance.⁵⁴

More recently, the Philippine Army has developed its own unmanned surveillance aircraft to support its counter-terrorist program (including especially locating Abu Sayyaf units).⁵⁵ The Malaysian Ministry of Defence has begun flight testing a locally-produced *Eagle* UAV system, complete with a ground control station and a remote receiving

⁴⁹ Jason Sherman, 'High-Tech Success in Afghanistan Provokes Worldwide Scrutiny', *Defense News*, 4-10 March 2002, pp.1,4.

⁵⁰ The International Institute for Strategic Studies (IISS), *The Military Balance, 2001-2002*, (Oxford University Press, Oxford, October 2001), p.207.

⁵¹ Tamir Eshel and Damian Kemp, 'Singapore Company in UAV Deal With Israel', *Jane's Defence Weekly*, 2 December 1998, p.6.

⁵² Desmond Ball, 'Thailand's Security: Drugs, Burma, Defence Reform and Security Cooperation', (paper prepared for the *Thai Update 2002*, Australian National University, Canberra, 23 April 2002), p.10.

⁵³ The Hon. Brendan Nelson, Parliamentary Secretary to the Minister for Defence, 'Aviation History as Global Hawk Completes US-Australia Flight', Media Release, 24 April 2001.

⁵⁴ Ian Bostock, 'ADF Launches Search for UAV', *Jane's Defence Weekly*, 10 January 2001, p.16.

⁵⁵ 'Manila Develops Drone and Dog Team for Terrorism War', *Straits Times*, 31 January 2002.

station, and with a 60kg payload capacity for carrying various sensors or electronic warfare (EW) equipment.⁵⁶

- *Maritime surveillance aircraft (e.g., P-3 Orions)*

About 120 new maritime reconnaissance aircraft were acquired by East Asian countries during the 1990s, and a similar number is likely to be acquired during the coming decade. In April 2001, the US agreed to sell Taiwan 12 P-3C *Orion* long-range maritime patrol aircraft (LRMPA).⁵⁷ The P-3Cs are able to carry eight AGM-86 *Harpoon* anti-ship missiles (with a range of 120 nm or 225 km) as well as surface search radar, SIGINT/ELINT/EW equipment, and anti-submarine warfare (ASW) systems.

- *Anti-ship missiles (e.g., Harpoon and Exocet)*

Since the mid-/late 1980s, East Asian defence forces have acquired more than 3,000 modern anti-ship missiles, such as *Harpoons* and *Exocets*. More than 2,000 are deployed aboard surface combatants, and more than 1,000 are for use by maritime strike aircraft. These numbers could well double through the coming decade as a consequence of the acquisition of new submarines, surface combatants, and maritime strike aircraft (including maritime reconnaissance aircraft with anti-ship missile capabilities).

- *Modern surface combatants – destroyers, frigates, ocean patrol vessels*

Some 200 new major surface combatants were acquired in East Asia through the 1990s, ranging in size and capability from the 13,000-ton light aircraft carrier acquired by Thailand and the four 7,200-ton *Kongo* (US *Arleigh Burke*)-class *Aegis* destroyers acquired by Japan, through about 100 new frigates, to more than 100 corvettes and ocean patrol vessels in the 1,000-1,500 ton range.

Several countries in the region will acquire *Standard SM-2* (Block IVA) and perhaps even *SM-3* capabilities during the next decade. With a range of 400 km, the *Aegis*/SM-2 (Block IVA) system provides air defence and limited ballistic missile defence over areas of fleet operations, amphibious landings, ports and support facilities, etc. Japan's four *Kongo* class DDG destroyers are already equipped with SM-2s. South

⁵⁶ 'Ministry Will Test *Eagle Scout* Drone', *Jane's Defence Weekly*, 24 April 2002, p.13.

⁵⁷ Wendell Minnick, 'Taipei Considers 12 Orions from USA', *Jane's Defence Weekly*, 10 April 2002, p.14.

Korea's new KDX-111 destroyers, the first of which is under construction, are to be equipped with them.⁵⁸ Australia also intends to acquire 'at least three' anti-air warfare destroyers equipped with these missiles.⁵⁹

- *Submarines*

East Asian navies currently possess more than 100 submarines, and although many of the *Romeo*-class boats possessed by China and North Korea are no longer operational, more than three dozen new boats were acquired during the 1990s. Most of these were in Northeast Asia, where Japan acquired seven *Harushio*-class boats and began the eight-boat *Oyashio* project, South Korea acquired eight *Chang Bogro* (Type 209) boats, and China acquired four *Song*-class (Type 039) and six Russian *Kilo*-class submarines.

Australia has recently produced six *Collins*-class boats, which are among the most capable conventional submarines in the world.

It is likely that another two dozen new submarines will be acquired during the coming decade. Taiwan is now seeking to acquire eight new boats. Some 8-10 are likely to be procured in Southeast Asia.

The role of submarines is being revolutionised. In Australia's case, for example, the *Collins*-class submarines will operate very differently from submarines in the past. Their primary roles are no longer anti-submarine warfare (ASW), convoying, or supporting battle groups in large-scale open-ocean engagements. Rather, they will operate primarily in joint or combined operations in littoral regions, and in the new theatre of Information Warfare or Network-enabled Warfare. The submarines will remain an indispensable element of the RAN's fleet operations, but the chains of command, the range of information being distributed to the submarines, the recipients of

⁵⁸ The Ministry of National Defense, Republic of Korea, *Defense White Paper 2000*, (Ministry of National Defense, Seoul, 2000), pp.157-158.

⁵⁹ John Moore, Minister for Defence, *Defence 2000*, p.90.

information disseminated from the submarines, and hence the contribution of the submarines to ADF operations more generally, will be very different.⁶⁰

- *Electronic warfare (EW) capabilities*

Most countries in East Asia are rapidly developing their electronic warfare capabilities, including their maritime EW capabilities. This reflects the widespread efforts in the region to achieve national self-reliance, the general recognition of the value of EW as a 'force multiplier', the defence modernisation programs (which necessarily include significant electronic components), and the ability of many countries in the region to produce advanced electronic systems for the desire to promote the development of indigenous electronic sectors through local design and production).

Operation *Enduring Freedom* has generated further appreciation in the region of the importance of EW capabilities.

- *Rapid deployment forces/special forces (SFs)*

Many countries in the region have either recently established or are in the process of developing some form of rapid deployment force, typically of brigade or light divisional size, designed to be deployed to possible areas of operation (AOs) at short notice and to fight as more or less self-contained units. Some of these forces are specially equipped and trained for amphibious assault operations.

- *Information warfare (IW) capabilities*

Although the investments have been too small to figure in defence budgets, and are generally covert anyway, many countries in the region have been acquiring information warfare (IW) capabilities – from Internet monitoring and manipulation to strategic deception, to capabilities for destroying or incapacitating the critical information infrastructure of notional adversaries (including their defence C³I systems).

China began to implement an IW plan in 1995, and since 1997 has conducted several exercises in which computer viruses have been used to interrupt military

⁶⁰ See Desmond Ball, *The New Submarine Combat Information System and Australia's Emerging Information Warfare Architecture*, (Working Paper No. 359, Strategic and Defence Studies Centre, Australian National University, Canberra, May 2001), pp.7-10.

communications and public broadcasting systems. In April 1997, a 100-member elite corps was set up by the Central Military Commission to devise 'ways of planting disabling computer viruses into American and other Western command and control defence systems'.⁶¹ In 2000, China established a strategic IW unit (which US observers have called Net Force) designed to 'wage combat through computer networks to manipulate enemy information systems spanning spare parts deliveries to fire control and guidance systems'.⁶² In August 1999, following a spate of cross-Straits attacks against computer networks and official web sites in Taiwan, the Minister for National Defense in Taipei announced that the MND had established a Military Information Warfare Strategy Policy Committee and noted that 'we are able to defend ourselves in an information war'.⁶³ In December 2000, this committee was expanded and converted into a battalion-size centre under the direct command of the General Staff HQ, and with responsibilities for network surveillance, defence, and counter-measures.⁶⁴ In May 2000, Japan announced plans to establish a Research Institute and an operational unit for fighting cyber-terrorism.

In East Asia, some of the leading practitioners of cyber warfare have been non-government organisations (NGOs) or other non-State actors. Individual hackers in both mainland China and Taiwan have become especially proficient.⁶⁵

The war on terror has added further impetus to these IW developments. In addition to forming IW units for conducting defence operations, there is likely to be more intrusive monitoring of domestic electronic communications and transactions.⁶⁶

⁶¹ Ivo Dawdney, 'Beijing Launches Computer Virus War on the West', *The Age* (Melbourne), 16 June 1997, p.8.

⁶² Jason Sherman, 'Report: China Developing Force to Tackle Information Warfare', *Defense News*, 27 November 2000, pp.1, 19.

⁶³ 'MND Sets Up Information Warfare Committee', *ADJ News Roundup*, August 1999, p.14.

⁶⁴ Wendell Minnick, 'Taiwan Upgrades Cyber Warfare', *Jane's Defence Weekly*, 20 December 2000, p.12.; and Darren Lake, 'Taiwan Sets Up IW Command', *Jane's Defence Weekly*, 10 January 2001, p.17.

⁶⁵ 'Asian Infowar: The Top Ten', *Jane's Foreign Report*, 16 November 2000, pp.4-6.

⁶⁶ See Desmond Ball, 'Desperately Seeking bin Laden: The Intelligence Dimension of the War Against Terrorism', in Ken Booth and Tim Dunne (eds.), *Worlds in Collision: Terror and the Future Global Order*, (Palgrave/St Martins, London and New York, 2002), pp.60-73.

The predominance of Northeast Asia and the rise of China

Northeast Asia accounts for the great bulk of the total defence expenditure and acquisitions in the region, including most of the more disturbing new capabilities. Japan, China, Taiwan, and North and South Korea account for more than 80 per cent of East Asian and Australasian defence expenditure (US\$108.7 b., or 83 per cent in 2001).

There is enormous uncertainty about Chinese defence expenditures. The official budget was US\$17 billion in 2001, but this includes only a part of the funds spent on defence. Outside estimates vary widely, with some as high as US\$140 billion.⁶⁷ The International Institute for Strategic Studies (IISS) estimates that the actual Chinese defence expenditure was US\$42 billion in 2000⁶⁸ and (by extrapolation) US\$47 billion in 2001. On this basis, China has now clearly overtaken Japan (US\$40.4 billion in 2001) with respect to defence expenditures, making it the third largest defence spender in the world. If the recent rates of growth (17.7 per cent in 2001 and 17.6 per cent in 2002) continue, as CIA Director George J. Tenet testified to the Senate in March 2002, Chinese defence spending will double between 2000 and 2005.⁶⁹ But even before 2005, China will undoubtedly overtake Russia as the second largest defence spender in the world.

Table 4

The military balance, Northeast Asia, 2001

	Japan	China	Taiwan	North Korea	South Korea	USA
Defence Budget SUS billion	40.4	47	10.9	2.1	12.8	310.5
Total Armed Forces (Active)	239,800	2,310,000	370,000	1,082,000	683,000	1,367,700

⁶⁷ See Shaoguang Wang, 'The Military Expenditure of China, 1989-98', in *SIPRI Yearbook 1999: Armaments, Disarmament and Security*, (Oxford University Press, Oxford, 1999), pp.333-349.

⁶⁸ The International Institute for Strategic Studies (IISS), *The Military Balance, 2001-2002*, (Oxford University Press, Oxford, October 2001), p.188.

⁶⁹ Robert Wall, 'China Defense Budget Could Double by 2005', *Aviation Week & Space Technology*, 25 March 2002, p.33.

Army (Active duty)	148,700	1,600,000	240,000	950,000	560,000	477,800
Navy						
Aircraft Carriers	-	-	-	-	-	12 (6)
Submarines	16	69	4	26	19	55 (30)
Destroyers	42	21	11	-	6	71(38)
Frigates	12	41	21	3	9	35 (18)
RMPA	90	4	-	-	8	260 (73)
Combat Aircraft	297	2,900	482	621	555	3,939 (657)
						CINCPAC

Source: The International Institute for Strategic Studies (IISS), *The Military Balance, 2001-2002*, (Oxford University Press, Oxford, October 2001).

Table 5
Estimates of China's defence expenditure, 1993-2001
(US \$ billion)

	Official	IISS
1991	6.11	18.79
1992	6.76	24.3
1993	7.3	27.4
1994	6.7	28.5
1995	7.5	33.0
1996	8.4	35.4
1997	9.7	36.6
1998	11.0	37.5
1999	12.6	39.5
2000	14.5	42.0
2001	17.0	47.0

Source: The International Institute for Strategic Studies (IISS), *The Military Balance*, successive editions.

The emerging naval arms race

The naval acquisitions have become especially disturbing, with undeniable signs of action-reaction dynamics. East Asia is now embroiled in a serious maritime strategic competition. Highly capable 'blue-water' navies are being developed, with modern surface combatants (destroyers and frigates), aircraft carriers (euphemistically called 'air defence ships' or 'sea control ships'), and new submarines, as well as land-based aircraft for both maritime surveillance and strike. Maritime surveillance and ELINT collection operations are being conducted with increasing intensity and intrusiveness. Hundreds of long-range anti-ship missiles (e.g., *Harpoons* and *Exocets*), which require over-the-horizon targeting capabilities, are being acquired. The proliferation of submarine- and ship-based land-attack cruise missiles is also underway.

According to an analysis by Sam Bateman, the current naval acquisition programs have overtones of arms racing which were not present in the acquisitions prior to the economic downturn in 1997-98. As he has recently written:

The 'first round' of naval expansion was argued away on the basis that it was part of an understandable non-threatening process of modernisation. This does not appear to be the case with this 'second round' of naval expansion which appears to be much more clearly posited on assessments of threats posed by other regional countries.⁷⁰

The expansion of naval forces has been particularly rapid, and the evidence of reciprocal dynamics most apparent, in Northeast Asia. The Japanese Maritime Self-Defence Force is the most powerful Navy in the Asia-Pacific after the US Navy. Its recent acquisitions include four *Kongo*-class *Aegis* destroyers, the *Osumi* amphibious transport ship (with a large flight deck), and eight *Oyashio*-class submarines. The Chinese Navy has more than 60 major surface combatants (destroyers and frigates), 69 submarines (including one *Xia*-class SBN and five *Han*-class/Type 091 SSNs), and aspirations to acquire an aircraft carrier capability. Its recent acquisitions include two 8,000-ton *Sovremenny*-class destroyers purchased from Russia in 2000, with another two

⁷⁰ W.S.G. Bateman, *Strategic and Political Aspects of the Law of the Sea in East Asian Seas*, (PhD dissertation, Australian Defence Force Academy, University of New South Wales, Canberra, 2001), p.85.

on order.⁷¹ Two more 6,000-ton *Luhai*-class DDGs are currently completing construction.⁷² Taiwan has recently acquired seven *Cheng Kung* (US *Perry*)-class frigates and six *Kang Ding* (French *La Fayette*)-class frigates, and is buying four refurbished *Kidd*-class guided missile destroyers. President Bush announced in April 2001 that the US would sell Taiwan 'up to eight' conventional submarines.⁷³ In March 2001, South Korea's President Kim Dae-jung said that 'our navy will have a "strategic task force" for protecting the national interests and international peace [on a] blue water scale'.⁷⁴ South Korea is constructing the first of several KDX-111 *Aegis* destroyers; its ninth *Chang Bogo* submarine was delivered in 2001; and it has announced that it will build three advanced German-designed submarines by 2009 at a cost of US\$1.1 billion.⁷⁵ Bateman has concluded that, in Northeast Asia:

Unfortunately [there is now] an element of acquiring new capabilities competitively to keep up with other navies. Certainly a strong element of technical modernisation is present but there is also a large element of competitiveness.⁷⁶

The situation is rather different in Southeast Asia, where the maritime capabilities have been improving significantly both quantitatively and qualitatively, but from a much lower base. Southeast Asian countries are acquiring new maritime surveillance and maritime strike capabilities, modern surface combatants (frigates and ocean patrol vessels), and, perhaps most disturbing and reaction-provoking, submarines. Singapore has procured four *Challenger*-class (refurbished Swedish *Sjoormen*-class) submarines, the first of which was delivered in 2000 and the fourth (RSS *Chieftain*) in mid-2001.⁷⁷ In late 2000, Malaysia received two submarines from the Netherlands for 'training purposes'. It reportedly now plans to purchase four submarines.⁷⁸ Some Asian diplomats have

⁷¹ International Institute for Strategic Studies (IISS), 'China's Naval Expansion', *Strategic Pointers*, at <http://www.iiiss.org/pub/sp/sp00028.asp>.

⁷² Robert Sae-Iiu, 'China Building Luhai Variants', *Jane's Defence Weekly*, 1 May 2002, p.16.

⁷³ Bill Gertz, 'White House Backs Strong Defense of Taiwan', *The Washington Times*, 11 April 2002, at <http://www.washtimes.com/national/20020411-31348917.htm>.

⁷⁴ Cited in W.S.G. Bateman, *Strategic and Political Aspects of the Law of the Sea in East Asian Seas*, p.86.

⁷⁵ Michael Richardson, 'East Asians Acquiring Submarines to Guard Sea-Lanes', *International Herald Tribune*, 15 January 2001.

⁷⁶ W.S.G. Bateman, *Strategic and Political Aspects of the Law of the Sea in East Asian Seas*, p.90.

⁷⁷ Kockums, 'Some Brief Facts About the Riken Project', May 2001, at

<http://www.kockums.se/News/oldnews/riken.html>.

⁷⁸ 'Malaysia to Buy its First Submarines', *Financial Times* (London), 27 August 2000; and 'KL Plans to Buy Four Submarines', *The Straits Times*, 22 April 2001.

characterised Malaysia's move as a response to Singapore's *Challenger* program.⁷⁹ The Royal Thai Navy has also proposed the lease of one or two second-hand submarines from Germany 'to keep up with the underwater ambitions of neighbours Malaysia and Singapore',⁸⁰ but these plans have not been accepted by the government.⁸¹ These naval developments in Southeast Asia are not significant enough to affect the balance of power in East Asia, but they could easily prove to be destabilising within the sub-region itself.

Furthermore, there is a real risk of the maritime strategic competition in East Asia 'spilling over into the Indian Ocean'.⁸²

The US defence program

In February 2002, President Bush announced a record US defence budget of US\$391.6 billion (including \$16.8 billion for nuclear weapons) for Fiscal Year 2003. This is an increase of \$45.5 billion, or 13 percent, above the current budget. It is 15 per cent greater than the average annual US defence budgets during the Cold War. It is six times larger than that of Russia, the second largest spender. Indeed, it is more than the combined spending of the next 25 countries.⁸³ It is nearly three times the combined total of all the countries in East Asia (including China and Japan) and Australasia.

The war on terrorism accounts for only a small proportion of the increase. According to Congressional testimony by Deputy Defense Secretary Paul Wolfowitz, the combined cost of Operation *Enduring Freedom* in Afghanistan and Operation *Noble Eagle*, the homeland security effort, was US\$10.3 billion as at the end of January 2002.⁸⁴ The Pentagon expects the cost of the war to exceed \$30 billion by the end of this fiscal year (i.e., 30 September 2002).⁸⁵

⁷⁹ See, for example, 'Malaysia to Buy its First Submarines', *Financial Times* (London), 27 August 2000.

⁸⁰ 'Thai Navy Plans to Lease Submarines From Germany', *The Times of India*, 10 January 2001, at <http://www.timesofindia.com/today/10aspc32.htm>, 13 January 2001.

⁸¹ Wassana Nanuam, 'Navy Proposal on Subs Sunk', *Bangkok Post*, 6 March 2001, at http://www.bangkokpost.com/060301/060301_News06.html.

⁸² W.S.G. Bateman, *Strategic and Political Aspects of the Law of the Sea in East Asian Seas*, p.139.

⁸³ Center for Defense Information, 'World Military Expenditures: US Vs World', at <http://www.cdi.org/issues/wme/>.

⁸⁴ Pentagon Needs Another Funds Boost for War on Terrorism', *Air Force Magazine*, April 2002, p.16.

⁸⁵ *Ibid.*

Most of the increase will actually be spent on higher personnel costs and maintenance of existing platforms, with the amount allocated to new capital acquisitions being about the same as at the close of the Cold War. Almost all of the projected major acquisitions have a Cold War lineage – the Navy's F/A-18E/F *Super Hornet*, the Air Force's F-22 *Raptor*, the F-35 Joint Strike Fighter (JSF), the C-17 transport aircraft, the Navy's DDG-51 *Arleigh Burke*-class destroyer and the SSN-74 *Virginia* attack submarine, and the Army's *Comanche* helicopter. The principal new major budget item was more than a billion dollars for the development of both combat and surveillance UAVs.⁸⁶

The Bush Administration has also made significant changes to the US nuclear posture. These were mostly in train well before September 11, but some of them have been modulated in the wake of September 11 and the war on terror. They have very important implications, both directly and indirectly, for the strategic balance and security in this region. The most important change has been the appreciation that the Russian nuclear threat has been enervated and the decision to drastically reduce the number of US strategic warheads from around 7,200 today to between 1,700 and 2,200 by 2012. But a direct consequence of this is to shift the weight of US strategic nuclear targeting toward China – the Bush Administration's new policy will entail 'a 100 per cent increase in China targets', amounting to about half the weapons in a force of 1,700-2,200.⁸⁷

Other changes will tend to undermine regional stability and security by providing for the possible use of nuclear weapons in a broader range of contingencies, some involving other parties without nuclear weapons, and with an increased willingness to strike pre-emptively. The distinctions between WMD and conventional weapons, and between particular sort of WMD (i.e., nuclear capabilities as compared to chemical and biological warfare capabilities), which were fairly carefully maintained during the Cold War, have now been abandoned. The *Nuclear Posture Review* submitted to Congress on 31 December 2001 noted that US offensive strike planning now included conventional forces and information operations (IO) together with nuclear forces. It also noted that, in

⁸⁶ Center for Defense Information (CDI), 'Highlights of the FY'03 Budget Request', 4 February 2002, at <http://www.cdi.org/issues/budget/FY03Highlights-pr.cfm>.

addition to targets in Russia and China, the US required nuclear forces for dealing with five other countries (North Korea, Iraq, Iran, Syria and Libya),⁸⁸ only one of which currently possesses a nuclear weapons capability. The new strategic posture outlines four conditions in which nuclear weapons might be used: against conventional targets able to withstand non-nuclear attack (such as deep underground leadership relocation and command and control facilities); in retaliation for or pre-emption of attack with biological or chemical weapons; to 'dissuade adversaries from undertaking military programs or operations that could threaten U.S. interests or those of allies and friends'; and 'in the event of surprising military developments', such as 'an Iraqi attack on Israel or its neighbours, a North Korean attack on South Korea, or a military confrontation over the status of Taiwan'.⁸⁹

⁸⁷ Walter Pincus, 'U.S. Considers Shift in Nuclear Targets', *Washington Post*, 29 April 2001, at <http://www.washingtonpost.com/wp-dyn/nation/specials/nationalsecurity/nationalmiss...>

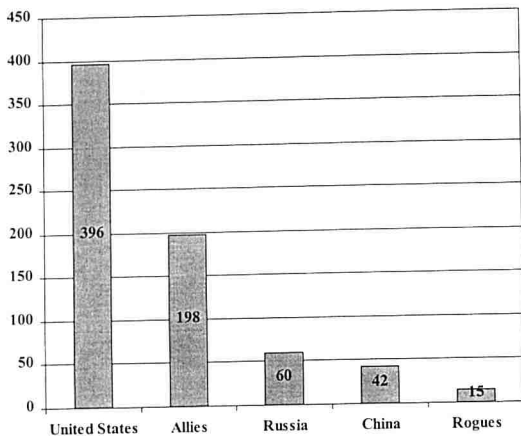
⁸⁸ US Department of Defense, *Nuclear Posture Review*, 31 December 2001, excerpts available at <http://www.globalsecurity.org/wmd/library/policy/dod/npr.htm>.

⁸⁹ *Ibid.*. See also 'China "Shocked" to be on U.S. Nuke Hit List', *CNN. Com*, 13 March 2002, at <http://www.cnn.com/2002/WORLD/asiapcf/east/03/12/china.nuclear/>.

Figure 3

Comparative defence expenditures: US Vs the World

US\$ billion



Source: Center for Defense Information, 'World Military Expenditures: US Vs World', at <http://www.edi.org/issues/wme/>.

The proliferation of WMD and long-range delivery systems

The proliferation of weapons of mass destruction (WMD) and long-range missile systems is now proceeding much more rapidly and extensively in Asia than in any other part of the world. It is both a much more complicated and a potentially more volatile process than the bipolar superpower strategic nuclear arms race of the Cold War. The

proliferation process which is developing in Asia involves multi-dimensional dynamics. There are several bilateral competitors, some of which are engaged in multiple pairings. The most obvious direct nuclear competition is between India and Pakistan. A nuclear arms race between India and China, which is a real possibility, would be especially disturbing. The expansion of China's nuclear arsenal could also cause other countries in Northeast Asia to exercise their own nuclear options. Moreover, the dynamics now involve not only comparative nuclear capabilities, but inter-active connections between nuclear postures and developments in other WMD areas (i.e., chemical and biological weapons) and between WMD and conventional capabilities. The situation is further complicated by the possibilities for access to WMD by non-State actors, such as terrorist organisations.

Five of the world's nine nuclear countries are in Asia – including Russia, which still maintains hundreds of nuclear weapons in the Far East, as well as China, India, Pakistan and North Korea (a member of 'the axis of evil'). The US also maintains hundreds of nuclear weapons in the Pacific, as well as hundreds of others based in the US itself but targeted on China, North Korea and the Russian Far East.

China is the largest nuclear power in Asia, with a stockpile of about 500 nuclear weapons (including more than 250 strategic and some 150 tactical weapons), and an active development program. China has now overtaken France as the world's third largest nuclear power. Nuclear proliferation has become overt in South Asia, with India possessing some 120-125 weapons and Pakistan a couple of dozen.⁹⁰ North Korea may have produced 1-5 nuclear weapons in the early 1990s.⁹¹

Many countries in the Asia-Pacific region possess chemical and/or biological warfare capabilities. More than half of the countries thought to maintain chemical weapons (CW), for example, are in this region (ie., China, Taiwan, North Korea, South Korea, Vietnam, Laos, the Philippines, Indonesia, Thailand, Burma, India and

⁹⁰ Desmond Ball, 'The Indian and Pakistani Nuclear Programmes', in Desmond Ball and Mohan Malik, *The Nuclear Crisis in Asia: The Indian and Pakistani Nuclear Programmes*, (Working Paper No. 325, Strategic and Defence Studies Centre, Australian National University, Canberra, August 1998), pp.1-7.

⁹¹ Robert Shuey, *Nuclear, Biological and Chemical Weapons and Missiles: The Current Situation and Trends*, (Congressional Research Service, Library of Congress, Washington, D.C., 10 August 2001), p.10.

Pakistan).⁹² At least four countries in the region also maintain biological weapons (BW) capabilities (ie., China, Taiwan, North Korea and Vietnam).

Chemical and biological weapons are particularly attractive to terrorist groups. They are frightening weapons, but relatively inexpensive and easy to develop. The Aum Supreme Truth cult, which was responsible for the *sarin* nerve gas attack in the Tokyo subway in March 1995, acquired an array of CBW capabilities. In 1993, Aum had produced anthrax spores for an earlier (aborted) attack in Tokyo.⁹³

There is also considerable proliferation of ballistic missile technology in the region, or at least in the Northeast and South Asia sub-regions. China has produced a full suite of intercontinental ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs), intermediate-range ballistic missiles (IRBMs), medium-range ballistic missiles (MRBMs), and short-range, tactical ballistic missiles.⁹⁴ Two new road-mobile ICBMs are being developed – the *Dong Feng-31* (DF-31), which is likely to enter service around 2003-04, and which 'will be targeted primarily against Russia and Asia',⁹⁵ and a longer range solid-propellant ICBM, which will primarily be targeted against the US (and which replaces the aborted DF-41 program). China has also exported some short-range ballistic missiles elsewhere in the region (e.g., M-11 missiles, with a range of some 300 km, to Pakistan). North Korea has some 30 *Scud* B/C and perhaps 15 *Nodong* missiles. South Korea has some 12 NHK (250 km) ballistic missiles. Taiwan is developing the 950 km-range *Tien Ma* ballistic missile. India has a comprehensive development program which includes the short-range (150-250 km) *Prithvi*, the *Agni* IRBM, and several possible

⁹² 'World CW: Munition Stockpiles and Production Facilities', *Arms Control Reporter*, July 1989, pp.704, E.1-5; and Robert Shuey, *Nuclear, Biological and Chemical Weapons and Missiles: The Current Situation and Trends*, (Congressional Research Service, Library of Congress, Washington, D.C., 10 August 2001), p.8.

⁹³ David E. Kaplan and Andrew Marshall, *The Cult at the End of the World: The Incredible Story of Aum*, (Arrow, London, 1996).

⁹⁴ For a comprehensive recent assessment of ballistic missile proliferation, see National Intelligence Council (NIC), *Foreign Missile Developments and the Ballistic Missile Threat to the United States Through 2015*, (National Intelligence Council, Washington, D.C., September 1999); and National Intelligence Council (NIC), *Foreign Missile Developments and the Ballistic Missile Threat Through 2015*, (National Intelligence Council, Washington, D.C., September 2001).

⁹⁵ National Intelligence Council (NIC), *Foreign Missile Developments and the Ballistic Missile Threat to the United States Through 2015*, (September 1999), p.11. See also Robert Sae-Liu, 'Beijing Parade to Show Off Latest Missile Hardware', *Jane's Defence Weekly*, 11 August 1999, p.11.

ICBM launchers. Pakistan has flight-tested the short-range *Shaheen I* and the medium-range *Ghauri* (1,300 km) ballistic missiles.

Table 6
Nuclear weapons inventories, 2001

	Country	No of Weapons	Comments
1	USA	8,876	First detonation in 1945. Inventory includes 7,206 strategic nuclear warheads (reducing to 3,500 in 2003) and 1,670 non-strategic weapons. US stockpile peaked at 32,500 in 1967.
2	Russia	5,826	First detonation in 1949. Number to reduce to 3,500 in 2003. Stockpile reached 45,000 in 1986.
3	China	490	First detonation in 1964. Inventory includes about 160 IRBM and ICBM warheads, some 50 short-range ballistic missile warheads, 12 SLBM warheads, 150 air-deliverable warheads, and some 120 tactical weapons.
4	France	470	Inventory includes 384 SLBM warheads and some 80 air-deliverable weapons.
5	Israel	200	Production began in 1968. More than 25 bombs in September 1973 (Yom Kippur War).
6	UK	185	160 SLBM warheads (and approx. 25 spares). Had 350 warheads in 1975-81.
7	India	125	First detonation in May 1974. More than two dozen weapons in 1990. Five detonations in May 1998.
8	Pakistan	30	Produced first bomb in 1984. Had about 8 (unassembled) weapons in 1990. First tests in May 1998.
9	North Korea	1 or 2	1-5 weapons produced in 1993-94.

Table 7
CBW proliferation in the Asia-Pacific region

Chemical weapons	Biological weapons
1. China	1. China
2. India	2. North Korea
3. Indonesia	3. Russia
4. Laos	4. Taiwan
5. Myanmar	5. Vietnam
6. North Korea	
7. Pakistan	
8. Philippines	
9. Russia	
10. South Korea	
11. Taiwan	
12. Thailand	
13. Vietnam	
14. USA	

Source: Robert Shuey, *Nuclear, Biological, and Chemical Weapons and Missiles: The Current Situation and Trends*, (Congressional Research Service, Library of Congress, Washington, D.C., 10 August 2001), p 8.

Table 8

Ballistic missile proliferation in Asia

Country/System	Type	Maximum range (km)	Status
China			
CSS-2 (DF-3/3A)	IRBM	2,800	In service
CSS-3 (DF-4)	IRBM		In service
CSS-4 (DF-5/5A)	ICBM		In service
CSS-5 (DF-21)	MRBM		In service
CSS-8 (M-7)	SRBM	160	In service
CSS-N-3 (JL-1)	SLBM		In service
DF-11 (CSS-7/M-11)	SRBM	300	In service
DF-15 (CSS-6/M-9)	SRBM	600	In service
DF-25	MRBM	1,700	Development
DF-31	ICBM	8,000	Tested
DF-41	ICBM	12,000	Development
JL-2	SLBM	8,000	Development
India			
Prithvi 1 (SS-150)	SRBM	150	In service
Prithvi 2 (SS-250)	SRBM	250	In service
Prithvi 3 (SS-350)	SRBM	350	Development
Sagrika	SLBM	300	Development
Agni 1	MRBM	1,500	Tested
Agni 2	IRBM	2,500	Production
Agni 3	IRBM	3-5,500	Development
Surya	IRBM	5,500	Development
ASLV	SLV	4,500	In service
GSLV	SLV	14,000	Development
PSLV	SLV	8,000	Development
Japan			
M-3	SLV	4,000	Capability
H-1	SLV	12,000	Capability
H-2	SLV	15,000	Capability
North Korea			
Scud Mod B	SRBM	320	In service
Scud C	SRBM	550	In service
Nodong 1	MRBM	1,000	In service
Nodong 2	MRBM	1,500	Development

Taepondong 1	MRBM	2,000	Tested
Taepondong 2	IRBM	4-6,000	Development
South Korea			
NHK-1	SRBM	250	In service
KSR-1	SRBM	150	Development
NHK-A (Hyon Mu)	SRBM	180	Development
Pakistan			
Hatf 1	BSRBM	100	In service
Hatf 2	SRBM	300	In service
Hatf 3	SRBM	600	Development
M-11 (CSS-7)	SRBM	300	In service
Shaheen 1	MRBM	750	Development
Ghauri (Hatf 5)	MRBM	1,000+	Tested
Taiwan			
Green Bee (Ching Feng)	BSRBM	130	In service
Sky Horse (Tien Ma)	MRBM	950	Development
Vietnam			
SS-1 Scud B (R-17)	SRBM	300	In service

Abbreviations

BSRBM	Battlefield Short-Range Ballistic Missile
SLV	Space launch vehicle
SRBM	Short-Range Ballistic Missile
MRBM	Medium-Range Ballistic Missile
IRBM	Intermediate-Range Ballistic Missile
SLBM	Submarine-Launched Ballistic Missile
ICBM	Intercontinental-Range Ballistic Missile

Source: Centre for Defence and International Security Studies (CDISS), 'Ballistic Missile Capabilities by Country', at <http://www.cdiss.org/btablea.htm>; and Arms Control Association, 'Missile Proliferation in South Asia: India and Pakistan's Ballistic Missile Inventories', March 2002, at <http://www.armscontrol.org/factsheets/agni.asp>.

Cruise missile proliferation

There is a serious danger of cruise missile proliferation in this region. Cruise missiles are technically easier to produce and cheaper to acquire than ballistic missiles. Enabling technologies such as anti-ship cruise missiles (e.g., *Exocets* and *Harpoons*), unmanned aerial vehicles (UAVs), GPS satellite navigation systems and small turbojet engines are now widely available. However, the development and deployment of cruise missiles are also more difficult to monitor.⁹⁶

Several countries in East Asia have either begun to indigenously design and develop long-range, land-attack cruise missiles (e.g., China), or to seriously consider the acquisition of such missiles (e.g., Australia). China's *Hong Niao* family of cruise missiles is armed with both nuclear and conventional warheads, with ranges up to 1,500-2,000 km (in the case of the HN-2, which entered service in 1996) and 4,000 km (in the case of the HN-2000, a supersonic version which is currently in development).⁹⁷ The US Navy, of course, maintains about 4,000 *Tomahawk* land-attack cruise missiles, which it has used against six countries since 1991. In August 2000, the US Air Force confirmed that it had moved 'an unspecified number' of conventional air-launched cruise missiles to Guam, which USAF officials said 'will allow the USA to respond more quickly to crises, particular in the Asia-Pacific region'.⁹⁸

In South Asia, India is in the process of developing and producing a variety of cruise missiles, with cooperation from Russian defence industries. These include the Kh-35 *Uran* anti-ship cruise missile, the 3M-54E *Klub* anti-ship missile, and the PJ-10 supersonic medium-range cruise missile (which was first successfully tested on 12 June 2001). Both the *Klub* and the PJ-10 could be redesigned to serve as long-range (3,000

⁹⁶ The International Institute for Strategic Studies (IISS), *Strategic Survey 1996/97*, (Oxford University Press, Oxford, April 1997), pp.16-31.

⁹⁷ Duncan Lennox, 'China's New Cruise Missile Programme "Racing Ahead"', *Jane's Defence Weekly*, 12 January 2000, p.12; and Duncan Lennox, 'More Details on Chinese Cruise Missile Programme', *Jane's Defence Weekly*, 6 September 2000, p.10.

⁹⁸ 'In Brief: USAF Moves Cruise Missiles to Guam', *Jane's Defence Weekly*, 6 September 2000, p.22.

km) land-attack cruise missiles, and can potentially carry nuclear as well as conventional warheads.⁹⁹

The prospects

September 11 and the war on terror have provided opportunities for collective action to refashion the security architecture in the Asia-Pacific region – for further coalition-building at the strategic level, for exploiting the groundswell of abhorrence regarding international terrorism at the public level, and for promoting regional security cooperation more generally.

Since September 11, there has been refocussing of the attentions of regional leaders on security issues, numerous forums have been organised to discuss these matters, and measures have been implemented at both bilateral and multilateral levels to increase intelligence exchanges and cooperation between law enforcement agencies. As Admiral Dennis C. Blair, commander-in-chief of the US Pacific Command (CINCPAC), said in Jakarta on 27 November 2001: 'The exchange of intelligence among countries in the region is unprecedented'.¹⁰⁰ In February, Australia and Indonesia agreed to increase intelligence cooperation and exchanges between Australian agencies and Indonesia's [National Intelligence body], following the rupture of the intelligence relationship in 1999.¹⁰¹ Indonesia and Australia have also begun discussions to improve their extradition processes, as well as to examine other forms of legal cooperation.¹⁰² In May, Malaysia, the Philippines and Indonesia signed a wide-ranging agreement to increase the sharing of information between their law enforcement agencies to 'boost the fight against terrorism and cross-border crime' (including money-laundering, drug trafficking, hijacking, illegal trafficking of women and children, and piracy).¹⁰³

⁹⁹ Vivek Raghuvanshi, 'Secret India-Russia Pact Produces Cruise Missile', *Defense News*, 18-24 June 2001, p.3; and Michael Jasinski, 'Russia and India Step up Cruise Missile Co-operation', *Jane's Intelligence Review*, March 2002, pp.34-36.

¹⁰⁰ 'Adm. Blair Says Intelligence Sharing Helps Fight Terrorism', US Department of State, International Information Programs, 27 November 2001, at <http://usinfo.state.gov/topical/pol/terror/01112812.htm>.

¹⁰¹ Hamish McDonald, 'Australia's Bloody East Timor Secret: Spy Intercepts Confirm Government Knew of Jakarta's Hand in Massacres', *Sydney Morning Herald*, 14 March 2002, at <http://www.smh.com.au/news/0203/14/text/national991.html>.

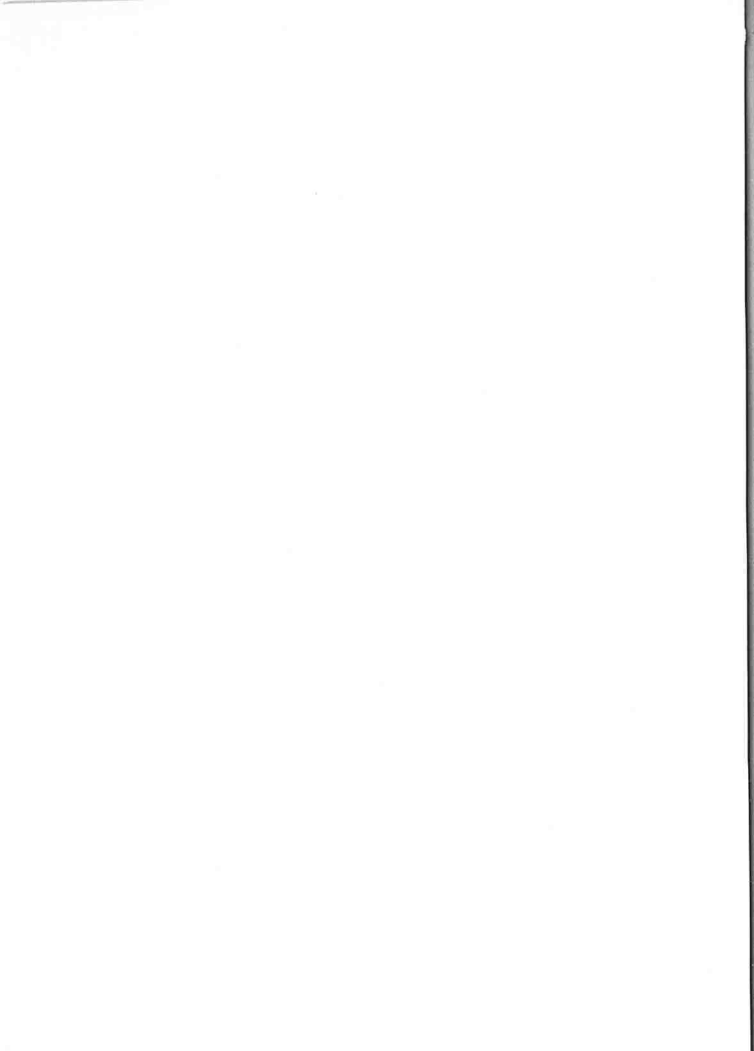
¹⁰² 'Bid to Review Australia-Indonesia Treaty', *Canberra Times*, 11 April 2002, p.8.

¹⁰³ Reme Ahmad, '3-way Pact to Tackle Terrorism', *The Straits Times*, 8 May 2002, at <http://www.straitstimes.asia.com.sg/primenews/story/0,1870,118419,00.html?>

It is critically important that these opportunities be exploited to the full – not only to address the security issues generated by September 11 itself but also the erstwhile and more fundamental dynamics (such as the geostrategic developments in Northeast Asia, the proliferation of WMD and the emergence of a regional arms race). These remain profoundly disturbing – but September 11 has distracted attention from them as well as exacerbated (rather than alleviated) them. To ignore them will simply compound the surprise and unpreparedness when crises inevitably strike.

September 11 and the war on terror have not replaced the fundamental security issues of the past decade but have complemented and exacerbated them – and in the process evinced the increasing complexity and inter-connectedness of the regional security dynamics, of which the incipient arms race in the region is characteristic. It is much more complex than the bipolar Cold War situation. The distinctive categories, milestones and firebreaks which were carefully constructed during the Cold War to constrain escalatory processes and promote crisis stability. This is even more worrisome than the action-reaction dynamics which have become apparent with respect to naval acquisitions in Northeast Asia. Now, there are also inter-actions between conventional weapons acquisition programs on the one hand and developments with WMD and long-range delivery systems on the other hand. South Korea and Japan have responded to the development of ballistic missiles by China and North Korea by greatly enhancing their airborne intelligence collection and early warning capabilities and their land- and sea-based theatre missile defence (TMD) capabilities. US nuclear strategy is moving to permit virtually commutual employment of nuclear forces, precision conventional capabilities and information operations (IO), and to permit the use of nuclear weapons in otherwise non-nuclear situations.

In this environment, with many parties and many levels and directions of interactions, the possibilities for calamity are high. The complexity and interconnectedness of the regional security dynamics mean that security issues can only be realistically addressed in the most thoroughly systematic and comprehensive, as well as objective, ways. September 11 and the war on terror have made this even more difficult.





16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 3(e)

PLENARY SESSION THREE
Monday, 3 June 2002, 1415-1545 hrs

**“SEPTEMBER 11: POLITICAL AND SECURITY IMPACT AND
CHANGES IN THE STRATEGIC BALANCE OF THE ASIA
PACIFIC REGION”**

by

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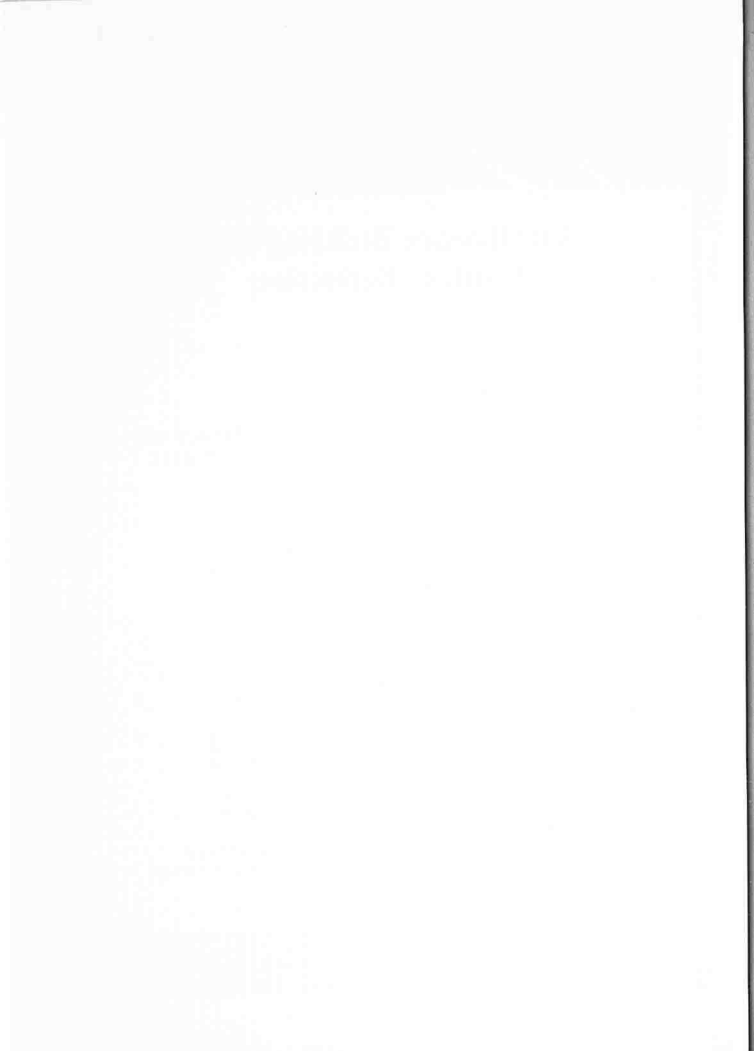


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September 11: Political and Security Impact and Changes in the Strategic Balance of the Asia Pacific Region

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I. Global

The impact of September 11 on the Asia Pacific region could be sensibly discussed within the context of the new global strategic development and how this will unfold into the future. This necessitates some exercises in speculation about those future developments.

This will involve an examination, mainly but not exclusively, about US future strategies. It also involves an examination of how US allies, friends, and foes will react to US future policies and strategies, and the outcome of the dynamics of the mix between those policies and strategies.

After September 11, President Bush and his administration are re-ordering their priorities and strategies around two targets. First is how to get rid of global terrorism and groups or states that support them. At the very least, the objective is to subdue them to a very large extent in order not to become a main threat to the US mainland and US interests globally. Second is how to prevent weapons of mass-destruction (WMD) to be used against the US and against US interests. This includes nuclear, chemical and biological weapons. The perpetrators are mainly state-driven or organized by the state. Thus, in the end the US will be against states that are potential

actors and have the capability and the willingness to do so. In concrete terms, this means for now Iraq, who is considered as actively pursuing WMD and has the reputation to be willing to use them as they have done so in the war against Iran and the Kurds in Northern Iraq.

In the first case, namely in trying to get at al-Qaeda and the regime supporting them, namely the Taliban in Afghanistan, the US has been relatively successful in the first phase, with the support of all kinds of coalitions. But further efforts in peace-building in Afghanistan will be more relevant to show that the US has grasped the importance of coalition building in fighting global terrorism, in which military means --while important-- is only part of the effort.

The US has been willing to cooperate with allies and friends in the struggle against global terrorism, although on the military operations side, US forces has been so dominant so that a rather unilateralist attitude was visible initially. However, the military actions could only be so successful because of the support given by US allies and friends, including basis, intelligence, even logistics (AWACS from NATO, etc.). Allies and friends have given a lot more support in the mopping up operations of al-Qaeda and the Taliban and in peace keeping in Afghanistan.

If the US does recognize that the fight against global terrorism is long term and all encompassing, especially in intelligence exchanges and police works plus controlling financial flows, then only multilateral efforts can be successful. The US is inclined to do so, although the rhetoric could be mixed, sometimes multilateralist, and at another time unilateralist.

On the second objective, namely Iraq, however, a lot more efforts have to be done by the US before this could be palatable to a lot of allies and friends. The logic at getting

to WMD is clear for US national interest. It could be a calamity if the US cannot prevent WMD attacks towards itself in the future.

Because of the belief that Iraq is able to produce them and is also willing to use them, it is only natural that the US has a contingency plan to face them. The problem is how to convince allies and friends as well, about its objective and about the method. It is important to provide reasonable evidence of Iraq's possession of WMD and the capabilities for delivery. It should also provide alternatives to get rid of Iraq's WMD, including an all out inspection by U.N. agencies as the first step. Only if Iraq refused to comply –which it could be expected to do, then the case to move against her would be stronger.

To be able to launch an attack against Iraq, many Arab countries need to give their support, politically but more so militarily, in the form of bases over-flights, logistics, etc. In this regard, the Israel-Palestine conflict is a real stumbling bloc, especially after the attack of PM Ariel Sharon to the main towns in the West Bank, in answer to a series of suicide bombings by some of the radicals Palestinian organizations. Although high-ranking officials of the Bush Administration have been saying that this conflict should not become an obstacle to prepare for regime change in Iraq, it has created a lot more complexities than meets the eyes, and at least will delay any further plans.

Because for Muslims anywhere and the Arabs particularly, the Israeli-Palestinian conflict has become a self-identification image of how badly the West has treated Muslims since the beginning of imperialism and colonialism. So, they expect a more balanced and committed policy from the US in solving the conflict.

The new developments after September 11, as briefly described above, provide a basis for speculation and analysis about changes in US strategy and the US role in the

future. It is widely observed that the changes have been substantial, namely from a more realist type of strategy towards a more expansive one. Before, the balance of power was more taken as the basis for US relations with other powers, but now that is looked upon as an opportunity to think more of a new era, like the era of 1945-1947 when containment policy of President Truman was formulated.

Some important Bush Administration officials now think that a more dominant role is possible for the US. Questions raised include the possibility of the US to go it alone in the world if necessary and how much change it is willing to engender inside other countries, to what end and with what means. Although not all ideas have been accepted, the overall goals of American foreign policy will be contained in the coming National Security Strategy report, which is being prepared by the National Security Council under Condoleeza Rice.

While the new agenda of US national security is to fight global terrorism and weapons of mass destruction, the domestic situation in the US has also changed. Decisions on foreign policy are much easier to arrive at now because it is easier to convince the US public that foreign policy again matters.

These new developments have a historical background in the older Bush Administration, when after the fall of the Berlin wall, then Secretary of Defense, Cheney, tried to come up with a new national strategy. He was even considering whether the US should not prevent other big powers from emerging so as to challenge the US, and whether the shaping and expansion of democracy should not become an objective of US foreign policy.

Cheney's team in 1990 differed from the team today. Some of the old figures are still there but they have become more experienced and more mature in their judgment. They are sharp and understand how to adjust and compromise in implementing their

policies. The Iraq case will be a model of how committed they are to their old ideas and how to reach them. They are mostly on the right side of the political spectrum, but not all are unilateralist inclined. In fact, if they are getting at Iraq while not adequately prepared, they are going to damage the coalitions they have established very conscientiously. Without the coalitions, they will not succeed in their anti-terrorist fights in the long term. They want to affect a regime change in Iraq, but they know the complications and have to adjust to that and find new ways to make that possible.

On the objective of expanding democracy, they seem to be more opportunistic but are of the opinion that democratic regimes will make the efforts of the US much easier to achieve, due to the congeniality of its values and system. On preventing great powers to compete and oppose the US they are thinking now not of "containment" like in 1948 but of "integration", which mean that the other major powers have to be persuaded to adhere to certain key ideas as to how the world operates: opposition to terrorism and WMD, support for free trade, democracy, markets. That means locking them into these policies. By building institutions to implement those policies, they will be locked in even more.

In the end, despite some wrong rhetoric, the Bush Administration officials know that they could not achieve all these objectives without coalitions of friend and allies. In that respect the right pressures from allies and friends have to be given to them. US public opinion is very strong in supporting their policies concerning the fights against terrorism and WMD. Therefore, they should be reminded again and again by the outside of the need for coalition building to be successful.

This will not be easy, but it is not impossible and will be critically important also for the US leadership itself. Joseph Nye in his book, "The Paradox of American Power", has stated very well that the US cannot lead the world without allies and friends. In some cases unilateralism can be accepted and should be done, especially if the

survival of the country is at stake, but in many other instances multilateral approaches are more relevant and effective. This is so in particular in the economic field, where multilateralism is real between US, EU and Japan (and China that is coming up fast), or in transnational activities where the actors are many and the states are not the only ones, such as in the environment, HIV-AIDS, drugs, and illegal immigrants.

In the end the US is going to lose its "soft" power, namely the influence and attraction it has due to its values, system and way of life, which have wielded so much influence and power for the US so far. If the US stresses too much on being unilateralist and being an arrogant power, a coalition of powers to balance and oppose the US, as had happened in history, might soon be established. If the US can maintain this "soft-power" then her power and influence will be more acceptable and can last a while longer into the new century.

The questions that arose from September 11 are as follows: how much change has happened and how permanent will these changes be? The same questions are also being asked for the Asia Pacific region.

There are analysts who think that September 11 was so dramatic that a new era has been ushered into international relations and strategic developments, globally as well as in every region. Now the struggle is no longer between states, but between states and groups of individuals. This embodies a new form of an asymmetric conflict that will lead to new strategies and international relations. As described before, the US administration think that the change is dramatic enough so that it should aim for a much more expansionary foreign policy and strategy than only following the realist approach. They argue that this has begun as an era of "containment" before, that through a certain transition period (last decade) will lead to "integration" in the future.

Others think that the effect is limited, because terrorism has been with us before and will be with us for a long time to come. It is not likely to change the underlying relations between nations. The only change caused by recent global terrorism is the means they use, their outreach and their organization capabilities. In addition, the target is the only superpower, namely the US, on the mainland or everywhere else. Otherwise, the international system being maintained by the US, EU and Japan (industrial nations known as the West), is basically still intact. Some changes will happen because of September 11, especially in the security field, but the existing order will be maintained.

As usual, the reality is somewhat of a mix of both analyses. An opportunity has opened up due to September 11 for the US to lead a grand coalition not only to fight global terrorism but also to establish a new global and international order. However, for that to happen the Bush Administration has to be willing to cooperate more with its allies and friends, especially with other great powers. As Joe Nye has argued persuasively, the US is a superpower in all fields, but has equal partners in the EU and Japan in the economic field, while in transnational activities it has ample actors to deal with, including the private sector and the civil society. Although the US has a very powerful military, the fight against terrorism is mainly in intelligence and police/law enforcement cooperation plus money laundering control, where the military is not the most important element. In the end it is all encompassing struggle, including for ideas and visions.

The judgment is still out, whether the Bush Administration is able to achieve their new strategy. The Bush Administration recognizes that they have a unique opportunity, because the US public do pay attention and want to do something in foreign affairs again. The public also recognizes that this new threat will give the US and its allies and friends a chance to look anew into the role of offensive and

defensive weapons system (as MND) and of nuclear weapons in their future defense system. This will open the door for instabilities if not well argued and consulted.

The fight against terrorism has to include efforts to overcoming the root causes in the longer term. This will take some substantial effort and intense international cooperation. And for that to be achieved the global system is going on side by side with the immediate actions against terrorism, because tackling the root causes need the support of all the existing international system, political, economic, social and even culturally, which in many cases has to be improved to become effective. So, this is going to be a mixture of new actions, cooperation and if necessary of new institutions, besides an improved global system of cooperation.

II. Asia Pacific

With the above as background, what can be said about the Asia Pacific region? What has really changed and what is going to continue? What is temporary and what is permanent in the region after September 11?

In the first phase of the fight against global terrorism, namely to get at al-Qaeda and the Taliban, the Bush Administration was rather successful, based on cooperation and coalition building with many allies and friends. In particular, relations with other great powers and with a number of Muslim countries have improved.

Russia has established their credentials particularly in getting closer to the West and the US, especially in allowing the bases to be established in Central Asia as well as through intelligence support. Chechna has almost been forgotten and a new agreement on cooperation with NATO is being finalized. Japan has strengthened the alliance by a new law on security and by sending some supporting ships to the Middle East (the

first Japan's SDF involvement outside her periphery). This move, considered a first step towards becoming a "normal" country has been acquiesced by her neighbors. China, which also faces the threat of global terrorism and for desiring to establish normal relations with the USA, also cooperated especially in political support and intelligence exchanges. India, who was preparing for some time to be closer to the US strategically, got a better chance and has made use of the events to support the US, while expecting US support for Kashmir.

Among the Muslim countries, Pakistan has supported the US to the maximum, despite some internal opposition, through intelligence, as a staging base for military operations, politically, etc. And so do other countries in the Middle East with their military bases, although more limited than Pakistan, but politically the support from Muslim countries has been crucial.

In the Asia Pacific, political support has been given at the APEC Summit, at the ASEAN Summit, and the ASEAN + 3 (China, Japan, and Korea) Summit. Moreover, ASEAN members, particularly Indonesia, Malaysia and the Philippines, started to cooperate among themselves to fight global terrorism in the region, This cooperation is especially among intelligence and law enforcement agencies, as well as among the military. So, the September 11 has strengthened US presence and cooperation with East Asia in many layers; region wide (APEC, ARF), sub-region wide (ASEAN or part of it) and bilaterally (especially in the intelligence, police and money laundering parts).

But since the region is so wide and diverse, the intensity and variety of cooperation might differ from one sub-region to another and from one country to another. The main reasons are: domestic priorities of the countries in the Asia Pacific might differ from those of the US and from each other. While at this stage the US is obsessed and is running "amok", understandably so due to the attacks to her symbol of power and

to so many innocent people, other countries might have priorities that are as important to their national interest as facing those terrorist acts. They also have experienced and faced various types of terrorism, although not on the same magnitude as this new global one by al-Qaeda.

Domestic complexities could constrain them from cooperating publicly or openly, especially in the case of countries with Muslim majorities such as Indonesia and Malaysia. Others face Muslim insurgencies and are in need of assistance, such is the case of the Philippines. Still other countries in Southeast Asia that have very small numbers of Muslims such as Vietnam, Laos, Cambodia, Myanmar, and even Thailand have been less concerned domestically but came on board rather late and are involved mainly in political terms. The challenge for the US leadership in this fight is how to reconcile her own priorities with those of the other parties, which might differ in their intensity.

Take Indonesia as an example. The government is weak and law enforcement agencies are also weak and corrupt. The crisis has created an enormous challenge to dealing with poverty, employment, regional insurgencies, law and order, restructuring the economy, huge debt (domestic and foreign), and weak governance, to name a few. Some small radical Muslim groups have been agitating against the US in the fight against terrorism. However, the large mainstream Muslim organizations such as NU and Muhammadiyah are not supporting these groups. As for the government and the US, the best course is to give the support to mainstream Muslim organizations to lead the Muslim community towards modernization, moderation, openness and democratic values.

In the meantime the government has to be firm on law and order problems and strengthen the police (and the military when necessary), to take legal actions against any criminal acts or illegal agitations and activities by any radical group. NU and

Muhammadiyah support such actions. The police need to have better training, and here is where the US can assist. This includes a gradual fostering of normal relations with the military. Intelligence cooperation that has been established should also be strengthened. With these policies, the US strengthens the hands of the government in dealing with global terrorism but also at a pace and steps comfortable for them. In the end the best contribution the Indonesian government and society can give to the fight against global terrorism is to keep the majority of Muslims, moderate, open and democratic. As stated before, the struggle against global terrorism is in the end a struggle for ideas and visions.

If Indonesia as the largest Muslim country could show to the world and especially other Muslim nations how Muslims can be moderate, open and democratic and developing economically at the same time, this should give a tremendous boost to the struggle for the right ideas, vision and soul of Islam.

The Philippines situation differs from Indonesia. They have a problem of Muslim insurgencies in the South. Although Muslims consist of less than 10% of the populace, at present they are in a majority in a few districts in the Southern Philippines. The problem of Abu Sayyaf is a problem of criminality and extortion plus kidnapping. They have had relations before with al-Qaeda cells and that relationship could be revived. More importantly, however, is the MILF (Moro Islamic Liberation Front) and the government is currently negotiating a political deal with them. It is more worrying if they are used by al-Qaeda, because they are much stronger than the Abu Sayyaf group.

It is understandable that the Philippines government has asked for US military and troops support. They need it badly and they need to get the political, economic and financial support from the US to be able to shape up their military. Besides, they have had US military bases that ended in the mid 1990s with their transfer to the Philippines authority. So there is less political opposition there. But at the same time, US troops have to be careful, since MILF territory is included in the terms of the cooperation. Maybe the most relevant effort in their cooperation is to train Philippine troops and to support them logistically.

PM Mahathir has brilliantly made use of September 11 for his political revival and initiative against PAS. The main problem he might be facing now is how to reform the "madrasah" schools that have been developed along the Pakistan model and are mainly under PAS supervision and influence. Indonesia is completely different in this regard because from the beginning Muhammadiyah has never had only "Muslim teaching schools", but has offered normal schools with Muslim teaching, while NU's *pesantren* has been opened up by Gus Dur (ex President Wahid) to also teach subjects as in normal schools.

Another main task for Mahathir is to clean his party and the government from the corruption accusations by PAS and other opposition parties. A further task is to prepare for a political successor and to gradually open up the political system. So,

while political stability is assured in the medium term, in the longer term some real reforms are still in order.

In the case of Singapore, it was a shock for the leadership when they learn about Jemaah Islamiyah (JI) activities and their plan to attack US interests in Singapore and other parts of the region. Political stability and security is the mainstay of Singapore's attractiveness to foreign investment and such terrorist activities could damage that credibility. That is why the leadership reacted vehemently against these activities. It also showed that regional terrorism, induced by global ones, is already present in South East Asia.

The leadership in Singapore is more active in fighting terrorism and in lining themselves closely with the US in fighting global terrorism. But as the US should understand, Singapore too should learn to appreciate the diversities in political Islam, should not become paranoia about them. To learn more about Islam is an important challenge for the US and equally for Singapore leaders. As is the case in Indonesia, it is the mainstream Muslims that should be encouraged to try to influence and guide the Muslim communities towards moderation and openness through democratic means.

It is important to distinguish domestic conflicts such as political strife, insurgencies, ethnic or religious conflicts from global terrorism. These domestic conflicts have their roots in domestic social-political and economic problems and should be also solved

through domestic socio-political, economic, and security approaches. The rule of law and human rights concerns should be attended to as they should be in the global fight against global terrorism. Exceptions can be made in survival cases, but used only in a limited fashion, temporarily and with adequate transparency to prevent abuses.

In North East Asia the key questions are as follows: Are efforts against terrorism going to change the strategic picture permanently or not, and what complications are to be faced in fighting global terrorism in this sub region?

In the Korean peninsula, the fight against terrorism has brought about some complications because North Korea, who has been considered a member of the "axis of evil" by President Bush and has been given new pressures by the US, will complicate the "sunshine" policies of President Kim Dae-Jung. In fairness, that policy has had limited results so far for South Korea. That policy was never really popular in South Korea and has been opposed by the opposition party. In addition, there are some important obligations that have yet to be fulfilled by North Korea, and this year will be crucial for those obligations to be met.

Bush's accusation was mainly directed at North Korea's political system that put so much misery to its own people, the possibility of North Korea not abiding by the non-proliferation agreements she has signed and by the sales of missiles technology and WMD to rogue countries that could endanger the region and the US (indirectly). The

readiness of the North to talk again with the US is seen as a result of the pressures by the Bush Administration.

In the case of Japan the strengthening of the alliance and the opening for Japan to become a "normal" country are important developments. However, for permanency, Japan also has to undertake political and economic reforms and be again on par with the US economy in productivity and vitality. For that to happen, political reforms have to be deepened.

In China's case, it should be a lot more difficult to maintain the earlier goodwill between China and the US due to the September 11 attack, because there are so many tough problems between the two. Basically this is a challenge for the two big countries, one a superpower and the other becoming one in the future to deal with each other normally. There is not enough trust and confidence between the two peoples and the two leaderships that could easily bridge this divide.

The most important question is Taiwan, but other matters such as sophisticated arms sales and technology transfers by China to other countries, especially those considered rogue ones by the US such as Iran and Iraq, human rights violations and religious freedom are also important issues in the relationship. Even US presence in central Asia, which has been accepted so far, could arouse questions about the encirclement of China as well as the increase of US presence in East Asia.

In the meantime, the rhetoric of the relationship that has been brittle earlier, has calmed down since September 11, and constant relations at the highest level have been maintained despite some serious issues on Taiwan, especially sophisticated arms sales to Taiwan and the visits of Taiwan's high ranking defense officials to the US. On the other hand visits of China's leaders to countries considered to be supporting terrorist also created question marks in the US. By becoming a member of the WTO, China appears to have become more and more a conservative member of the regional and international community by willing to abide by international rules as well as the regional order and institutions, which augurs well for future relations with the US.

The impact of September 11 is somewhat more limited to the US-China relationship. However, while the atmospherics of September 11 is still strong, both sides have to establish much more personal relations at the highest level and in improving public opinions about each other. Most important is that the US does not see China as the new "threat" or as a substitute for the former Soviet Union.

The changes in the Asia Pacific due to September 11 are among other things:

- US leadership is becoming more assertive in the Asia Pacific after being somewhat dormant since the end of the Cold War. What this will mean to the region is still unclear, because how this administration is going to change things will be decisive: Will this new leadership be more positive towards

cooperation and more multilateral inclined due to the need for coalition building in fighting terrorism? Since some of the members of the Bush team are bright people and quite pragmatic, although ideologically on the right side of the US political spectrum, there is hope that they want to become more patient to give breathing space to some countries, particularly the sub-region of South East Asia, to face global terrorism on their own terms, since the priorities are varied and domestic complications are to be recognized.

- On North Asia, US more assertive leadership could be a problem in relation to North Korea, but this has to settled between the two countries themselves. In relation to China's ascendancy, the US might be prone to misinterpreting it, although it might not be all China's problem. So, in North East Asia while the existing relations might be maintained, a more assertive USA, might bring about new tensions. But a more multilateralist attitude on the part of the US instead, might alleviate some of the existing tensions.
- Regional efforts to face global terrorism will be important. First, this is more palatable for domestic constituencies in individual countries and helps alleviate more pressures by the USA to do all kinds of things that is not a priority for individual countries or the region or sub-region. Regional cooperation will be more important if US becomes more unilateralist inclined in the future. The request by the US to cooperate against global terrorism will put additional pressures on regional institutions to get their act together.

- Each of the countries in the Asia Pacific has to reconcile its own priorities with the need to fight global terrorism. In most cases US support might be important, especially cooperating and supporting in the fields of intelligence, police works and money laundering prevention. Consolidating each society should be the main task of individual countries, especially Muslim ones. They have the difficult but critical task to influence political Islam to become moderate, open and democratic.
- In the end the struggle is really for ideas and visions. In this case, September 11 has also been a wake up call for many Muslim countries as well. Their challenge is to make Islam a religion of peace, moderation, openness, and democracy, and to make the world understand and accept it. So, there is a new challenge for every individual country after September 11, namely to keep their country together, peaceful and developing well to be able to withstand extremism of ideas and religions.

**Terrorism and
Southeast Asia:
A PHILIPPINE
PERSPECTIVE**

NASKAH PEMELIHARAAN
PERPUSTAKAAN NEGARA MALAYSIA

2003

TERRORISM AND SOUTHEAST ASIA: A PHILIPPINE PERSPECTIVE

OVERVIEW

A multifaceted phenomenon, terrorism demands extraordinary domestic and international collaboration to combat the hazards it presents. The dynamic nature of terrorism, including motivations of terrorists, targeting, strategy, tactics and even logistics continue to evolve, in keeping with efforts on the part of security agencies to meet the challenges and to stay ahead of the dangers. Originally reflecting a largely left wing ideological foundation, today's terrorists are increasingly likely to be motivated by campaigns of ethnic nationalism or religious extremism and often, one dovetails the other.

Radical Islamic elements operate at various levels of intensity. In general, the end goals are threefold, namely: to implement the rule of Islamic law in Muslim countries; to establish new Islamic states; and to obtain independence for Muslim minorities. In order to achieve this objective, Islamic militants use different forms of tactics, from education, propaganda, economic aid and spiritual guidance, to political subversion and increasingly, as demonstrated by recent events, terror. The centers of conflict show that extremists' main concern is to reshape the political reality within the Muslim world.

Islamic extremists virtually present the most serious concern in terms of religious terrorism. Extremists are often warriors, devoted to Islam and fanatic to Jihad, possessing combat experience from such jihad arenas as Afghanistan, Bosnia and Chechnya. Educated in handling weapons, explosives and communications equipment, they are adept at the use of the Internet, fax machines, cellular and satellite telephones and encryption. They are sophisticated and willing to traverse borders and more importantly, they have access to forged documentation and international contacts, and can readily blend into a local community, where they can hatch and operationalize attacks without easily being identified. It is their ad hoc, unstructured dimensions, combined with deep commitment, which contribute in large measure to the dangers they pose. Osama Bin Ladin is one such extraordinary example, made several more times dangerous by virtue of his wealth, personal capabilities, charisma and his command of Al Qaeda or "The Base".

The most striking features of Al Qaeda which are notably relevant to recent terrorist developments in Southeast Asia are its: operations abroad - where a few hundred senior and mid-level personnel in different countries handle specialized aspects of its operations; informal alliances with Islamic militant organizations and mujahidin around the globe with the Al Qaeda as the conduit for different forms of linkages; cooperative arrangements where allied structures either share manpower, receive funding or receive instructions from Bin Ladin to render assistance to terrorist operations; and ad hoc arrangements where temporary ties are established with other extremist groups based primarily on mutual interests and goals.

It is within this purview that this paper attempts to discuss the indications that tend to point to a possible shift of terrorism to Southeast Asia.

AL QAEDA/OSAMA BIN LADIN LINKAGES WITH THE SO-CALLED "PHILIPPINE EXTREMIST MOVEMENTS"

International terrorists have used the Philippines as a sanctuary or springboard for their third country operations, and utilized their alliance with local extremists to directly or indirectly support their objectives. The operations of Ramzi Ahmed Youssef and Abdul Hakim Murad in the Philippines in the mid-90s are already an established fact. To recall, the following events, among other developments, established Bin Ladin's connections/linkages to the Muslim extremists in Southern Philippines:

1. Murad, a Pakistani national, was one of the members of the terrorist cell operating in the country under Youssef. He was one of those convicted for the 1993 World Trade Center bombing and was arrested in 1995. During his detention, he revealed information, some of which have bearing on the attacks in New York and Washington DC. Murad's revelations include the following:
 - 1.1 among the plans of their group was to fly an aircraft and crash it against targets in the Continental US;
 - 1.2 he (Murad) had been in and out of the country and took aircraft flying lessons in the Philippines, the US and elsewhere;
 - 1.3 the CIA headquarters in Langley, Virginia is one of their targets.

2. Wali Khan Amin Shah, a close associate of Youssef, admitted that he traveled to Mindanao to conduct training for the ASG. Shah was arrested in Manila in January 1995.
3. Youssef visited Mindanao in the early part of 1994 purposely to establish cells to serve as contacts. He trained ASG elements on modern explosive devices.
4. Mohammed Sadiq Odeh, convicted in the 1998 US Embassy bombings in Kenya, revealed that the terrorist network of Bin Ladin participated in several operations in the Philippines in the early 1990s.
5. Wadih El Hage, who was charged with making false statements in connection with the Kenya bombing, revealed that Bin Ladin's terrorist network has operatives in several countries including the Philippines.
6. On funding support, Bin Ladin's brother-in-law, Mohamad Jamal Khalifa established NGOs and a business network in the Philippines, under the guise of extending help to Muslims, to propagate Islamic extremism and facilitate the flow of funds for local extremists.

Among the significant terrorist acts in the Philippines (where the direct involvement and or participation of foreign terrorists were established) since the early part of the 1990s were the following:

1. the attempted bombing of the Thomas Jefferson cultural center in Makati on 19 Jan 1991 by Iraqi nationals;
2. bombing of Philippine Airlines Flight 434 on 11 December 1994 by Youssef;

3. Preparations for Oplan Bojinka - which included among others the assassination of Pope John Paul II and the bombing of US air liners over the Pacific Ocean -- which was discovered during a raid at the
- 4 suspected hideout of Youssef's group in Malate, Manila in 1995;
- 5 attack on the town in Ipil, Zamboanga del Sur in April 1995 by the ASG whence the presence of foreigners were established;
- 6 Suicide attack on 6 Infantry Headquarters, Philippine Army in Awang, Datu Sinsuat, Maguindanao by two foreign nationals -- Egyptian and Saudi - on 4 October 1997;
- 7 LRT bombings in December 2000

RECENT DEVELOPMENTS

Since early December 2001, authorities have arrested 13 terrorist suspects in Singapore, 22 in Malaysia and four in the Philippines. Regional law enforcement officials are following up fresh leads, including alleged connections to groups in Indonesia. It is significant to note that in June 2000, way before the September 11 attacks, Ayman Al-Zawahiri, the Egyptian Deputy of Bin Ladin and Al Qaeda's military commander Muhammad Atef, traveled to Indonesia. They met with several Islamic groups thereat, including members of the MILF. In the transliteral interpretation of the document, it was said that they went to the "Island of Kings", translated to be "Moluccas" and "Eriana", suspected to be "Irian Jaya". Zawahiri was reportedly impressed by: the lack of official

security; the support and extent of the Muslim population; and the obscurity provided by the density forests. At that time, it was assessed that this visit was part of Bin Ladin's wider strategy of shifting the base for his terrorist operations from the sub-Continent to the Far East. At that time also, Bin Ladin was allegedly already finding the security situation in Afghanistan difficult and considered the Pakistani government to be hostile.

Relatedly, Indonesian government officials and security authorities said (not publicly) they believe Al Qaeda operatives ran last year a makeshift training facility near the port city of Poso in Sulawesi. This training facility was allegedly "for foreigners" and "by foreigners".

SINGAPORE ARRESTS

Singapore authorities in December last year arrested 15 persons for terrorism-related activities. Two of those arrested, however, were released on 6 January 2002 on restriction orders with conditions prohibiting them to have any contact with any terrorist organization, to prevent them from deeper and further involvement with the MILF. Investigations disclosed that these two, unlike the 13 others, were not members of the clandestine organization Jemaat Islamiya (JI). However, they donated funds they had collected to the MILF purportedly for its welfare organizations. They both had visited the training camp of the MILF in 1999. They were not, however, known to have undergone any training at the MILF camp.

Eight of those detained were confirmed to have gone to Afghanistan for training in Al Qaeda training camps. Preparations locally for their Afghanistan stint included religious and physical training which were conducted in Negri Sembilan, Malaysia. Covert arrangements for their

entry into Pakistan were made by their leader in Malaysia, Hambali @Nurjaman, @Riduan Isamuddin, a Malaysian permanent resident of Indonesian nationality. These arrangements included false documentation to show that they had been accepted by local religious schools in Pakistan for religious studies. This was the cover that they used to account to their families and employers for their absence from Singapore for periods between three to six months.

All those arrested (13) are members of the clandestine organization Jemaah Islamiyah (JI or Islamic Group). The JI organization in Singapore is part of a larger JI network with cells in Malaysia and Indonesia. The Singapore network reports to a Malaysia-based leadership structure called a regional "shura" (or consultative council). This is essentially headed by Hambali, following the arrest and detention of Mohd Iqbal A Rahman @Abu Jibril by Malaysian authorities in June 2001. Hambali is presently at large and is wanted by the Indonesian and Malaysian police.

The JI organization in Singapore is headed by a leader ("Qoaid Wakalah") and is organized into functional cells or "fiahs". These included cells for fund raising, religious work, security and operations. Among those arrested was Ibrahim Maidin, the leader of the JI in Singapore; and Faiz bin Abu Bakar Bafana, a leading figure in the JI's regional "shura". The rest of those detained were mostly members of the security or of one of the three operations cells so far identified by Singapore authorities. The operations "fiahs" are the cells assigned for terrorist support or terrorism-related activities.

(Police in Singapore, Malaysia and the Philippines point to Hambali as the central figure in the Singapore terrorist plots. They claim that Hambali masterminded the operations through a militant group that is

led by a former religious mentor of Hambali. The Indonesia cleric Abubakar Bashyir has been questioned by Indonesian police but he has denied any role in the terrorist activities.

The following are the findings of the Singapore authorities:

- ❖ The three terrorist cells, composed of ordinary Singaporeans with jobs such as drivers and technicians, had been plotting for years to attack targets in the city state.
- ❖ Eight of those detained were confirmed to have gone to Afghanistan for training in Al Qaeda camps. Preparations locally for their Afghanistan stint included religious and physical training which were conducted in Negri Sembilan, Malaysia.
- ❖ The group was kept secret using code names and code words for communication and appears to have generally kept away from mainstream organizations and their activities;
- ❖ Their terrorism-linked activities began long before the 11 September 2001 attacks in the US. The JI leader in Singapore, Ibrahim Maidin, conducted informal religious classes in the puritanical Wahabi tradition. He used his classes to find recruits. (in the 1990s, Al Qaeda sought to nurture the sympathy of Muslims into a web of support cells around the globe. At least 1,000 Southeast Asian Muslims traveled to Afghanistan in the 1990s for military training) Maidin had gone to Afghanistan for military training in 1993. The surveillance activities of the first JI cell in support of terrorist targeting began as early as 1997. Maidin was

assisted by three Indonesian clerics -- Riduan Isamuddin @Hambali, who is still at large; Abu Bakar Bashir, who returned to Indonesia in 1998; Mohammad Iqbal Rahman, who is currently in Malaysian custody -- who lived in exile in Malaysia and provided the "connective tissue" between the Singapore cell, its brother organizations in Malaysia and Indonesia, and the expertise of Al Qaeda.

- ❖ One of the two developed plans discovered was the targeting of a regular shuttle bus service ferrying what was expected to be US personnel. This plan was conveyed to Al Qaeda leaders by one of those arrested when he went to Afghanistan for training from August 1999 to April 2000. (A videotape of one of the reconnaissance of an MRT station in Singapore and some handwritten debriefing notes in Arabic, were later found in the rubble of an Al Qaeda leader's house in Afghanistan.)
- ❖ Among those found in the suspects' possession were a list of over 200 US companies in Singapore; maps; photos of the Paya Lebar Airbase and aircraft. Other items included two tampered Singapore passports, 15 forged Malaysian and Philippine immigration stamps, night vision binoculars, literature on bomb-making and survival techniques.
- ❖ In September/October 2001, the cell was approached by a group of foreigners to assist in a plan to bomb specific targets in Singapore. The cell members assisted in conducting surveillance of the US Embassy, the Australian High Commission, the British Commission, the Israeli Embassy and other installations.

- ❖ Two of the foreigners - @ "Sammy", an Arab; and @ "Mike", who was described as a trainer and bomb-maker with the MILF, arrived in Singapore in October 2001.
- ❖ One of the JI cells attempted to procure 17 tons of ammonium nitrate, under the direction of two of the foreigners: @ "Mike" and @ "Sammy". Singapore officials revealed that an Arab using the code name @Sammy and a Filipino or Indonesian code named @Mike arrived within weeks to help cell members conduct surveillance of the targets. A videotape of the surveillance was later recovered. It was @Sammy and @Mike who advised the Singapore cell members that they needed 21 tons of ammonium nitrate and urged them to "locate suitable warehouses for a secure site to construct truck bombs".

PHILIPPINE ARRESTS

On 16 January 2002, Philippine authorities arrested Fathur Rohman Al-Ghozi, who admitted to the use of the following aliases: Sammy Salih Jamil, Randy Adam Alih, Edris Anwar Rodin, Abu Sa'ad and Freedom Fighter in different occasions and in different locations in the Philippines and abroad. He was recruited by a certain @ Jamaludin and @ Usaid, both Indonesian nationals, to join the JI sometime in 1992 while pursuing Islamic Studies at Al Maududi, Lahore, Pakistan.

Personal Data

Date of Birth: 17 February 1971

Place of Birth: Kebonzar, Madium, Java Timur,

Home address: same as above

Civil Status: married to Shela Mubin

Tribe and Religion: Jawa

Education

Elementary: Sekolah Dasar 1978-1984

High School: Ma'had Al Mukmin** 1984-1990

Islamic Studies: Ma'had Al Maudidi Lahore (Pakistan)
1990-1995

(** a radical Islamic boys' boarding school in Java established by Abu Bakar Bashir. the school became a funnel for radical Islamic groups in Java, including Laskar Jihad, the most prominent of a cluster of such that have sprung in the last several years.)

Military Training

A certain @Usaid and @Jamaludin, both Indonesians, recruited Al-Ghozi to the Jemaah Islamiyah (JI) while pursuing Islamic Studies in 1992. Thereafter, he was sent to Turkum, Pakistan and Afghanistan borders for military training - one month in 1993 and one month in 1994. Training focused on firearms and explosives.

During the investigation, Al-Ghozi revealed that he:

- ❖ first entered the country in 1996 via the backdoor from Manado, Indonesia to conduct area study/familiarization and to establish contacts within the MILF, specifically in Camp Abubakar. He left the Philippines sometime January 1997.

- ❖ returned to the Philippines in March 1998 and again stayed in Camp Abubakar for one month and went to various places in Mindanao thereafter. It was then that he applied for a Philippine passport under the name of @Edris Anwar Rodin. He returned to Indonesia after six months
- ❖ came back to the Philippines in March 1999 and again visited several Mindanao provinces and went back to Indonesia after 3 months.
- ❖ returned to the Philippines sometime October 2000 and in January 2001, applied for another Philippine passport under the name of Randy Andam Alih. He then proceeded to Malaysia and passed by Singapore on his return to the Philippines. He was allegedly given instructions to procure volumes of explosives at Cebu.
- ❖ arrived in Cebu sometime November last year to procure more explosives. In General Santos, he met up with @Malagat who helped him acquire a storage room for the explosives. He was able to procure all the required explosives, including other devices and stored them at the house of @Malagat in General Santos.
- ❖ arrived in Manila on 12 January 2002 for his scheduled flight to Bangkok on 15 January.
- ❖ identified several personalities as members of the JI cells operating in the Philippines, including a member of the Moro Islamic Liberation Front (MILF) special operations group (SOG) involved in the December 2000 Metro Manila

bombings. (To recall, the day after bombs exploded in five crowded areas in Metro Manila on December 30, 2000, somebody calling himself "Freedom Fighter" called up a newspaper office and claimed responsibility for the incidents that left more than 20 people killed and about 100 others wounded. "Freedom Fighter" also called the Metro Manila regional headquarters of the Philippine National Police for the same reason. Monitoring of his mobile telephone number revealed that he had received and made calls to and from Malaysia before the bombings. One of the telephone calls would be traced after one year, to the cell phone of Faiz Bin Bakaar Bafana, one of the alleged key leaders of the JI arrested in Singapore.

Al-Ghozi is believed to be a key leader of the operational units of JI in Singapore and Malaysia that direct the terrorist activities of several cells in these countries. Subject went to Singapore in October 2001 together with one JI member, Jabaran Mohd Mansour @Sammy to assist said cells in the preparation for the bombing of the targets in Singapore.

At least one year prior to his arrest in Singapore, Al-Ghozi was already under surveillance by Philippine authorities since the calls "Freedom Fighter" made were traced to him. He was also in and out of the country using at least seven aliases. Last year, while he was in Cebu City, explosives suppliers in the area had reported a "man who wanted to buy an unusually huge amount of explosives". Nevertheless, up to that point, Al-Ghozi was being trailed only because of the information linking him to the yearend 2000 bombings. By the first week of January, however, police operatives were able to identify who "Freedom Fighter" was.

Meanwhile, Singapore was looking for two foreigners who were "directing" the operations of the JI thereat. One was an Arab while the other was (the Singaporean authorities were not sure at that time) either a Filipino or Indonesian. Close intelligence coordination between the Philippines and Singapore resulted in the subsequent arrests. Two other Indonesians are wanted by the Philippine police for their suspected links to Al-Ghozi.

THE MALAYSIAN CONNECTION

Malaysian officials first uncovered evidence of their Al Qaeda cell in May 2001 when two alleged terrorists were killed and a third was wounded during a failed bank robbery. Further investigation resulted in the arrest in Malaysia in April 2001 of Mohammad Iqbal Rahman, an Indonesian cleric who is allegedly a leader of the Al Qaeda network.

Kuala Lumpur authorities were able to establish that the Malaysian cell members were from a local extremist group called the Kumpulan Militan Malaysia (KMM), which appears to have at least an indirect link to the September 11 attacks and the October 2000 suicide bombing in Yemen of the USS Cole. One of the September 11 skyjacker, Khalid Almihdhar, was videotaped in January 2000 attending a meeting in Kuala Lumpur with a man later identified as a suspect in the Cole attack. During his visit, Almihdhar stayed at an apartment outside Kuala Lumpur. Another September 11 skyjacker, Nawaf Alhazmi, who traveled with Almihdhar, also may have stayed there. Malaysian authorities are also trying to determine whether the cell also had links to Zacarias Moussaoui, a French citizen of Moroccan descent who was

indicted in Virginia in December 2001 for his alleged involvement in the September 11 plot. Moussaoui, who carried a forged letter of introduction from a Malaysian export company when he was arrested in Minnesota in August last year, visited Malaysia twice, in September and October 2000.

In August of the same year, Malaysian Taufik Abdul Halim bungled the bombing of a shopping mall in Jakarta, was wounded and was arrested. Authorities traced him back to Malaysia and a second round of arrests of KMM members followed. The Malaysian Foreign Minister said the KMM was planning to attack a US naval vessel during a rest stop in Malaysia but that the plot was uncovered before September 11.

A third round of 15 arrests was pursued in Malaysia in December 2001 and early January 2002 in the wake of the Singaporean roundup. At this time, the Malaysian government said it has arrested a total of 47 suspects linked to KMM and believes that more remain at large.

The Malaysian Inspector General of Police said that 19 of the 23 KMM members arrested so far had received training in Afghanistan and the southern Philippines at the Obaida and Abubakar MILF camps in Mindanao. (This was, however, denied by the MILF, with the Front's spokesman Eid Kabalu saying the only possibility is that the 9 KMM members could have disguised themselves as Bangsa Moro people to enter the MILF camps and receive training".)

THE ARRESTS IN SINGAPORE, MALAYSIA AND THE PHILIPPINES

1. The JI regional structure appears to closely resemble that of al Qaeda's vertical and horizontal organization - with an amir as the head and shuras in various countries integrated

in a regional shura. The 13 who were arrested in Singapore all reported to a regional shura or council, of Al Qaeda leaders in Kuala Lumpur. The units under the regional majlis shura also mirror the Al Qaeda units, in both structure and modus operandi.

2. The suspected Al Qaeda Southeast Asian cells operated much like those that were secretly formed to hijack and crash four US passenger aircraft last September, as well as the cells that detonated deadly truck bombs at the US embassies in Kenya and Tanzania in August 1998.

- 2.1 as in earlier cases, the cells had patiently cased and surveilled potential targets over a period of years. Although it is unclear when they planned to strike, the groups clearly sought to hit multiple targets.

- 2.2 the profiles of those arrested are remarkably akin to the September 11 perpetrators - middle class, well educated, trained in Afghanistan and methodical in their plans to bomb multiple western targets. Al Qaeda commanders (in this case @Sammy and @Mike) maintained close control when the cells were activated.

- 2.3 What those arrested had in common was the religious tenet that calls the US an enemy of Islam and a belief that God would reward them for waging a global jihad. Those beliefs led the men to embrace fanatical secrecy. Even their families, friends and employers were not privy to their

activities. (this "ideology" has become a convenient cover for their pursuit of terrorist activities. While their leaders deny having links with Bin Ladin and Al Qaeda, they profess to support his (Bin Ladin's) ideals and that "if there is any network, it is one of faith".)

3. the existence of the network in Singapore came as a surprise to terrorist authorities and experts in the region because the island state maintains a militant police force and a powerful domestic intelligence service.
4. the Singapore investigations revealed how patiently and quietly Al Qaeda extended its reach in this country. While Al Qaeda fund-raising and support cells were believed to be active in Malaysia and Indonesia as well as in establishing links with extremists in the Philippines, there was no previous evidence of a network in Singapore. Singapore has been considered one of Asia's more stable countries and an unlikely focal point for Islamic extremism despite a 15% Muslim population.
5. the Singapore arrests is the first evidence that Al Qaeda was actively fostering connections between these local groups and planning to use them for something more than logistics.
6. the unraveling of the terrorist network in Singapore, which is still ongoing, has raised concerns in Washington that Asia-based terrorists might be able to evade screening processes used by American security and immigration authorities. Those efforts have hitherto focused largely on Arabs and

North Africans. There are fears that the next terrorist attack in the us could be carried out not by an Arab commando but by an Asian or even by an African, who would be less likely to arouse suspicion.

A NEW TREND OF TERRORISM

With the flurry of arrests of suspected Al Qaeda members in Malaysia, Singapore, the Philippines and Indonesia in recent weeks, Southeast Asian governments may now be gearing up for a different form of terrorism, unlike those wrought by traditional insurgencies for decades.

While some governments remain skeptical, questioning of those apprehended indicates that they were operating under the Al Qaeda umbrella, with most of them targeting US and other Western installations, and in the long term, planning the overthrow of governments in the region.

The multiple arrests in Singapore, Malaysia and the Philippines may have uncovered a large and relatively unknown network of sleeper cells in Southeast Asia. With common denominators established, they could indeed be part of a regional terrorism network operating under the aegis of a suspected Al Qaeda group, the Jemaah Islamiya. This group is conceivably the instrument which will connect renegade terrorist elements in various countries in the region. The JI reflects a new trend in terrorism in that it has operated surreptitiously for years with the cell members waiting for their operations to be activated. Even before it was established or gained a foothold in the region, the members of this network have already been busy working across borders. Conceivably, the JI is a regional organization less concerned with domestic goals than

cross-country cooperation. The big question for the Philippines is how many of these Al Qaeda-linked cells and personalities still remain out there, at large. It is a known fact that at least two Indonesians and several Filipinos have eluded arrest and now on the run are going deeper underground.

There is a definite and continuing link between international terrorist groups and personalities with local separatist/extremist groups in the south like the ASG and some fringe elements of the MILF. In the words of a foreign journalist, "local groups create a very conducive host environment for foreign terrorists. There is already an infrastructure for them to plug into." While no evidence has been acquired suggesting that the MILF is an active participant in the political agenda of the JI to create a regional Islamic state from out of Malaysia, Indonesia, Singapore, the Philippines and possibly Brunei, this cannot be discounted either. The MILF's advocacy for a limited independent Islamic state in Mindanao is probably imposed by its need to obtain the support of neighboring Malaysia and Indonesia.

SHIFTING CENTER OF GRAVITY OF TERRORISM FROM THE MIDDLE EAST TO ASIA?

Attention is now being focused in Southeast Asia as the new center of gravity of terrorism. It has been posited that after the September 11 terrorist attacks in the US, and with the US-led war on terrorism in Afghanistan significantly disrupting Al Qaeda's tentacles in the US, Europe and East Africa, Southeast Asia is becoming a fertile breeding ground for Osama Bin Ladin's terrorist network. This "terrorist migration" to Asia is also traced to the reduction in state-sponsored terrorism across the Middle East.

Bin Ladin's interest in the region, however, is not a new discovery. Long before these arrests, it has already been established that Bin Ladin's anti-western, pan-Islamic message began attract adherents in Asia in the early 1990s. This was in most part traced owed to funding from Saudi Arabia for conservative religious schools, especially in Indonesia. These schools introduced the strict, militant Wahabi form of Islam into an environment that is historically different. Partly as a result, militant Muslims in the region have called for the creation of a strict Islamic state in the host countries, or in the extreme, a Islamic state that would include Malaysia, Indonesia, the southern Philippines and perhaps Singapore and Brunei.

However, before the mid-1990s, Asia's Islamic militants were perceived as disparate groups concentrated merely on domestic issues. But the terrorist plots that were hatched in the region as well as the operations of Ramzi Ahmed Youssef and company in the Philippines may have spawned homegrown militants who have grown international. According to a Philippine police official who led a counter-terrorism unit at that time, "since the 1994 operation, Al Qaeda's cell in Southeast Asia has never really been broken and this has contributed to the rapid expansion of Islamic extremism in the region". The Asian financial crisis in 1997 and the subsequent political crises in Indonesia, Malaysia and the Philippines fuelled a rise in Islamic militancy.

The recent regional arrests attest to indications that in Asia, a network of cells and support structure remain intact. And as Southeast Asian intelligence and law enforcement agencies intensify their efforts, either unilaterally or jointly, to crackdown on extremists linked to Bin Ladin's terrorist organization, they are increasingly becoming aware that Al Qaeda's roots are much deeper and its reach much wider than previously suspected.

The unsuccessful plot against US targets in Singapore, however, is the first operation that concretely links the disparate local groups to Bin Ladin's global network.

AN ASIAN RESPONSE

Amid evidences and projections that terrorist groups are now crossing borders, anti-terrorist activities must necessarily also work across borders. The arrest of suspected Al Qaeda members in Malaysia, Singapore and the Philippines in recent months were effected largely through intelligence sharing and cooperation among regional police units. Governments must now recognize the need to share information in a coordinated manner across borders to fight this new form of terrorism. But it must be borne in mind that governments in the region are battling a multinational network equipped with modern and sophisticated technology. Moreover, with 40 different nationalities, Al Qaeda operates globally as a network with many subsidiaries and is geared to take full advantage of freedom and technologies offered by democracies and a modern globalized economy.

While the growing Southeast Asian network is increasingly becoming clearer to anti-terrorist practitioners in the region, there are still skeptics who view extremist groups in isolation and not part of an organized network. Nonetheless, as aptly put by a journalist: "it remains to be seen if the ongoing development will evolve into something more concerted and more collective in nature. But if the scope of the violence expands beyond the traditional boundaries and stated aims of the radical groups here, regional governments will be hard pressed to take up something that they have never done before - working together as if their lives depended on it."



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INTERNATIONAL TERRORISM: TRANSNATIONAL LINKS IN SOUTHEAST ASIA

“The Second Front Discourse: Southeast Asia and the Problem of
Terrorism”

by

Dr. Rizal Sukma
Director of Studies
Centre for Strategic and International Studies (CSIS)
Jakarta, Indonesia.

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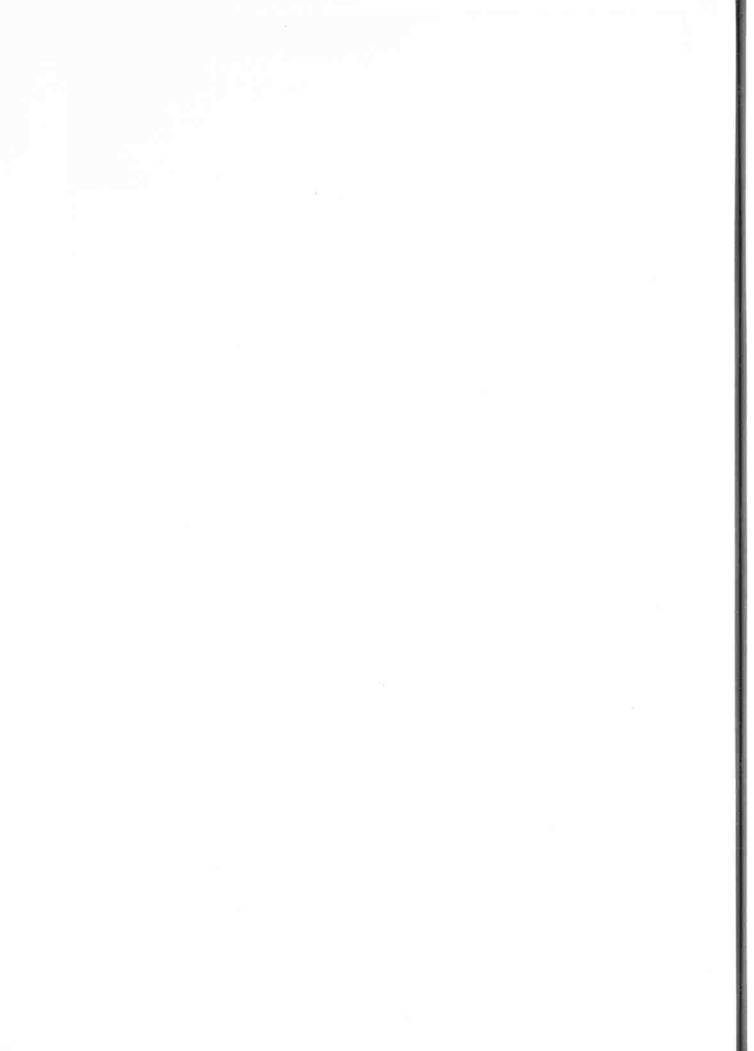


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THE SECOND FRONT DISCOURSE:
SOUTHEAST ASIA AND THE PROBLEM OF TERRORISM

Rizal SUKMA
CSIS, Jakarta

Paper presented at the 16th Asia-Pacific Roundtable
Organised by ISIS-Malaysia and ASEAN-ISIS
Kuala Lumpur, 2-5 June 2002

Introduction

When the United States (US) was strike by the horrific terrorists attacks on September 11th, it was realised that the impacts would soon be felt across the globe. Many were correctly convinced at the time that Washington would soon retaliate against those it believed to have orchestrated the attacks. Indeed, the US immediately declared war on terrorism and undertook swift military action against the Al-Qaeda led by Osama bin Laden and the Taleban regime in Afghanistan. The paramount importance of the issue for the US was, and still is, reflected clearly in dramatic changes in the calculus of American foreign policy priorities and interests. Central and South Asia, almost forgotten since the collapse of Russian occupation in Afghanistan following the end of the Cold War, now occupies an important place in American foreign and security policy. However, it does not stop there. As President George Bush promised, "Our war on terrorism begins with al-Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated."¹

If Central Asia constitutes the frontline region in American war against terrorism, the second front seems to be Southeast Asia. Speculations about the place of Southeast Asia in American war against terrorism soon ensued. It has been declared, for example, "Southeast Asia will be another important front in this war."² It has been suggested also that "one frontier in the next round [in the fight against global terrorism] will likely be Southeast Asia."³ At official level, it was reported that the Bush administration has

¹ President George Bush Address to a Joint Session of Congress, 20 September 2001, available at <http://www.whitehouse.gov/news/releases/2001/09/20010920-8.html>

² Dana R. Dillon and Paolo Pasicolan, "Southeast Asia and the War Against Terrorism," *The Heritage Foundation's Backgrounders*, No. 1496, 23 October 2001, p. 1.

³ Chatarin E. Dalpino, "Southeast Asia: A Second Front," *Knight Rider Newspapers*, 21 December 2001, found at *Taiwan News.com*, accessed on 21 February 2002.

identified Indonesia as "a place of interest."⁴ And, together with the Philippines and Malaysia, Indonesia was reportedly named as "potential Al Qaida hubs" by the U.S. State Department.⁵ When a number of suspected terrorists were arrested in Malaysia, Singapore, and the Philippines, such speculations seemed to have been confirmed. And, due to the American concerns about the presence of trans-national terrorist links in Southeast Asia, the region is now once again given more attention by foreign and defence policy makers in Washington.

This paper seeks to discuss the problem of terrorism in Southeast Asia, and its alleged links with transnational groups. Why did the description of Southeast Asia as a "second front" in the war on terrorism emerge? How did the region react to it? What is the nature of the problem in this "second front" region? Is there a transnational link of terrorism in Southeast Asia, particularly in Indonesia? How have regional countries, individually or collectively, dealt with the problem? The discussion is divided into three sections. The first section examines how the discourse on Southeast Asia as a "second front" has come about. The second section looks at the status of the current debate on the nature of the problem. It also touches upon the regional reactions to the problem, especially in Indonesia, Malaysia, and Singapore. The third section examines whether there are really compelling reasons to turn Southeast Asia into a second front in global war on terrorism.

The "Second Front" Discourse: Origins and Characteristics

The "second front" discourse has emerged out of five main factors. First, among American observers, media, and policy-makers, the notion of Southeast Asia as a "second front" has always been linked to, and emerged out of, the fact that the region is home to the largest Muslim nation on earth, namely Indonesia. It is also linked to the fact that Muslims are the majority in Malaysia and constitute significant minorities in the Philippines and Thailand.⁶ This reality is seen as an important context for understanding the problem of terrorism in Southeast Asia, because "many of the terrorists and

⁴ See, David L. Philips, "The Next Stage in the War on Terror," *International Herald Tribune*, 23 March 2002.

⁵ Michael Richardson, "Southeast Asia Bars Help of U.S. Troops," *International Herald Tribune*, 4 December 2001.

⁶ See, for example, Dillon and Pasicolan, "Southeast Asia and the War Against Terrorism," Dalpino, "Southeast Asia: A Second Front; and Angle M. Rabasa, *Southeast Asia After 9/11: Regional Trends and U.S. Interests*, Testimony presented to the Subcommittee on East Asia and the Pacific House of Representatives Committee on International Relations on December 12, 2001 (Santa Monica: RAND, 2001).

militant groups are associated with radical Islamic ideologies.”⁷ The tendency to see the region as the “second front” in the war on terrorism is further reinforced by the believe that “the deterioration of economic and social conditions after the economic crisis in Southeast Asia and the associated political upheaval in Indonesia has produced an environment favourable to the activities of terrorists, radical groups, and separatists.”⁸ In other words, the combination of Islam and crisis-generated economic and political hardship is seen as a logical reason why Southeast Asia might become an ideal place for terrorism and terrorists to flourish.

Second, concerns outside Southeast Asia over the possible presence of terrorists and terrorist network in the region also centre around the existence of active separatist movements. In Indonesia, it has been argued that the possible presence of terrorists is made possible by what is seen as Islamic-based separatist movement in Aceh. The Free Aceh Movement (*Gerakan Aceh Merdeka*, GAM) in the region is often misperceived as an Islamic fundamentalist-driven rebellion against the central government in Jakarta with the object of establishing an exclusive independent Islamic state. The Philippines, with the existence of secessionist aspiration in Mindanao, is also confronted with this problem. In that context, it has been maintained that “Mindanao in the Philippines and Aceh in Indonesia are particular targets of concern in a counter-terrorism campaign.”⁹ When similar separatist aspiration in Papua and South Maluku is not seen as a potential source for terrorism, it is not difficult to see that the notion of Southeast Asia as a “second front” in the war against terrorism has been linked more to the Islamic factor rather than to separatism *per se*. In that context, Islam has been unfairly and unfortunately equated with terrorism.

Third, the concern is also set within the context of the growing role and influence of militant Islamic groupings in Indonesia, Malaysia, and Singapore.¹⁰ In Indonesia, the phenomenon is often linked especially to Laskar Jihad and the Islamic Defenders Front (FPI). Central to the concerns over these groupings has been the Indonesia’s Mujahidin Council (MMI) led by Abu Bakar Ba’ashir. The activities of Laskar Jihad in Maluku is also often cited as the main reason for concern. Commenting on the situation in Indonesia, for example, an American official believed that the local groups “have created a very conducive host environment for foreign terrorists.”¹¹ In

⁷ Rabasa, *Southeast Asia After 9/11*, p. 4.

⁸ *Ibid.* See also Dalpino, “Southeast Asia: A Second Front.”

⁹ *Ibid.*

¹⁰ For this argument, see for example, Sheldon Simon, “The War on Terrorism: Collaboration and Hesitation” Pacific Forum CSIS Comparative Connections, 1st Quarter 2002, available at http://www.csis.org/pacfor/cc/0201Qus_asean.html

¹¹ Rajiv Chandrasekaran, “Al Qaeda Feared To Be Lurking in Indonesia,” *Washington Post*, 11 January 2002.

Malaysia, the concerns have been driven by, and focus around, the activities of militant groups such as Al-Maunah and the so-called Kumpulan Mujahidin/Militan Malaysia (KMM). In Singapore, there have been concerns over the activities of a militant group called the Jemaah Islamiyah (JI).

The fourth argument, which appeared to have strengthened the first three linkages (Islamic majority, separatism, and militant Islam), is the arrests made in Singapore, Malaysia, and the Philippines of citizens of the three countries and Indonesia for their alleged involvement in terrorist activities. Singaporean authorities, for example, have arrested 13 people accused of planning the attacks on American and some other Western countries' embassies in the country. In Malaysia, the authorities have arrested at least 40 members of KMM, including scores of people suspected of having built connections with the Al-Qaeda. In the Philippines, several Indonesians were arrested either for alleged involvement in series of terrorist activities both in the Philippines and in Indonesia or for having ties with international terrorist network. The confession by several detainees in Singapore, and particularly in the Philippines, seemed to confirm that some form of regional terrorist network do in fact exist in the region.

Finally, in its immediate context, the concerns over terrorist threat in Southeast Asia have also been perpetuated by the surge of anti-American sentiment among sections of the Muslim community in the wake of September 11 attacks, and then after American military campaign in Afghanistan since 7 October. The concern was particularly linked to the situation in Indonesia where hundreds of Muslims, especially from the FPI group, launched daily street protests in front of American Embassy in Jakarta. The worry was then strengthened by threats issued by some militant groups to "sweep" American citizens and interests in Indonesia. Indeed, when images of angry protesters with posters of Osama bin Laden on display was televised on daily basis, even though in practice the threats were not carried out, the impression was created that Indonesia's Islam was undergoing a radicalisation process.

The Current State of the Debate: Trans-National Links in Southeast Asia?

Despite such arguments, are there really compelling reasons to transform Southeast Asia into a second front in the war against terrorism? What is then the nature of the problem in Southeast Asia that warrants the region to be labelled as the second front in the global war against terrorism? Is there an extensive trans-national link of terrorists in the region, especially with *Al-Qaeda*? There are no easy answers yet to these questions. Until today, the debate on this issue within the academic community, media and among the governments has been far from being conclusive. While few would deny

the existence of acts of terrorism in Southeast Asia and some forms of links among the terrorist groups in at least four ASEAN countries (Indonesia, Malaysia, Singapore, and the Philippines), there is still an ongoing debate regarding the presence and influence of transnational terrorist networks in the region.

Indeed, within the academic community and observers, the views are divided between those who believe about the presence of trans-national terrorist links and those who doubt it. The first body of opinion strongly claims that Southeast Asia is indeed a place where transnational terrorism has flourished and established a toehold. It has been claimed, for example, that "what one finds in Southeast Asia is an international terrorist network as well-grounded, well-supported, far-reaching and threatening as al-Qaeda..."¹² A similar claim is also made that "many terrorist organizations in the region in fact have close and long-running connections not only with each other, but to Osama bin Laden's *al-Qaeda* as well."¹³ Even before the September 11th, experts had claimed that "there are plans by Al-Qaeda, which is already funding and training a few Islamist groups in Indonesia and Malaysia, to widen and deepen their influence in the region."¹⁴

Such belief in the presence of Al-Qaeda in Southeast Asia has been particularly strong in the case of Indonesia. An analyst from the Heritage Foundation in the US, for example, bluntly charged that "Indonesia has built a reputation as a refuge for terrorists fleeing U.S. wrath" because "with its 14,000 islands, its weak, corrupt central government, and its status as the most populous Muslim country on earth, it likely would be a destination for terrorists under any circumstances."¹⁵ Media reports also claim that "the United States believes dozens, possibly hundreds, of al Qaeda fighters have slipped out of Afghanistan into Indonesia...."¹⁶ It has been reported also that "since the Sept. 11 attacks on New York and the pentagon, signs of al Qaeda activity in Indonesia have multiplied."¹⁷ In short, in the wake of 11

¹² Reyko Huang, "In the Spotlight: Jemaah Islamiyah," *CDI Terrorism Project*, 1 April 2002, can be found at <http://www.cdi.org/terrorism/ji-pr.cfm>, accessed on 31 May 2002.

¹³ Reyko Huang, "Al Qaeda in Southeast Asia: Evidence and Response," *CDI Terrorism Project*, 8 February 2002, can be found at <http://www.cdi.org/terrorism/sea-pr.cfm>, accessed on 29 May 2002.

¹⁴ Rohan Gunaratna, quoted in Li Xueying, "Region 'New Theatre' of Muslim Terrorist Ops" *The Straits Times*, 20 August 2001.

¹⁵ Dana Dillon, "Another Afghanistan?" *National Review Online*, 8 April 2002, can be found at <http://www.nationalreview.com>, accessed on 19 May 2002.

¹⁶ Gay Alcorn, "US Push to Hunt Indon al Qaeda," *The Age*, 22 March 2002, found at <http://www.theage.com.au/articles/2002/03/21/1016701778590.html>, accessed on 19 May 2002.

¹⁷ Rajiv Chandrasekaran, "Al Qaeda Feared To Be Lurking in Indonesia," *Washington Post Foreign Service*, 11 January 2002, found at <http://www.washingtonpost.com/ac2/wp-dyn>.

September, media reports "have pointed to connections between these [local] groups and transnational terrorist networks such as Al Qaeda, the organisation headed by Osama bin Laden."¹⁸

The second body of opinion, however, expresses some doubts about the presence of terrorist transnational links of global proportion in Southeast Asia as merely rough speculation without compelling evidence. Tim Dodd of the Australian Financial Review, for example, acknowledged that "in Indonesia, the extent of links with Al Qaeda are unclear" and "there is still no hard evidence that Al Qaeda exists there in an organised way."¹⁹ Harold Crouch wrote that "It is probable that radical Islamic groups have received financial support from Qaida. But evidence is lacking to show that such links have decisively influenced their behaviour." Referring to Southeast Asia, Donald Emmerson asserted that "seen, then, in their unique and differing local contexts, one must seriously doubt if not dismiss Al Qaeda as a reason for the existence and activities of these various [local Islamic militant] groups. Nor have I found convincing evidence that they are capable of, or even interested in, acquiring 'global reach' in the sense of threatening the United States..."²⁰ In a more specific reference to Indonesia, a Canadian scholar argued that there is no "sufficient evidence that foreign organizations such as al-Qaeda have established bases or significant affiliate organizations in Indonesia."²¹

Similar debate on the issue among governments of key countries in the region also reveals difference of opinion. Singapore, for example, believes that Southeast Asia is not immune to the threat posed by international terrorist organisations in cooperation the local and regional ones and that the threat has already arrived in the region. In a recent IISS seminar in Singapore, for example, Senior Minister Lee Kuan Yew recently reiterated his warning of a major threat by al-Qaeda linked terrorists in Southeast Asia.²² Similar view is also voiced by Prime Minister Goh Chok Tong who said that "many of the terrorist groups in South-east Asia have established links with

See also, Raymond Bonner and Jane Perlez, "Qaeda Moving Into Indonesia, Officials Fear," *The New York Times*, 22 January 2002.

¹⁸ Chris Wilson, *Indonesia and Transnational Terrorism*, Current Issues Brief No. 6 2002-2, Department of the Parliamentary Library, Canberra, 11 October 2001, p. 1.

¹⁹ Tim Dodd, "Shadows of Doubt Frustrates Al Qaeda Connection," *Australian Financial Review*, 30 January 2002.

²⁰ Donald K. Emmerson, *Southeast Asia and the United States Since 11 September*, statement prepared for a hearing on "Southeast Asia After 9/11: Regional Trends and U.S. Interests" organized by the Subcommittee on East Asia and the Pacific, Committee on International relations, U.S. House of Representatives, Washington, DC, 12 December 2001.

²¹ Christopher Dagg, "Religion and Politics," paper presented at Canadian Consortium on Asia Pacific Security (CANCAPS) 9th Annual Conference, University of British Columbia, Vancouver, 7-9 December 2001, p. 4.

²² *The Jakarta Post*, 1 June 2002.

Osama's Al-Qaeda group."²³ Malaysia, described by one U.S. official as "a perfect place for terrorist R. and R,"²⁴ has rejected the speculation that Southeast Asia has become a hotbed for international terrorism. However, while authorities acknowledge a regional linkages, it sees that the problem can be largely dealt with at national and regional level. Prime Minister Mahathir, for example, is reported to have rejected the demand by the US to hand over suspected terrorists by saying that they "are directing their attacks at us, and we can take care of them. They are not attacking the United States."²⁵ And indeed, Malaysia has taken firm measures to take care the problem.

The strongest rejection, however, has come from Indonesia. The government, for example, has repeatedly denied and refuted any suggestion that international terrorist organisations have penetrated the country. Foreign Minister Hassan Wirayuda, for example, repeatedly said that the government did not have any evidence that Muslim organisations in Indonesia were part of an international terrorist network.²⁶ Indonesia even rejected the allegations that it "was home to groups or individual who were part of a regional terrorist network."²⁷ Like Malaysia, Indonesia sees the tackling of the problem does not need outside intervention, especially from the US, and should be dealt with at both national and regional level. Defense Minister Matori Abdul Djilil made it clear recently that "in helping Indonesia to combat terrorism, there is no need for American troops to be in our territory."²⁸

However, unlike Malaysia, Indonesia is seen to have been far behind its neighbours in uncovering local terrorist network. The country is seen as being not interested in pursuing the issue of terrorism, and therefore has been accused of being too slow, and uncooperative.²⁹ An American analyst remarked: "the Americans are keeping a scorecard for what is being done in Asia. Singapore, Malaysia and the Philippines are getting almost-perfect scores for reining in the terrorists. In contrast, the Indonesians have got a big fat goose egg for not trying hard enough."³⁰ Such Indonesia's attitude inevitably frustrated and created uneasiness among its ASEAN partners,

²³ Prime Minister Goh Chok Tong's speech at the dialogue session with union leaders/members and employers on Sunday, 14 October 2001 at Nanyang Polytechnic, Singapore.

²⁴ Quoted in Simon Elegant, "Eye of the Storm," *Time*, 11 February 2002, p.13.

²⁵ Sheldon W. Simon, "Mixed Reactions in Southeast Asia to the U.S. War on Terrorism," *Comparative Connection*, CSIS/Pacific Forum, Honolulu, October-December 2001.

²⁶ Bonner and Perlez, "Qaeda Moving Into Indonesia."

²⁷ "Terrorist? Jakarta 'yet to see proof', *The Straits Times* 22 January 2002

²⁸ *Kompas*, 1 June 2002.

²⁹ *The Jakarta Post*, 9 January 2002.

³⁰ *The Straits Times*, 20 January 2002.

prompting them to urge Jakarta to take note of security implications of transnational terrorism.³¹

Should Southeast Asia Be Turned Into A "Second Front"?

The status of the ongoing debate clearly demonstrates that the evidence about the presence of international terrorist network in Southeast Asia, while not entirely absent, is still murky. In that context, before rushing to a conclusion, one should examine whether there are really compelling reasons to suggest that Southeast Asia should indeed be made a second front in the global war against terrorism. That would require a closer examination of arguments put forward by proponent of "second front" discourse. And, as much of the worry and attention on this issue has been directly towards Indonesia, the analysis in this section will be primarily focused on the predicament of Indonesia in dealing with the problem of terrorism.

First, as discussed earlier, the argument is based on what might be called as geographic and religious profile factor. The fact that Southeast Asia is home to 20 percent of the world's 1.2 billion Muslims is assumed to have the potential to become a breeding ground for terrorists. Combined with the problems of economic deprivation, social ills, and bad governance, the Muslims are then seen as more terrorist-prone than people of other faith. In other words, we are told that the presence of Muslims in such a huge number—especially when poverty lurk at the background—should be taken as a significant reason why we should worry about Southeast Asia. The hidden, and even more dangerous assumption behind this line of analysis, is that Muslims, especially when they are poor, are potential terrorists.

Such analysis has two obvious flaws. First, it ignores both the nature and characteristics of Islam in Southeast Asia. Islam in Southeast Asia has always been tolerant and pluralistic, and not a monolith force. Islam in Southeast Asia tends to play a positive role in creating a peaceful co-existence with other religion. Despite the presence of militant groups, it is highly unlikely that the majority of Southeast Asian Muslims would embrace a radical interpretation of Islam commonly found in the Middle East and South Asia. Second, in terms policy implications, the analysis risks a serious misleading. If one points to poverty as the cause of terrorism, it is still understandable if one argues that in order to eliminate terrorism then one needs to eliminate terrorism. However, the logic would become erroneous when it comes to Islam. Only an extreme lunatic would argue that terrorism can be eliminated by eliminating Islam itself.

³¹ *Jakarta Post*, 2 January 2002.

Second, proponents of the "second front" discourse also point to the existence of Islamic-based separatist movement in Southeast Asia as a cause for concern in global war on terrorism. This kind of assessment is also influenced by a hidden assumption that Islam does provide the potential for terrorism. As mentioned earlier, when one is not worried that terrorism might emerge out of the Papuan aspiration for independence, it is not difficult to see that the concerns over separatist tendencies in Mindanao and Aceh has to do with the fact that Islam constitutes the majority religion of people in both regions. Moreover, especially in the case of Aceh, it is always forgotten that Islam *per se* has never been the basis for the Free Aceh Movement (GAM). It is a ethnic-nationalist secessionist movement rather than a religious one. Their armed struggle is directed against the government of the Republic of Indonesia and its security forces rather than against civilians. GAM has not even moved the theatre of operation beyond Aceh.

Third, the need to open a second, Southeast Asian front in war on terrorism is also framed in terms of the growing role and influence of militant Islamic groupings, especially in Indonesia. Here, one should be careful not to equate militancy or militant politics with terrorism. The two are quite different: the first often reflects a form of political and social opposition, the later often abuses religion or spiritual belief, Islam or otherwise, to justify unacceptable violence acts. A noted Indonesian Muslim leader, Syafii Maarif, explain the issue in these terms:

No one denies the existence of radical groups in Indonesia. However, it is important not to equate "radicalism" with "terrorism." While the former refers to a set of attitude and ways to express it, the latter clearly embraces criminal acts for political purposes. As a set of attitude, radicalism may or may not turn into terrorism. Dealing with the two requires a different set of actions. Radicalism is an intra-religious problem that should be dealt with by the Muslim community itself. Meanwhile, terrorism is a global phenomenon that requires a global effort to combat it. And, such efforts should not be linked to any religion. Terrorism is simply a despicable criminal act, committed by evil people against humanity.³²

Indeed, the emergence of many militant Islamic groups in Indonesia is better understood within the context of grievances directed against the oppressive state policy during the New Order period, against social and economic problems, and against the perceived and actual injustice in the

³² Ahmad Syafii Maarif, "Islam and the Challenge of Managing Globalisation," paper presented at Trilateral Commission Task Force Meeting on Islam and Globalisation, Washington, D.C., 6-7 April 2002.

society. In that context, many of these groups are the product of decades of bad governance, the absence of democracy, home-grown, and serve as a domestic rather than an international player. Indeed, a perceptive scholar has aptly stated that "dealing with [militant groups] intellectually is the task for moderate Muslims."³³ If such groups resort to violence in expressing their demands, the problem should be dealt with through the corridor of law enforcement, rather than through the use of military might.

Fourth, the surge of anti-American sentiments, particularly after American attacks on Afghanistan has also been taken as a sign of growing threat of terror. Here, it is important to note that such sentiments, as expressed in the streets of Jakarta during American military campaign in Afghanistan, was more an expression of a feeling that Muslims once again were victims of American and Western unjust policies towards the Muslim world, rather than an expression of support for Osama bin Laden. It has been noted, for example, "there is a role of US foreign policy in upholding authoritarian regimes such as that of Shah Iran, Saddam Hussein during the Iran-Iraq war, Suharto in Indonesia, the Saudi monarchy, and the present Pakistani government which effectively set up the Taliban. Such support is regarded as collusion in the oppression of the average Muslim."³⁴ Another significant component in this context is the US uncritical support to Israel.

Concluding Remarks

Based on the above analysis, we can conclude that there are no compelling reasons yet to turn Southeast Asia into a second front in global war on terror. The nature of the problem and its scope should be dealt with at national and regional levels. At national level, the prospect of success would be determined among others by the status of economic and political reform, the institutionalisation of democratic politics, greater respect for human rights, the effectiveness of law enforcement, better training and incentive for security forces, the advancement of good governance, better access to education, and the ability of the state to eradicate the sense of injustice within the society. At regional level, bilateral and multilateral cooperation in intelligence-sharing, regular joint exercises among regional police forces, and enhanced cooperation to tackle the problem of trans-national crimes, would contribute greatly to the regional initiative to combat terrorism. For its part, the US can lend its support to facilitate such national and regional agenda.

³³ Kirsten E. Schulze, "Militants and Moderates," *The World Today*, January 2002, p. 10.

³⁴ *Ibid.*, p. 12.



16TH ASIA-PACIFIC ROUNDTABLE

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Monday, 3 June 2002, 1600 –1730 hrs

“THE WMD THREAT: CHALLENGES AND COUNTERMEASURES”

by

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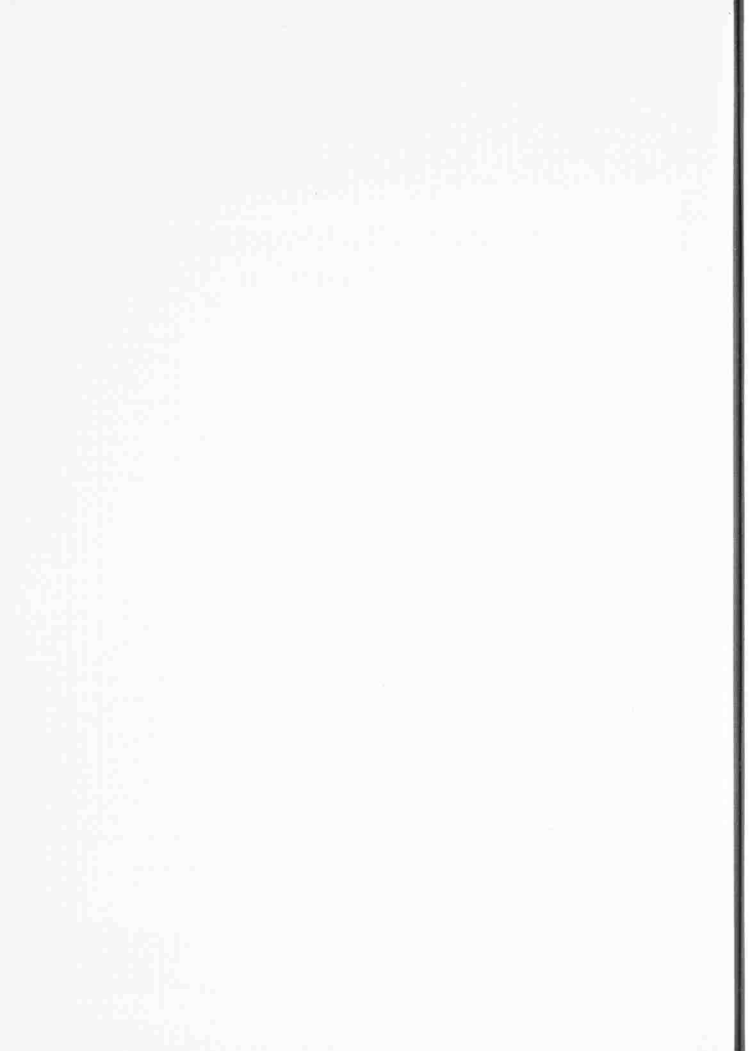


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16th ASEAN-ISIS Asia-Pacific Roundtable
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THE WMD THREAT: CHALLENGES AND COUNTERMEASURES

by
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&

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Victoria University of Wellington, New Zealand.

Introduction

The end of the Cold War just over a decade ago heralded in the minds of many a reduction in stockpiles of Weapons of Mass Destruction (WMD). Unfortunately there is overwhelming evidence that these apocalyptic devices continue to proliferate and that their control remains elusive. It is a regrettable fact that one of the deadly triad of NBC, that is chemical agents, was deployed against civilians in northern Iraq¹ and a doomsday cult mounted an attack using Sarin Gas in an attack on innocent members of the public in the Tokyo subway in 1995.² To add to our collective discomfort some terrorist organisations now appear to have little scruple in adding these ghastly weapons to their arsenals. New Zealand has for many years pursued the control and elimination of nuclear weapons and other WMD through multi-lateral frameworks. Disarmament is a slippery concept and probably at this stage of human development an intangible goal. However, the concept of Arms Control is one of physical accounting and in which therefore there is much room for positive manoeuvre and transparency. A multilateral approach by the world community to Arms Control is favoured as a method by which tensions can be reduced and progress made towards eventual disarmament. This paper explores the experience and contribution of a small nation's campaign to rid the world of Weapons of Mass Destruction.

¹ Whitley, Andrew (Ed.), *Iraq's Crime of Genocide - The Anfal Campaign Against the Kurds*, Human Rights Watch/Middle East, Yale University Press, Bookcrafters, Michigan 1995 pp. 261-265.

Many people will recognise New Zealand's long history of advocacy against Nuclearism. However, there is an older opposition to the use of inhumane weapons - New Zealand demonstrated opposition to chemical and bacteriological weapons by ratifying the Geneva Protocol prohibiting their use in 1930. Likewise the support of many other international agreements including the Antarctic Treaty 1959, the Partial Test Ban Treaty of 1963, the Outer Space Treaty of 1967, the Non-Proliferation Treaty of 1968 illustrate New Zealand's long abhorrence of WMD. In addition to multilateral Disarmament Agreements, New Zealand also sent two Frigates to protest against French Nuclear Atmospheric Testing at Mururoa in 1973. In 1995 HMNZS TUI, a commissioned oceanographic research ship maintained a vigil at Mururoa to condemn French Nuclear Testing. A flotilla of small craft representing New Zealand and international NGO's was also present. New Zealand ratified the Nuclear Non-Proliferation Treaty in 1969, the Seabed Treaty and the Biological Weapons Convention in 1972.

Some may say that New Zealand is set like a jewel in the South Pacific Sea without natural borders and therefore bereft of tensions that beset other small countries with larger powerful neighbours. To a degree this is a fair and reasonable perception. Nonetheless it does take more than mere rhetorical virtue to take a principled stand against ones allies and friends.

Arising from this moral stance and an imbroglio with the United States over the nuclear weapon "neither confirm nor deny" policy of visiting US Naval ships, New Zealand lost her position as an Ally of the United States in 1984. The fallout from this contretemps over ensuing years for a small country has not been entirely comfortable. New Zealand also suffered the outrage of the mining of the Rainbow Warrior in Auckland Harbour in 1984 by agents of the French Government. In 1995 the New Zealand Government went to the International Court of Justice in the Hague to re-open an earlier case condemning French atmospheric testing and to have the 1995 series declared illegal. The matter

² The Economist, "Terror in Tokyo", pp 29-30., 25 March 1995.

received a high degree of international exposure and although the Court did not find in New Zealand's favour on all counts, it did on some and the consequent international odium caused France to cease testing.³ In 1986 New Zealand ratified the Treaty of Rarotonga which established a Nuclear Weapons Free Zone in the South Pacific. The Chemical Weapons Convention was ratified by New Zealand in 1996 and the Comprehensive Nuclear Test-Ban Treaty signed that same year.⁴

New Zealand has worked hard to encourage a co-operative and comprehensive approach to disarmament and arms control across the triad of WMD. A matter for satisfaction that there is some progress was achieved at the Nuclear Non-Proliferation Treaty Review Conference in May 2000 where the nuclear weapon states made an unequivocal commitment to eliminate their nuclear arsenals - this was welcome news indeed but there is obviously a long way to go.

Challenges

The so-called Doomsday Clock, the world's most recognisable symbol of nuclear danger reflects a perception of how close the world is to a cataclysm. At the end of the Cold War the minute hand slipped to a low seventeen minutes to midnight. During the past decade the hand has slowly moved closer to apocalypse (midnight) and presently rests at just seven minutes to the hour - the Bulletin of the Atomic Scientists gravely warns:

Little progress is made on global nuclear disarmament. The United States rejects a series of arms control treaties and announces it will withdraw from the Anti Ballistic Missile Treaty. Terrorists seek to acquire and use nuclear and biological weapons.⁵

³ *French Nuclear Testing in the Pacific*, New Zealand at the International Court of Justice, "Nuclear Tests Case New Zealand v. France (1995)", Ministry of Foreign Affairs & Trade, Wellington, p.7.

⁴ *The New Zealand Politics Source Book*, Levine, Stephen, Harris, Paul (Eds.), 3rd Edition, The Dunmore Press, Palmerston North, 1999 pp. 376-377.

⁵ *Bulletin of the Atomic Scientists*, "Seven Minutes to Midnight", Volume 58, No 2., March/April 2002,

Why is this happening? On the face of things should we not be more sanguine? Existing mechanisms including the CTBT and the NPT tend to reduce the growth and proliferation of WMD in the responsible international community and do exercise a degree of control. Nevertheless, over 30,000 nuclear weapons remain in the hands of China, France, Russia, the United Kingdom and the United States of America – these nuclear weapon states unlike their lesser cousins, the so-called nuclear capable states, possess sophisticated methods of delivery.⁶ Recent agreements by President Bush and Putin suggest a limit of their ready use lockers to between 1700 and 2000 weapons each. Other states including India, Pakistan and Israel are said to be “nuclear capable”, and, in the case of India and Pakistan have conducted a provocative series of tests. India and Pakistan are extraordinarily poor countries notwithstanding their nuclear weapon sophistication. A diplomatic note from the Prime Minister of India inviting General Musharraf and his wife to visit India for the India-Pakistan Summit of July 2001, noted in its opening stanza that “our common enemy is poverty” and “For the welfare of our peoples, there is no other recourse (sic) but a pursuit of the path of reconciliation....”⁷ What has the international community done to aid the deliberations of these two countries? Outside the scrutiny of the international control agency, the International Atomic Energy Agency, (IAEA), Iraq and North Korea apparently aspire to be nuclear capable as well, and their intransigence to independent examination suggests a covert programme to circumvent any control whatsoever. However, the KEDO project in the Democratic Peoples Republic of Korea offers some hope for the peaceful use of nuclear energy.⁸

The ongoing confrontation between India and Pakistan over Kashmir, an unfortunate legacy of Great Britain’s partition of the sub continent, gives much cause for alarm.

pp. 36-37.

⁶ Clark, Rt Hon Helen, Address to 12th Annual CNN World Report Conference (by satellite link to Atlanta Georgia), 30 May 2001.

⁷ Santhanam, K., (Ed.), India-Pakistan Summit, July 14-16, 2001, in Strategic Digest, Institute for Defence Studies and Analyses, Volume XXXI, Number 8, New Delhi, August 2001, p. 1035.

⁸ Mazarr, Michael J., North Korea and the Bomb - A Case in Non-proliferation, MACMILLAN Press Ltd., London 1995. p. 181.

Kashmiris want an end to the ongoing squabbles and power politics irrespective of whether or not India or Pakistan is going to rule.⁹ Unfortunately it is an intractable case requiring a lot more than mere trilateral diplomacy and one in which the international community has a vested interest before these two nuclear capable protagonists escalate the confrontation to a situation where the use of nuclear weaponry is contemplated. In 1999 a scholar noted that if the international community were to ignore the penultimate goal of eliminating nuclear proliferation in South Asia, the arms race will continue unabated, threatening regional security and the lives of a billion people.¹⁰ Although the western powers may use all manner of diplomatic leverage to prevent a major conflagration between these proud protagonists, ASEAN nations in particular will recognise that part of the answer to determining a satisfactory outcome rests in diplomacy brokered by small quiet, respected and understanding regional neighbours – a co-operative and comprehensive approach to security has much to commend it.

To complicate this thumbnail sketch of challenge, the USA has abrogated the ABM Treaty and apparently embarked on a programme of developing anti ballistic missile systems including Theatre Missile Defence (TMD) and National Missile Defence (NMD). Whether or not these systems are practical and reliable defence systems is yet to be demonstrated – early trials suggest that technology is unable to match the concept and rhetoric. The fact that the USA has chosen to embark on this course generates apprehension of an isolationist approach to security and one that has led the USA into tension with China. The Bush administration appears to be embarking on a policy of a smaller but more potent nuclear deterrence “but with a new emphasis on missile defence to compensate for the fact that adversaries might not be deterred in all circumstances”.¹¹ Apart from the obvious moral dimensions is such a programme logical and in the best interests of disarmament? The nexus between Washington’s rhetoric to advance WMD

⁹ Krepon, Michael, Washington Quarterly, “Kashmir: Crisis or Opportunity?”, Spring 2001, Volume 24, No 1., pp 173 – 179.

¹⁰ Samina, Ahmed, “Pakistan’s Nuclear Weapons Programme,” in International Security, Volume 23 No. 4, Spring 1999., p. 204.

¹¹ Wilson-Roberts, Guy, “New Deterrence, Post ABM-Treaty”, in New Zealand International Review, Volume XXVII, No.3, pp. 11- 14.

disarmament unilaterally but to build up a highly antagonistic and aggressive defence posture is deeply flawed.

Recently on 24th May, President Bush and Putin signed a Treaty committing their nations to the most dramatic arms cuts in decades. By the year 2012 the treaty demands that their arsenals will be cut by about two thirds. On the face of it this was good news for the world community. However as reported by several onlookers a number of factors give cause for concern. Critics suggest that Russian deactivated warheads may now be more likely to fall into the hands of terrorists if not properly guarded. There were also American concerns that the Russians would continue to supply nuclear technical know-how to the Iranians. These are legitimate concerns and appropriate control mechanisms need to be put in place to counteract them.¹² However one point that does not seem to have been fully covered is that the warheads that are being deactivated under the treaty are for strategic weapons rather than those required for new generation tactical weapons. Unfortunately tactical weapons are even more perilous in some respects than their larger strategic brothers. Tactical weapons are much smaller and easier to transport and can now be fitted into cruise missiles. Their lethality is no less hideous than bigger mechanisms and because they can be more easily concealed and delivered they present a much more insidious problem of control than their predecessors.

However, it is the development by non-state actors, (often termed terrorists) of various weapons of mass destruction that present the most virulent and unstable challenge to the general security of all in the international community. Many experts have suggested that independent terrorist groups for example do not have the technical expertise or the means of delivering a device to a target area for use. But this is a speculative assessment and one that belies a lack of imagination by those wishing to perpetrate a political crime. September 11 is an awful paradigm even if typical NBC weapons of mass destruction were not used by the Al Qaeda terrorists. It is an unfortunate fact that much of the ingenious output of Hollywood provides imaginative fuel for the disaffected. In the wake

of 11th September a biological agent, Anthrax, was deployed in the USA and in one attack included a letter to the leader of the American Senate, by a shadowy organisation and achieving mass concern. Initial speculation to find those responsible focused on Al Qaeda and Iraqi operatives, however, that guilt has been hard to prove. Nonetheless attention was drawn to the fact that Iraq apparently possessed the capability to weaponise anthrax. The deployment of anthrax spores in the Washington instance was through a public mail delivery system rather than by a sophisticated missile or similar vehicle.¹² Attention has now focused on the possibility of the anthrax spores emanating from a US Government laboratory - this highlights the double-edged dangers of WMD.

Terrorists' use of WMD may be constrained by the physical strictures of logistics, transport and other technical constraints. However, it may be that it is not necessarily the physical use of WMD but rather the "Sword of Damocles" effect or uncertainty of use that gives them their potency. States have far more destructive power at their disposal whereas disaffected groups of terrorists notwithstanding their evil intent are unable to match this potential. Nevertheless one should not underestimate their deadly designs. The challenge that the world community faces continues to emanate from (1) the nuclear weapon states and their huge arsenals, (2) those who aspire to be in the so-called nuclear club, (3) those that choose not to be subject to IAEA inspections and (4) the recent rise of international terrorist organisations intent on using WMD either as leverage or in fact.

Countermeasures

Although the international community was moving with greater urgency to eliminate WMD, as envisioned in the United Nations Secretary General's "Millennium Declaration",¹⁴ the events of 11th September have given greater impetus to the quest to find comprehensive and binding solutions to the problems posed by these arms. There is a danger however that the international community may take its "eyes off the ball" and

¹² New York Times, 25 May 2002.

¹³ The Economist, "The War Against the Spore", 13 October 2001, pp 35-36.,

¹⁴ Secretary General's Address to the United Nations, Millennium Declaration, New York, 6-8 September

focus merely on preventing WMD falling into the hands of terrorist groups. The United Nations Under-secretary-General for Disarmament Affairs, Ambassador Jayantha Dhanapala, has wisely warned that in our need to prevent this from happening there is a need to strengthen existing norms of arms control and to pursue greater efforts to implement them. In recent months Kofi Annan has established numerous measures to “redouble efforts to ensure universality, verification, and full implementation of key treaties; to promote co-operation among international organisations dealing with these weapons; and to tighten national legislation over exports of technologies needed to manufacture WMD and their means of delivery”.¹⁵ It is, however, a sad commentary on the international community’s performance in arms control that the stimulus of a profane act of savagery is required to make significant progress.

Some scholars suggest that a competitive rather than a co-operative and comprehensive approach to matters of security leads to dangerous and unnecessary posturing redolent of a Cold War era. There is much to support this contention. Possession of WMD did not deter an implacable enemy from circumventing the defences of the most powerful state in the world. Nevertheless the tragedy of 11th September in New York and Washington has brutally exposed flaws in the doctrine of nuclear deterrence and the defence posture of the USA - what has happened is analogous to the confrontation between David and Goliath. Thinking people the world over ought now be seeking new answers and approaches to the question of defence and security.¹⁶ Small countries do have a significant role to play in the security of the international community – there is therefore much merit in the example of that (champion of liberty) Jonathan Swift and the Lilliputians confronting their bête noir in the form of Gulliver, the all powerful irritant to peaceable serenity. Multilateral ties no matter how seemingly frail do tie down the rich and powerful.

2000.

¹⁵ *Arms Control Today*, “The Impact of September 11 On Multilateral Arms Control”, pp. 9-14, March 2002.

¹⁶ O’Brien, Terence, “Absorbing International Affairs”, Unpublished paper, Patrick MacCaskill Memorial Lecture 2002, National Library Auditorium, Wellington, 16 April 2002.

The ownership of enriched uranium, plutonium, deadly strains of bacteria and toxic chemicals threaten not only potential enemies but innocent citizens. They are a significant hazard even in times of relative tranquillity. Society is naturally prone to all manner of man-made catastrophes and notwithstanding all manner of good intentions human shortcomings are sometimes cruelly revealed as in the case of the Three Mile Island debacle and at Chernobyl. Preventing deranged individuals and extremists from acquiring these materials, is a matter of concern for all people. Multilateral co-operation in the form of control over the manufacture of sensitive components and technologies that can be used in WMD is therefore a sensible precaution. Nonetheless such controls appear to be rather thinly spread. Deep anxieties about safety controls over Russia's nuclear arsenal and the absence of robust accounting policies indicate an ineffectiveness of verifiable non-proliferation disciplines - this situation has to be corrected.¹⁷ Several agencies and think-tanks such as the Russia America Nuclear Security Advisory Council (set up in 1997) influence the improved accounting of nuclear material and advice about safeguards. However, it must be recognised that the element of control and accountability of specific materials are the responsibility of the Russian State.

Southern Hemisphere countries have joined with others, notably Mexico and Sweden, and other Asian countries, in leading the way in terms of designating large areas of the world as nuclear free. The Treaties of Tlatelolco (1967), Rarotonga (1985), Pelindaba (1996) and Bangkok (1996), plus the (demilitarised) 1959 Antarctic Treaty, are examples of a co-operative approach to common security. The Treaty of Pelindaba covers all of the continent of Africa most of which is actually in the northern hemisphere. Thus more than 50% of the world's surface has been designated nuclear free.¹⁸ However, the United Nations New Agenda initiative to abolish nuclear weapons includes an eclectic mix of countries drawn from both sides of the equator but without the baggage of Cold War allegiance or non-aligned status. All of them have put pressure on the nuclear weapon states to disarm. Arising in part from their efforts at the Nuclear Non-Proliferation Treaty

¹⁷ O'Brien, Terence, *op.cit.*

¹⁸ O'Brien, Terence, "Nuclear Free Southern Hemisphere", Unpublished paper, ANU Workshop on

Review Conference in May 2000, the nuclear weapon states made an unequivocal undertaking to eliminate their arsenals and gave a commitment to an accelerated process of negotiations delivering nuclear disarmament. Unfortunately a time limit to achieve these worthy goals was not articulated.¹⁹

There is however some light on the horizon that New Zealand has vigorously pursued. In 1999 the United Nations New Agenda Coalition First Committee resolution affirmed that "...a nuclear weapon free world will ultimately require the underpinnings of a universal and multilaterally negotiated legally binding instrument or a framework encompassing a mutually reinforcing set of instruments".²⁰ This is a comprehensive method or approach to disarmament. It opens the door to the question of "how can nuclear disarmament be achieved" rather than simply putting the onus on the nuclear weapon states and asking the question of "why don't the nuclear weapon states move towards disarmament?" This comprehensive approach is therefore inclusive and addresses the perfectly legitimate concerns that the nuclear club are bound to ask about proper safeguards for their own security.²¹ The Convention on Chemical Weapons that came into force on 29 April 1997 after a long gestation negotiated through a multilateral framework was the first multilateral arms control agreement to actually abolish a class of WMD and put in place a robust verification regime to achieve this goal. It prohibits in all forms Chemical Weapons of Mass Destruction. The inspection procedures are comprehensive and far-reaching and will be conducted through a combination of reporting mechanisms, routine on site and short notice inspections.²² In the process of ridding the world of WMD, the CWC is but a first step, however, it does reveal a methodology of a co-operative and comprehensive nature that should be applied to rid us all of the remaining two elements of the WMD triad.

Nuclear Free Zones, Canberra, 11-12 December 1996.

¹⁹ Clark, Rt Hon Helen, Address to 12th Annual CNN World Report Conference (by satellite link to Atlanta Georgia), 30 May 2001.

²⁰ "A Nuclear Weapons Convention: A Role for New Zealand?", CSS Strategic Briefing Paper, Volume 3 Part 4., June 2000, Wellington.

²¹ *Ibid.*

²² The Chemical Weapons Convention, United Nations New York, 29 April 1997.

Conclusion

The Government and people of New Zealand have demonstrated quite clearly their abhorrence of WMD and the need to control and eliminate them. This posture and advocacy is not mere rhetoric but a real strategy of substance and sincere purpose. It has not been without cost but the benefits for all are self evident. The challenge to the world community comes from (1) the nuclear weapon states and their huge arsenals, (2) those who seek to acquire WMD, (3), those that choose not to be subject to IAEA inspections and (4) terrorist organisations that intend to use WMD for their evil purpose. Although Terrorism has a high profile it tends to mask the existing potential of the status quo. The actual amount of damage that could be inflicted by terrorists is minor in comparison to inter state exchanges. The India/Pakistan confrontation highlights this awful truth.

Countermeasures and antidotes to WMD emanate from a principled and genuine design to control and eliminate them by individual states within the world community. A co-operative and comprehensive approach to disarmament and arms control through a multilateral framework that acknowledges legitimate security concerns is an avenue that has realised some success. The example of the Convention on Chemical Weapons illustrates that control and elimination of a class of WMD can be achieved. New Zealand will continue to work globally and regionally to provide a secure environment for all, free from the apocalyptic spectre and menace of WMD.

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16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

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CS 2(b)

CONCURRENT SESSION TWO
Monday, 3 June 2002, 1600 –1730 hrs

“THE WMD THREAT: CHALLENGES AND
COUNTERMEASURES”

“Marginalizing the Role of Nuclear Weapons”

by

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Marginalizing the Role of Nuclear Weapons

Presented to the
16th Asia Pacific Roundtable
June 2-6, 2002
Concurrent Session
The WMD Threat: Challenges and Countermeasures
Kuala Lumpur, Malaysia

by
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Introduction

There is a prevailing view that nuclear weapons are instrumental in preventing war among nuclear powers. The enormous destructive power of nuclear weapons has raised the stakes of conflict to the point where war between nuclear powers no longer make any sense, thereby bringing about a "nuclear peace." Some analysts even hold that eliminating nuclear weapons, while leaving international politics based largely on balances of power, could have the paradoxical effect of increasing international instability and the likelihood of conflict.¹

Although nuclear weapons may play some important role for peace and stability in the international society that repeats the cycle of conflict and struggle, nuclear weapons are detestable weapons in that they, once used, indiscriminately annihilate vast numbers of people: combatants and non-combatants, men and women of all ages. And when a large number of nuclear weapons are used, they will no doubt inflict catastrophic destruction not only on warring countries but also on neighboring ones. In this sense, nuclear weapons are "evil." Even if nuclear weapons are deemed necessary to ensure ultimate security, efforts should be made to reduce the dependence on them as long as they are evil. The

¹ For a similar view, see for instance, Albert Carnesale et al., *Living with Nuclear Weapons* (New York: Bantam Books, 1983), p. 190; John J. Mearsheimer, "Disorder Restored," Graham Allison & Gregory F. Treverton, eds., *Rethinking America's Security: Beyond Cold War to New World Order* (New York: W. W. Norton & Company, 1992), p. 229; and Marc Trachtenberg, "The Past and Future of Arms Control," *Daedalus*, Vol. 120, No. 1 (Winter 1991), p. 205.

international community must reduce the danger of using nuclear weapons and relegate them to the backstage of international politics. Based on this premise, this paper explores ways to narrow the role of nuclear weapons by reviewing their significance and limitations.

Significance of Nuclear Weapons

Cold War history plainly shows that, the U.S. and the Soviet Union were confrontational, but did not go to war with one another. The biggest reason why this cold peace reigned for such a long period is found in the fact that both the United States and the Soviet Union deployed sizable nuclear weapons. As both countries developed and deployed hard-to-defend ballistic missiles, the emphasis of their military strategy became deterrence based on nuclear retaliation. Since nuclear deterrence required the building of a credible retaliatory capability, however, these countries came under pressure to increase the number of their nuclear warheads and diversify delivery vehicles according to, or rather in anticipation of, increases in counterforce capabilities of the other country. The result was an intensified face-off between the two countries and they remained pitted against each other with huge stockpiles of nuclear weapons. Moreover, since nuclear deterrence requires the display of plausible signs reminding rival countries of the threat of nuclear retaliation, the United States and the Soviet Union constantly maintain their nuclear weapons on high alert status.

For all the huge number of nuclear weapons and the "minutes-notice" launch posture they maintained, the United States and the Soviet Union never used nuclear weapons or went to war directly with conventional weapons. This is partly attributable to various nuclear arms control measures designed to maintain crisis stability. The most important reason for this, however, can be found in the fear of nuclear war shared by the two countries. Leaders in the United States and the Soviet Union pursued cautious policies designed to avert war, aware that a conventional war between the two countries could escalate to uncontrollable nuclear exchanges that would end with mutual annihilation. While nuclear weapons were not a cause of the Cold War between the United States and the Soviet Union, nuclear arsenals helped gradually entrench and protract the Cold War.

Taking a different stance on nuclear weapons, some take the view that the existence of nuclear weapons was only a factor helping to prevent war between the United States and the Soviet Union. They emphasize the horrible memories of World War II and the fact that the United States and the Soviet Union were basically status quo powers as the main reasons why war was averted between them.² To be sure the experience of World War II that brought about tremendous human casualties and material destruction was one factor in helping avert war between the two countries. Nevertheless, judging from American and Soviet handling of the Cuba missile crisis in October 1962 and the U.S.-Soviet joint declaration in November 1985,³ the potential of nuclear weapons to produce devastation extremely quickly, played the principal role in preventing a U.S.-Soviet war. The conclusion from the foregoing is that nuclear weapons can effectively deter the outbreak of war, including conventional wars, among nuclear powers if they have certain and reliable retaliatory capabilities.

In addition, it has become apparent that nuclear weapons have had a considerable im-

² For instance, see John Mueller, "The Essential Irrelevance of Nuclear Weapons: Stability in the Postwar World," *International Security*, Vol. 13, No. 2 (Fall 1988).

³ In the joint statement, Presidents Reagan and Gorbachev affirmed that "a nuclear war cannot be won and must never be fought."

fact on the process of transforming the international political structure. In the past, large-scale wars among great powers played a principal role in bringing about big changes in the international political structure. However, as may be gathered from the process of change in the international political structure of Europe toward the end of the Cold War, including the dismemberment of the Soviet Union, nuclear weapons can be viewed as an important factor in bringing about such changes peacefully. It is true that Mikhail Gorbachev, the then president of the Soviet Union, had eagerly sought to resolve the East-West conflict and explore the possibility of building a cooperative relationship between the two camps. But there can be little doubt that one reason why President Gorbachev accepted the reunification of the two Germanys and tolerated the scramble among East European countries — countries the Soviet leaders had long characterized as a buffer between the East and Western camps — to a democratic system of government was his belief that the credible nuclear retaliatory capability of the Soviet Union would ultimately ensure the security of his country. Thus it may be thought that nuclear weapons, if equipped with a reliable retaliatory capability, function not only to prevent war, but also to put an end to upheaval peacefully when the international order degenerates into such upheaval.

Limitations of Nuclear Weapons

Nuclear deterrence to non-nuclear powers, however, has not been as effective as it has been against nuclear powers. There are several cases where a non-nuclear power employed armed force against a nuclear-weapon state. Among these we should include non-nuclear China's attack on UN forces led by the nuclear-armed United States in the 1950-53 Korean War, the Vietnam War, the fourth Middle East War of 1973,⁴ the Sino-Vietnamese War of 1979, the Falklands War of 1982 and the armed resistance of Afghanistan against invading forces from the Soviet Union. One factor common to all of them is that non-nuclear weapon states took advantage of the drawback of nuclear weapons, which is that they cannot be used easily because of their awesome killing and destructive power. Although the use of nuclear weapons was considered in some of these wars, the nuclear powers gave up the idea. This suggests that the gravity of moral and political consequences accompanying the use of nuclear weapons outweighed the military advantage of using them. In other words, nuclear weapons have shown inherent limitations in preventing war between nuclear powers and non-nuclear weapon countries.

Unlike the bipolar rivalry during the Cold War, if a situation develops in the future where three or four nuclear powers confront each other, nuclear weapons' role of maintaining international order will be called into question. Let us suppose that China and India, in addition to the United States and Russia, emerge as great nuclear powers armed with 1,000 to 2,000 deployed nuclear warheads, and the four powers become rivals in each other's pursuit of national interests. If, probability aside, such a situation comes to pass, these four nuclear powers will conceivably be pressed to build retaliatory capability with a plural number of potential enemies in mind. Each will be pressed to further strengthen its nuclear capability. As each country has to take into account the strengthening of its primary and secondary potential enemies' nuclear capability, it would be far more difficult to achieve arms race stability among the four nuclear powers than under the bipolar nuclear-

⁴ The Suez crisis, erupted in October 1956, turned out to be the genesis of Israel's nuclear weapons program. It is believed that Israel attained a capability to manufacture nuclear weapons by some time in the late 1960s. See "Israel's Nuclear Weapons Program," (<http://www.enviroweb.org/enviroissues/nuketesting/hew/Israel/Isrhist.html>) (November 20, 1998).

power regime. Furthermore, if the counterforce capability of any of the four countries grows visibly stronger than the others, it would be extremely complicated to achieve crisis stability among the four nuclear powers. In short, if three or four nuclear powers come to rival one another, it would be very difficult to attain strategic stability among those countries and build a retaliatory capability strong enough to ensure the security of each country.

Some Third World countries have opted to possess nuclear weapons not just for security reasons but as a means to enhance their international standing, to ensure their regional hegemonic status, and to deter military intervention in their regional affairs by traditional nuclear powers. But their nuclear weapons could become a factor that increases the danger of causing a war rather than preventing it. Due to their financial and technological limitations, it seems to be difficult for Third World countries to achieve credible deterrence, namely to deploy nuclear capability with sufficient survivability. In consequence, nuclear weapons held by these countries would merely enhance dramatically their military superiority over neighboring countries and their pre-emptive attack capability, destabilizing the strategic relationship vis-à-vis neighboring countries. And in times of a severe political crisis, the possessor is likely to rush to use them and/or the neighboring countries may be tempted to launch a pre-emptive attack, simply because those nuclear weapons are vulnerable. Indeed, it must be said that nuclear capabilities not firmly backed by secure retaliatory capabilities may lead to a dangerous "use them or lose them" condition, thus increasing the risk of war.

If nuclear weapons, which have not been used for more than half a century, come to be used even on a limited scale by an emerging nuclear power, considerable change could occur in the international community's perception of nuclear weapons. In other words, depending on the scale of damage incurred by employing nuclear weapons, a widely shared sense of taboo against the use of nuclear weapons that has been built gradually since Hiroshima and Nagasaki could grow stronger. Conversely, it is also conceivable that the use of nuclear weapons could erode the moral and political threshold against the use of nuclear weapons. Although it is uncertain which way the perception of nuclear weapons will shift, if any emerging nuclear power achieves its intended political design by the use of its nuclear weapons, the foundations of the nuclear non-proliferation regime will be shaken. In this sense, the use of nuclear weapons by emerging nuclear powers invites the danger of greatly disturbing the international security order.

A similar danger could occur from the pursuit of "usable" nuclear weapons or the "conventionalization" of nuclear weapons. During the Cold War, the two superpowers, the U.S. in particular, sought to miniaturize nuclear weapons or minimize their yield to enhance their usability, mainly with the aim of strengthening deterrence. Yet, given that the U.S. and the Soviet Union were not confident that they could control the escalation of nuclear exchanges and thus there remained the possibility that a nuclear exchange between the U.S. and the Soviet Union would result in mutually devastating destruction, it was almost impossible for the two countries to make up their minds to use nuclear weapons. Recently, however, the U.S. has emphasized the possibility of nuclear attack against targets that do not entail the danger of a nuclear escalation. Chief among these are "rogue" states that possess a limited number of weapons of mass destruction (WMD), such as nuclear, biological and chemical weapons. As is the case with emerging nuclear powers that mentioned earlier, if an intended political objective can be achieved by the use of nuclear weapons against rogue states, the foundation of the nuclear non-proliferation regime could be put in jeopardy.

As seen in the foregoing, nuclear weapons have positive and negative affects on the prevention of war and maintenance of international security order, depending largely on whether the possessor has a reliable retaliatory capability or not. It follows, therefore, that peace and stability among nuclear powers can be maintained by taking advantage of the war-preventing effect of nuclear weapons backed by credible retaliatory capabilities. This idea is persuasive only when a nuclear power has attained mutual deterrent relationships vis-à-vis potential nuclear adversaries and the effectiveness of its retaliatory capability does not deteriorate. However, it is not easy to maintain a credible retaliatory capability continuously. As the recurrent build-up of nuclear capability pursued by the U.S. and the Soviet Union during the Cold War years demonstrates, it is difficult to determine the content and scale of retaliatory capability that is sufficient to constitute a credible deterrence. Moreover, the retaliatory capability of a nuclear power tends constantly to be reduced by the strengthening of the counterforce capability of its adversaries. If a nuclear power tries to maintain its retaliatory capability under such circumstances, it has no choice but to strengthen its nuclear capability by diversifying its delivery vehicles, in addition to ensuring the survivability of its nuclear force. As a result, it has to deploy a large number of nuclear weapons. If such a situation takes place, nuclear powers, contrary to their initial expectations, are forced to face the danger of nullifying the nuclear weapons' effect of preventing war and maintaining international order. This is because once states deploy a weapon, including nuclear weapons, they have to live with the danger of the weapons being used, and the danger would multiply in proportion to the increase in the number of deployed weapons. In short, nuclear weapons are expected to play, under certain conditions, a role that other kinds of weapons cannot — prevention of war. But it is not easy to make the most of this attribute.

Tougher Restrictions on the Use of Nuclear Weapons

As is obvious from the above, nuclear weapons are expected to contribute to the prevention of war and the maintenance of the international order under certain conditions. However, when these conditions are not met the danger of such usefulness being canceled out may arise. And if these conditions were difficult to meet, it would come as no surprise if calls for the abolition of nuclear weapons were mounted. Yet, there is no prospect of complete disarmament of nuclear weapons. Man has acquired the knowledge and technology of building nuclear weapons and cannot eradicate them—nuclear weapons cannot be disinvented.

Even if the knowledge and technology for the production of nuclear weapons continue to exist, nuclear weapons may be abolished if people no longer consider them significant as a weapon. History shows that when a new weapon is developed, its military usefulness diminishes by (1) imitation and spread, (2) the development of countermeasures, (3) the emergence/development of a weapon or military strategy designed to circumvent its drawback, or simply by (4) the development of a new weapon that can outdo such a weapon.⁵ A review of the existence of nuclear weapons in light of these points suggests the following. When viewed from the standpoint of imitation and spread of nuclear weapons, it is true that the military significance of a newly invented weapon decreases in accordance with the spread of such a weapon. However, proliferation of a weapon increases in the danger of actually employing the weapon. In the case of nuclear

⁵ Edward N. Luttwak, "An Emerging Postnuclear Era?" *The Washington Quarterly*, Vol. 11, No. 1 (Winter 1988), p. 5.

weapons, attaining mutual deterrent relationships could lower the danger of use, but as already discussed it is not easy to build such relationships. Fortunately, under the assumption that the spread of nuclear weapons increases in the danger of nuclear use, the international community has concluded the Nuclear Non-proliferation Treaty (NPT) and has made various efforts to prevent proliferation of nuclear weapons. Nuclear weapons are too dangerous to allow them to spread in the hope of reducing their military significance.

When viewed from the standpoint of countermeasures, while the most effective way is to establish mutually deterrent relationships, such an option is not easy to attain. For most countries no countermeasure is available, except to possess the capability of making pre-emptive, counterforce attacks on nuclear forces or the ability to intercept nuclear delivery vehicles. As to the former option, it is not always effective against hardened or mobile nuclear forces. As regards the latter, given the attribute of nuclear weapons, namely, unprecedented destructive power, states must have a highly sophisticated interception capability. It is close to impossible, however, to attain an airtight air-defense capability, and missile-defense capabilities are in their infancy. Compared with the preceding two cases, circumventing the drawback of nuclear weapons (that their destructive and killing power is too devastating to be of any practical use) has been successful to a certain degree, coupled with nuclear powers' self-imposed restraints. With respect to finding a new weapon that can outdo nuclear weapons, there seems to be no weapon that could supersede nuclear weapons and ultimately ensure the security of states. Nuclear weapons, therefore, retain a unique military and political merit that other weapons cannot provide.

If the significance of nuclear weapons continues to survive as the foregoing suggests, the remaining choice is to find a way to live with them. Put simply, we have to build an international security environment that enables us to narrow the role of nuclear weapons as much as possible to the following two missions: (1) a last-resort means to ensure the survival of a state and (2) deterrence of the use of nuclear weapons by other nuclear powers. As nuclear weapons have not been used for more than half a century, one may conclude that their role has already been narrowed down to these two purposes. However, if the declaratory policies of the five nuclear-weapon states with respect to their use are any guide, most of them seem to plan to use nuclear weapons for contingencies less dire than the above two.

As regards the legal appropriateness of defining nuclear weapons as the ultimate means of ensuring state's security, the International Court of Justice (ICJ) has announced its view in an advisory opinion released in July 1996 on the question concerning the legality of the threat or use of nuclear weapons. In that advisory opinion, the ICJ concluded that while "... the threat or use of nuclear weapons would generally be contrary to the rules of international law applicable in armed conflict, and in particular the principles and rules of humanitarian law.... the Court cannot conclude definitely whether the threat or use of nuclear weapons would be lawful or unlawful in an extreme circumstance of self-defense, in which the very survival of a State would be at stake...."⁹ As far as one can gather from this advisory opinion, even if a state that is at the crossroads of its survival uses nuclear weapons to rescue itself from such dire straits, one cannot claim such action as illegal under current international law. Of course, advisory opinions of the ICJ are not

⁹ International Court of Justice, Case Summaries, "Legality of the Threat or Use of Nuclear Weapons," Advisory Opinion of 8 July 1996. (<http://www.icj-cij.org/icjwww/idceisions/isummarie/iunanaummary960708.htm>) (November 2, 2001).

legally binding, but one cannot deny the moral and political weight that the opinion of the world court of justice carries.

Narrowing down the role of nuclear weapons to deterring the use of nuclear weapons by other nuclear powers is synonymous with building a "no-first use" of nuclear weapons regime. If the pledge of no-first use can be institutionalized, not only will it narrow the role of nuclear weapons to deterring solely the use of nuclear weapons by other nuclear powers but it will also raise the possibility of providing momentum for nuclear arms reduction and the eventual elimination of nuclear weapons. This is because if the only *raison d'être* of nuclear weapons were to deter the use of other nuclear weapons by other states, it would be logical to conclude that even if all nuclear powers uniformly reduce and then completely scrap their nuclear weapons, they will lose nothing. Moreover, if the five nuclear-weapon states under the NPT agree to institutionalize the no-first use regime, non-nuclear powers, in principle, would, as a secondary effect of such a regime, not have to fear nuclear threats or attack. The political and security inequality between nuclear and non-nuclear powers — the largest pending issue under the NPT regime — would be reduced, and the stability and reliability of the NPT regime definitely would be enhanced. In this way, the institutionalization of no-first use of nuclear weapons would go a long way toward nuclear arms reduction and enhancing the stability and credibility of the NPT regime.

Even if the NPT nuclear powers should succeed in establishing a legally binding nuclear no-first use regime, there seems to be no way of verifying the performance or promise of nuclear no-first use. Accordingly, the significance of nuclear no-first use depends on whether and to what extent the international community can remove causes provoking the first use of nuclear weapons. As a start, efforts should be made to abolish biological and chemical weapons thoroughly. This should be done through, among other means, early conclusion of the verification mechanisms for the Biological Weapons Convention and establishing a "no-first use of WMD" regime as a transitional measure. In addition, the international community must make serious efforts to maintain the balance of conventional forces in each region or among rival countries. Especially in the Middle East and South Asia where *de facto* nuclear powers are located and armed conflicts occur repeatedly, the aforementioned actions and confidence building measures should be pursued even more vigorously than in other regions.

To limit the significance and the role of nuclear weapons, one should not overlook the necessity to maintain and strengthen the NPT, which stipulates both the non-proliferation of nuclear weapons and nuclear arms reduction. This is because the proliferation of nuclear weapons and the build-up of nuclear forces mean an increase in the significance and the role of nuclear weapons. Today, the NPT is faced with several problems that, if left unattended, would threaten the reliability and the stability of the regime. The issue with the highest priority of them all is nuclear arms reduction of nuclear-weapon states, the U.S. and Russia in particular. As noted earlier, there are several factors — security concerns, regional hegemony, and the acquisition of diplomatic bargaining chips — that prompt non-nuclear powers to embark on developing and possessing nuclear weapons. Thus nuclear disarmament on the part of the U.S. and Russia and other nuclear-weapon states will not necessarily dissuade non-nuclear weapon states from developing nuclear weapons. However, it is as well true that non-nuclear weapon states have accepted the ban on the development and the possession of nuclear weapons on the assumption that nuclear-weapon states will carry out nuclear arms reduction. Therefore, if nuclear-weapon states overplay the significance of nuclear weapons or neglect to reduce their nuclear arse-

nal, the reliability and stability of the NPT will unavoidably suffer.

The obligation to reduce nuclear arms prescribed in Article 6 of the NPT rests primarily with the five nuclear-weapon states. Although the NPT nuclear powers have accepted complete nuclear disarmament as the ultimate goal, so far they as a whole have not been exactly forthcoming in taking bold steps to reduce their nuclear arsenals. The ICJ offered in its advisory opinion an interpretation of Article 6 of the NPT as imposing on the nuclear-weapon states not just general and theoretical obligations, but specific, concrete steps to reduce nuclear weapons.⁷ At the 2000 NPT Review Conference, the five nuclear-weapon states, at the strong request of non-nuclear states, committed to "an unequivocal undertaking ... to accomplish the total elimination of their nuclear arsenals...."⁸ Thus the interpretation of the obligations to reduce nuclear weapons as defined in Article 6 of the NPT has become more specific and direct than that made by nuclear-weapon states so far. It is necessary therefore for non-nuclear weapon states to watch the attitude they take in coming years on matters related to the reduction of nuclear weapons. At the same time, non-nuclear weapon states cannot afford to remain passive onlookers or merely reproach nuclear-weapon states for non-performance of their treaty obligations. This is because to minimize the significance and the role of nuclear weapons, or to create an international security environment conducive to nuclear arms reduction, they too have to grapple with many agenda such as the abolition of biological and chemical weapons and the maintenance of a stable balance of conventional force.

Concluding Remarks

An era called the Cold War that was clouded by nuclear confrontation has passed. This does not mean that the understanding (or perception) of the necessity of nuclear weapons to ensure security of states has disappeared. To be sure, the military utility of nuclear weapons has increasingly been called into question because of nuclear weapons' inherent self-contradiction that their destructive and killing power is too devastating to be of any practical use. Meanwhile, there are people who consider nuclear weapons as a weapon for states that lack technological and economic resources. However, the view that nuclear weapons and deterrence backed by them are the ultimate instrument of security is in common currency and has a strong following. This is vividly illustrated by the fact that the Comprehensive Test Ban Treaty has not taken effect even though it has been more than five years since it was adopted by the General Assembly of the United Nations.

Nevertheless, nuclear deterrence based on retaliatory threat, which is the principal and perhaps the only function of nuclear weapons, assumes mass murder of citizens. We have to note that retaliatory deterrence causing such a human disaster is not so different from declaring a policy of killing a likely murderer's children who are taken as the hostages to prevent a crime of murder.

(The views expressed in this essay are the author's alone and do not represent the official view of the National Institute for Defense Studies, Japan.)

⁷ Ibid.

⁸ Arms Control Association, "2000 NPT Review Conference Final Document," *Arms Control Today*, Vol. 30, No. 5 (June 2000), p. 31.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 3(a)

CONCURRENT SESSION THREE
Monday, 3 June 2002, 1600 –1730 hrs

**“NATIONAL SECURITY: IS THERE A NEED TO BOOST
DEFENCE CAPABILITIES IN THE ASIA PACIFIC REGION?”**

by

Lt. Gen. (R) Jaime De Los Santos
Former Commanding General
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The Philippines

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the 1990s, the number of people in the UK who are employed in the public sector has increased from 10.5 million to 12.5 million (12% of the population). The public sector has also become an increasingly important employer of women, with the proportion of women employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000. The public sector has also become an increasingly important employer of young people, with the proportion of young people employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000.

The public sector has also become an increasingly important employer of people with disabilities, with the proportion of people with disabilities employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000. The public sector has also become an increasingly important employer of people from ethnic minorities, with the proportion of people from ethnic minorities employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000.

The public sector has also become an increasingly important employer of people who are over 50 years of age, with the proportion of people over 50 years of age employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000. The public sector has also become an increasingly important employer of people who are over 60 years of age, with the proportion of people over 60 years of age employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000.

The public sector has also become an increasingly important employer of people who are over 70 years of age, with the proportion of people over 70 years of age employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000. The public sector has also become an increasingly important employer of people who are over 80 years of age, with the proportion of people over 80 years of age employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000.

The public sector has also become an increasingly important employer of people who are over 90 years of age, with the proportion of people over 90 years of age employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000. The public sector has also become an increasingly important employer of people who are over 100 years of age, with the proportion of people over 100 years of age employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000.

The public sector has also become an increasingly important employer of people who are over 110 years of age, with the proportion of people over 110 years of age employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000. The public sector has also become an increasingly important employer of people who are over 120 years of age, with the proportion of people over 120 years of age employed in the public sector rising from 10.5 million in 1990 to 12.5 million in 2000.

National Security: Is There A Need To Boost Defense Capability In The Asia-Pacific Region ?

by: **LTGEN Jaime S De Los Santos AFP (Ret)*

The Asia-Pacific Region's security situation is notably stable. For now, no open conflict exists among the countries in the region. Positive economic gains are being felt except for the 1997-1998 economic crisis. Obviously, there is cooperation among nations and the future of security relation remains to be optimistic.

However, there are signs that stability in the region maybe threatened on aspects involving power relationship. These signs pose a question on whether defense capability of each member country within the region, particularly the Philippines, should be enhanced. This question can be answered with the following framework:

- Global Trends
- Regional Security Environment
- Relations and Interests with Neighbors and Allies
- Challenges - External Defense
- Challenges - Internal Defense
- Measures to Enhance Defense Capabilities
- Conclusion

Global trends

The security of the Philippines is certainly affected by globalization. In fact, it has been actively involved in the increased interdependence among nations in recent years. Such trend is expected to continue in the future. Globalization has indeed changed international relationships and the regional power balance. Thus, most nations will be more confident in seeking stability and peace through cooperative security endeavors.

One of the essential factors of globalization is the speed of communication around the world with the use of information technology. This was also attributed to the resurgence of democracy after the collapse of Marxism ideology in the late 80's. However, the local communist movement is still imminent in the Philippines despite the changing situation. But their ultimate objective now has shifted on addressing their specific grievances, and not in overthrowing the duly-constituted government anymore.

Closer political integration and greater economic interdependence have both positive and negative implications. On the positive side, the need to secure a common interest enhances mutual security, which brings forth the birth of different economic alliances leading to peaceful commerce and economic integration. The negative side, on the other hand, is that an economic or financial crisis of one nation may affect the economic environment of another, where the country has an active economic involvement.

Another dark side of globalization is the emergence of transnational problems, particularly environmental concerns and crimes. The permeability of the national borders, the ease of travel and communication, uneven economic development and increasing migration have led to the rise of transnational crimes as security threats. Combating transnational crimes is difficult because of jurisdictional issues, frictions over territorial sovereignty, and law enforcement peculiarities of each country.

Today, the security of nations in the region is being threatened by drug trafficking, illegal migration, arms trafficking, money laundering, fraud and counterfeiting, and international terrorism.

Regional Security Environment

These global trends have regional implications for the Asia-Pacific region as well. For instance, the 1997-98 Asian economic crisis was provoked by the negative cascading effects of economic interdependence. An unstable economic outlook for the region will affect the Philippines' security and its neighbors that could possibly provoke conflicts among nations. As of now, the establishment of a well-organized regional security structure in Asia-Pacific region is still far-fetch. Bilateral mutual defense treaties between the United States and Japan, South Korea, Thailand, Australia, and the Philippines are the only formal military alliances in the region. However, discussion of regional security issues may be undertaken through the ASEAN and the ASEAN Regional Forum (ARF).

US military presence in Asia-Pacific region has long provided critical, practical and symbolic contributions to regional security. Yet, there is no assurance about the extent of US commitment within the region. Most likely, this uncertainty may lead some countries to seek closer relations with other regional powers, which may result to changes in regional power balances and potential volatility associated with those changes.

Meanwhile, China presents numerous challenges, as well as opportunities in the region. As a nuclear power state, leading regional military power, and emerging global player with a permanent seat on the UN Security Council, China plays a key role in regional security. However, its substantial interests are not yet clear considering its continuous power increases over the long term. Furthermore, China has deep concerns for world and Asian stability also. It cooperates with the US in countering a wide range of non-conventional security threats. But the Spratly's and other cross-straits issues remain to be critical flash points where China may use its might.

Despite these, the security outlook for Northeast Asia and the rest of the Asia-Pacific region looks positive as a result of economic cooperation and security dialogues between countries within the region. Still, there are other points of tensions and conflicts, that could be factors for destabilization, and these should be closely watched. The Korean Peninsula, the Taiwan Straits and the South China Sea should be the Philippines' foremost concerns because of their potential to spark an armed conflict.

There are indications that China will continue to assert its supremacy and establish hegemony in the region. It projects have a blue water naval capability that will allow its military force to explore the South China Sea extensively. In this regard, the disputes over the Spratly islands will continue to be the source of intermittent tension owing to the build up of Chinese structures in the area, and the lack of regional code of conduct that would govern the behavior of claimant countries.

Relatedly, the Spratly islands may also constitute territorial disputes between the Philippines and other claimant countries in the Australasia including China, Vietnam, and Taiwan.

An alarming number of foreign vessel incursions was noted in the Kalayaan Island Group particularly near Philippine-occupied islands, and most of them were made by Chinese vessels. What's more alarming is China's growing interest in the Scarborough Shoal where it has undoubtedly increased its naval activities and enhanced its presence in the disputed areas.

The Korean Peninsula situation, and the Cross Straits conflicts between China and Taiwan also continue to haunt the security landscape. Tension between China and Taiwan remains with China's pronouncements that she will not hesitate to use force against Taiwan in case the latter declares independence. In fact, many of China's neighbors are closely monitoring its growing defense expenditures and modernization of the

People's Liberation Army (PLA), including development and acquisition of advanced war machinery.

Relations and interests with neighbors and allies

Nevertheless, the Philippines enjoys excellent relations with its neighbors. It cherishes its defense alliance with the United States, through a Mutual Defense Treaty. The RP-US security relationship has since flourished even after the withdrawal of US military bases in 1991-92. Upon ratification of the Visiting Forces Agreement in 1999, combined RP-US training exercises resumed in the Philippines to optimize familiarity, cooperation and interoperability as important ingredients of a strong military alliance.

Aside from being a traditional ally, the US remains to be the primary trade and investment partner of the Philippines.

Moreover, the Philippines, being one of the members of the ASEAN, has played an increasingly important role in the security of Asia-Pacific region. Although ASEAN is not a security organization, its members share common political and security interests. Indeed, security arrangements with neighbors and allies, while not aimed at any particular nation or threat, offer a stronger deterrent against potential aggressors, and are favorable to the Philippines.

The Philippines relation with China may be uncertain primarily due to territorial claim issues that has become more volatile because of the latter's

construction of structures on Mischief Reef in 1995, located within the Philippine Exclusive Economic Zone, and its renovation and construction of more permanent structures in 1998.

But nonetheless, the Philippines is still interested in China because of its emerging influence in the region. With its vast territory, huge population, fast growing economy and its upgraded military capabilities, China is expected to be the next country to rival US's dominance after Soviet Russia. China is aware of its increasing potential power and this shows in its development of blue water naval capability and in its assertiveness to pursue its interests in the Asia-Pacific region.

Japan is the Philippines' second largest trading partner and an important foreign investor of the country. It is very active in addressing regional peace and stability issues through ASEAN Regional Forum (ARF) although its role in regional security aspects in the coming decade is not yet clear.

The Philippines also has close links with Australia where its defense ties continue to grow through enhanced military exchange and assistance. Australia's concerns in the region pertains to its security strategy that stresses on the establishment of strong relations with the ASEAN countries.

Philippines' interest in North Korea hinges on the latter's importance to regional security. Despite protestations by the US, North Korea continues to

manufacture and sell weapons of mass destruction (WMD). It is not remote, according to US authorities, for some of these weapons to end up in the possessions of Al-Qaeda terrorists. If this will happen, then it will be more likely for the Abu-Sayyaf, which is reported to be part of the Al-Qaeda network, to get hold of some of these for their terroristic activities in the Philippines. Most recently, US President George W. Bush labeled North Korea as an "axis of evil" together with Iran and Iraq. As an ally of the US, South Korea fears that such pronouncements might affect the budding relationship that it is trying to build with the North.

Likewise, Taiwan is a major investor in the Philippines. Many of the companies in the country are actually owned and controlled by "Taipans" with Taiwanese ancestry or origin. Taiwan is also a leading employer of Filipino homegrown talents. These Overseas Filipino Workers (OFWs) and their dollar remittances keep the Philippine economy afloat through the years.

Right now, Taiwan is struggling with its "cross-straits" dilemma with Mainland China. The former has consistently pursued its national identity. Truly, ASEAN has brewing conflicts between and among its members. China, for instance, has conflicting interests with Japan and South Korea. Taiwan, on the other hand, has "cross-straits" differences with Mainland China, and there is also conflict between communist North Korea and the democratic South.

Then, the Philippines also has strong defense ties with Singapore through a defense cooperation agreement between the two countries in 1997. A Philippines-Singapore Action Plan was agreed upon on same year to conduct military exercises, defense dialogues, equipment development and production, senior visits and personnel exchange programs.

Potential external defense challenges

The Philippines faces a number of external security challenges. The most immediate of which are transnational crimes such as drug-trafficking, smuggling, illegal fishing in Philippine territorial waters and EEZ, illegal immigration, and piracy. It is an important concern to quell these as they seriously affect the social, political, economic financial and security aspects of a state.

As regards the Chinese encroachment on Mischief Reef, the Philippines regards such as a concern of all the powers. It is always interested in the stability of the South China Sea and its strategic sealanes. The Philippine government sees no substitute for consultation to produce a consensus among six states claiming portions of the Spratly Islands. Indonesia, which hosts informal talks among the claimants, has stewardship of the claimant country closest to it. The claimant states can then undertake multilateral ventures in oil exploration, marine research, fishing enterprises, joint among ASEAN's personages. Notably, ASEAN's increasing cohesion prevents serious conflicts caused by irreconcilable claims, rebellions, and

other intrigues, from breaking out among its constituent states. Moreover, policy differences within ASEAN are discreetly resolved.

The maintenance of peace and stability is the Philippines' primary concern. Consequently, the peaceful and diplomatic settlement of disputes, especially on territorial claims in the South China Sea, is vital to the growth of the country. Regional peace and stability is indeed crucial for the economic development of the Asia-Pacific rim, and would have great positive economic impact in the Philippines, too.

Containing international terrorism is another critical interest within the region. The scope of terrorist activities may widen because of numerous conflicts arising from secessionism, religious fanaticism, insurgency problems, organized crime syndicates, and Islamic extremism. The campaign against international terrorism is addressed by strengthening collaboration and increasing dedication among the countries in the region.

The September 11 attacks in the US may have globalized the most potent threat recognized - terrorism, and the response to it. The attacks have confirmed the worst man-made disaster in the US soil. Yet, the Philippines remains steadfast in its resolve. In fact, President Gloria Macapagal-Arroyo said that the Philippines would undertake six specific measures to "actively implement" the United Nations Security Council's Resolution No. 1368, which called on UN member-states to join the war against terrorism. Military actions are well in place to realize this policy pronouncement.

Internal defense challenges

Despite the volatility of the external environment and the consequent responses imposed in the region, internal security challenges also abound in the local milieu.

The threats to Philippines' internal security are the Southern Philippines Secessionist Groups (SPSGs) and the Local Communist Movements (LCMs). The main SPSG is the Moro Islamic Liberation Front (MILF), a breakaway group from the older Moro National Liberation Front (MNLF), operating in Central and Western Mindanao. The objective of the MILF is the establishment of a separate Islamic State in Mindanao and in surrounding islands. Its strength is on the rise during the resumption of peace negotiations with the government in 1996. Currently, the MILF's strength is 15,000 fighters and they are reportedly receiving weapons and funding from Islamic states in the Middle East.

Another SPSG of similar objectives that metamorphosed from MNLF is the Abu Sayyaf Group (ASG), the most immediate security concern of the country today, primarily due to its kidnap-for-ransom scheme and other terrorist activities. Its strength varies widely and is estimated to have several hundreds armed fighters. The ASG is also suspected of receiving support from Islamic states in the Middle East.

The Local Communist Movement (LCM), on the other hand, remains to be the biggest internal security threat to the country primarily due to its nationwide coverage. In recent years, the LCM has had a resurgence of strength to about 9,000 combatants. LCM has taken advantage of the government's anti-terrorist campaign in Mindanao to intensify its recruitment and organization in other parts of the archipelago.

Measures to enhance defense capabilities

So, a need therefore exists to enhance the Philippines' defense capability. The different external and internal challenges are hindrances that must be squarely confronted with more developed systems and technologies. There are several measures that would somehow lead to such objective.

One way of boosting defense capability is by enhancing confidence-building measures. The strengthening of multilateral and bilateral defense cooperation through joint military exercise, exchange visits and joint training programs would encourage transparency and prevent miscalculation as far as defense policies are concerned. The good relationship would ultimately strengthen the bond that ties countries in the Asia Pacific basin. This would also mean that disputes and other conflicts will be given appropriate venue for settlement through diplomatic means.

Aside from the enhancement of measures that would improve each one's trust, broadening of institutional capacities would also be contributory to

the continued peace and stability in the region. The countries' interactions and dialogues through the Asia Pacific Economic Conference (APEC), the Association of Southeast Asian Nation (ASEAN), and the ASEAN Regional Forum (ARF) are certainly healthy activities that are geared towards fortification of friendship and positive engagements on other areas of mutual interests.

Another activity that would promote positive interaction would be the collective support of countries to UN peacekeeping and humanitarian missions. Peacekeeping missions have indeed gained prominence in the past years, and the unity and peace these missions built through the years would be good cooperative points to strengthen camaraderie and promote exchange of information and expertise.

In addition, the adoption of interstate cooperation to combat terrorism and transnational crimes is still another area of cooperation that would enhance defense capability. Southeast Asian nations, particularly Indonesia, Philippines, and Malaysia, must continue to take the extant and potential terrorist activities in their countries as well as their links with international terrorism.

More importantly, with all the brewing tensions and prevalent flash points in the Asia-Pacific rim, an effective US security presence remains to be the key to maintaining peace and stability. Especially in the current global drive against terrorism, regional capacities must be well coordinated and

harmonized to suppress and contain this resurging threat. With the only remaining superpower leading the way, future uncertainties may be aptly avoided. In the same breath, US's continued support to the Philippines would truly boost its capability particularly in its anti-terrorist campaign in the southern part of the country.

Conclusion

The volatility of the security situation and the competing interests of the powers may exacerbate potential threats and opportunities. These trends will truly require a robust and determined defense capability, hence the need to beef up national defense capability is then justified.

Much more so, with the resurgence of international terrorism that poses great destruction to humanity, all nations within the Asia-Pacific region must be firm and resolute to face this scourge. All available resources must be utilized to neutralize and eradicate such menace hence, the action to boost capability is further strengthened.

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* Lieutenant General De Los Santos was the 42nd Commanding General of the Philippine Army. He is also recognized as the first Filipino and ASEAN national to lead a 24-nation UN Peacekeeping Force in East Timor, which carried the rank of Assistant Secretary General, the third highest level in the United Nations' Body.

He was The Deputy Chief of Staff, AFP before his designation as Commanding General of the Philippine Army. His previous assignments included being Commander, Visayas Command, AFP and Superintendent, Philippine Military Academy.

Graduating with a Bachelor of Science degree from the Philippine Military Academy in 1969, he began his career as an Infantry Officer. He holds two masters degrees - a Master in Business Administration and a Master of Arts in Economic Research from the University of the Philippines and the Center for Research and Communications (now University of Asia and the Pacific), respectively. He finished all required and specialized military courses both in the Philippines and in the Continental United States of America, which culminated in the Command and General Staff Course (CGSC) at the AFP Command and General Staff College (AFPCGSC) where he graduated number 1 in a class of 59 student-officers.

Lieutenant General De Los Santos was a seasoned combat officer. He had a wide regimental and command experience which spanned command positions from a company to an area command level of various tactical units in Luzon, Visayas and Mindanao. As an infantry officer, he had commanded an infantry company, the 16th Infantry Battalion, the 101st Infantry Brigade, the 5th Infantry Division and the Northern Luzon Command.

He also served in various staff positions in the Philippine Army and in the General Headquarters, AFP. His staff duties were as Chief of Staff of the 2nd Infantry Division, Assistant Chief of Staff for Personnel, G1 and Chief of Staff, Philippine Army. Likewise, he was formerly an AFP Spokesman, Chief of the Liaison Office for Legislative Affairs, Assistant Deputy Chief of Staff for Operations, J3 and concurrently the Chief of the AFP Joint Operations Center.

Lieutenant General De Los Santos had also an extensive corporate experience. He was then Executive Vice President, General Manager and Director of the AFP General Insurance Corporation. Furthermore, he had served in the AFP Retirement and Separation Benefits System as an Investment Manager, Management Services Manager and Portfolio Administrator. He had been Chairman of the Board of various service providers within the AFP such as the AFP Commissary and Exchange Services, AFP Commissioned Officers' Club and the AFP Educational Benefits System Office. He was also designated as Trustee of the AFP Mutual Benefit Association, Incorporated and the AFP Savings and Loan Association, Incorporated.

His awards for peacetime and combat services consisted of a Distinguished Conduct Star (the 2nd highest AFP award for conspicuous gallantry and heroism in combat), the Philippine Legion of Honor, ten (10) Distinguished Service Stars (for distinguished service in positions of major responsibility), an Outstanding Achievement Medal, two (2) Bronze Cross Medals, numerous Military Merit Medals, Military Commendation Medals, Letters of Commendation, Campaign Medals, the UN Distinguished Service Medal and the UNTAET Service Medal. On two occasions, he received the 'PHILIPPINE MILITARY ACADEMY CAVALIER AWARD' as an outstanding PMA alumnus in the field of Staff Functions in 1994 and in Command and Administration in 2002. On December 2, 2001, he was recognized with a 'UNIVERSITY OF THE PHILIPPINES' COLLEGE OF BUSINESS ADMINISTRATION DISTINGUISHED ALUMNUS AWARD,' along with nine (9) other UP College of Business Administration alumni. No less than the former Prime Minister Cesar Virata chaired the Board of Judges who selected him for outstanding public service. Likewise, he was also awarded the prestigious "UNIVERSITY OF THE PHILIPPINES' OBLATION AWARD AS AN OUTSTANDING PUBLIC SERVANT AND DISTINGUISHED LEADER" during the 80th UP Vanguard Homecoming and Convention last March 9, 2002. And during the 2002 UP Alumni Homecoming, he was given the "UP SPECIAL AWARD OR RECOGNITION", to cap all his achievements as an accomplished military professional.

Lieutenant General De Los Santos is married to the former Ms Lourdes Maceda, a UP Business Administration graduate who is now a travel executive. They are blessed with three (3) children: Aileen, a Doctor of Medicine, Melvin, an IT professional, and Grace, a Business Management Graduate.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 3(b)

CONCURRENT SESSION THREE
Monday, 3 June 2002, 1600 -1730 hrs

**NATIONAL SECURITY: IS THERE A NEED TO BOOST DEFENCE
CAPABILITIES IN THE ASIA PACIFIC REGION?**

**"After 911: How Relevant is the Strengthening of Defence Capabilities
in Maritime Southeast Asia?"**

by

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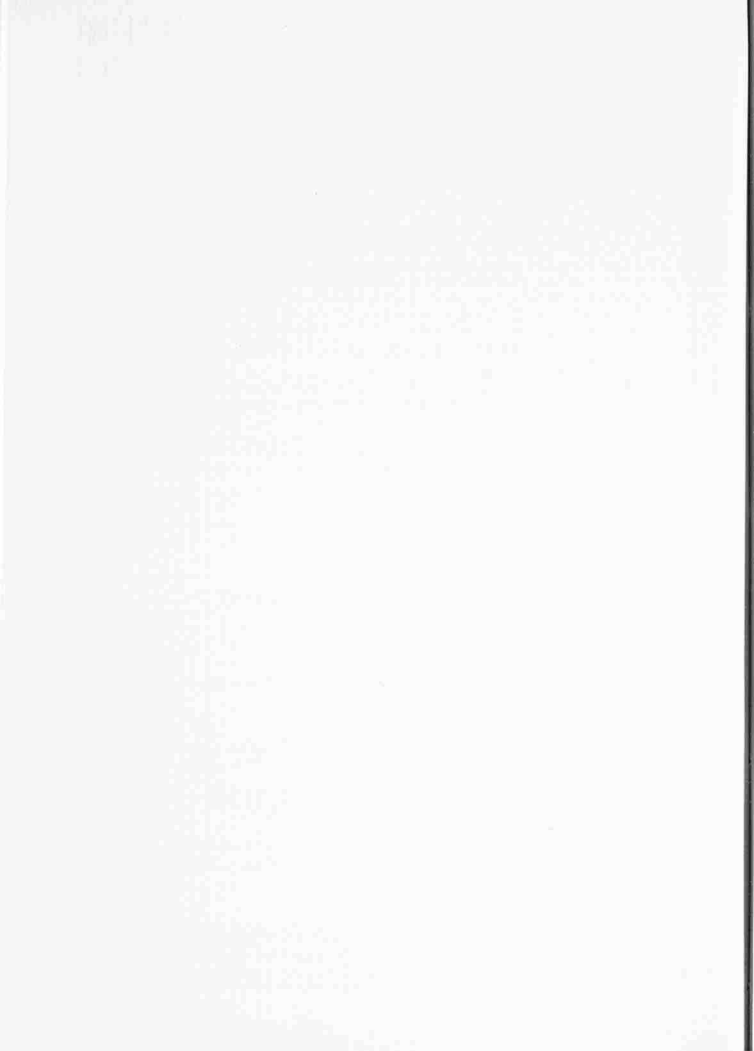


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31 May 2002

Draft

"After 911: How Relevant is the Strengthening of Defence Capabilities in Maritime Southeast Asia?"

The events of 11 September 2001 in the United States have cast a long shadow over the regional security picture in maritime Southeast Asia. Given that terrorism appears to be the more pressing security issue at this point in time, how then should we consider the whole issue of increasing defence capabilities in the region? Are they relevant? Are they a distraction? Are they a hindrance to what needs to be done in the context of countering terrorism? I would suggest that on top of the fact that buying tanks and aircraft might not have too great a relevance for countering terrorism, they might also, if not managed carefully, hamper the regional amity needed to effectively combat terrorism. My essential argument today is this: within the context of certain bilateral relationships in Southeast Asia, long-term structural tensions, more immediate political problems and interactive arms acquisitions have combined to generate what I would call "political oxygen". This political oxygen is a psychological commodity, not easy to pin down with scientific precision but it is nevertheless real. It refers to the latent attitudes, beliefs and opinions of decisionmakers that have been shaped by the three factors I have mentioned and that in a crisis might predispose them toward drastic *security-decreasing* policy behaviour. To use an analogy, like the pure oxygen environment within the command module of Apollo One that day in January 1967 that caught fire due to an accidental electric spark, there is a danger, if we are not careful, that an unexpected, unforeseen crisis could ignite the accumulated pure political oxygen that has been generated in the region over the years and plunge the region into an unwanted violent conflagration. While the perspective I am developing here might have some relevance to

wider Southeast Asia, I would like to focus on the Singapore-Malaysia bilateral relationship in particular.

The first point I would like to make is a positive one. It is very encouraging that in light of the extremist Islamist threat that was dramatized by 911, ASEAN as an organization has come out very strongly in support of the American-led war on terror. In November 2001, ASEAN leaders declared war on terror and agreed to tackle the problem jointly. In addition, on 7 May 2002, Malaysia, Indonesia and the Philippines signed an agreement to improve the flow of information between law enforcement agencies and armed forces. Then just a couple of weeks ago, ASEAN came out with a detailed action plan to combat terrorism.¹ Given that it is increasingly suggested that following its debacle in Afghanistan, the Al-Qaeda leadership may seek new and safer pastures in the archipelagic and therefore hard to monitor outer reaches of maritime Southeast Asia, ASEAN's apparent determination to confront terrorism can only make a concrete contribution to the global war on terror. It must also be said that within ASEAN, the governments of Singapore and Malaysia should be especially recognized for their rigorous response to the war on terror both regionally and by implication, globally as well. In particular, the close co-operation between Kuala Lumpur and Singapore that led to the detentions of Kumpulan Militan Malaysia and Jemaah Islamiyah militants in January was both welcome and salutary.² It is therefore highly ironic that while Singapore and Malaysia have helped to enhance not just global, regional but even

¹ Rodolfo Severino, "Fighting Terror in Southeast Asia", *International Herald Tribune*, 22 May 2002.

² For details of the detentions by of Islamic militants by the governments of Singapore and Malaysia in late December 2001, see Barry Desker and Kumar Ramakrishna, "Forging an Indirect Strategy in Southeast Asia", *The Washington Quarterly*, Vol. 25, No. 2 (Spring 2002), pp. 162-164.

national security on the anti-terror front, on another important front – their bilateral relations of which the arms dialectic is an integral part – they may one day, if both are not careful, undermine international, regional and even their own national security.

Let me first quickly provide some wider perspective on the arms acquisition issue. The arms build-up in the region has been ongoing – with the exception of course during the Asian Financial Crisis period – for more than 10 years. Asian states have been among the biggest arms buyers since the end of the Cold War. Anthony Bergin notes that East Asia spends more on defence than the Middle East and North Africa.³ What has driven the force modernization programmes of Southeast Asian states in particular? We have seen many answers to this pertinent question in the past decade. It would be useful to quickly trawl through some of these explanations: some say that the end of the Cold War led the major arms producers in the US, UK and the old Soviet Union to slash prices massively in a bid to clear old stock and in the process created a huge buyer's market. This development dovetailed very nicely with the fact that by the end of the 1980s, Southeast Asian states were enjoying solid economic growth and thus had the funds to move in and start buying new equipment. Quite apart from the economics of the issue, there were also more regional *realpolitik* motivations for buying new equipment: the withdrawal of the United States from Clark and Subic in the Philippines was matched in regional perceptions by the rise of new Asian powers with budding force projection capabilities such as China, Japan and India. Moreover, China in particular in 1992 passed a law that transformed the South China Sea into an internal lake. This of course did not go down well with several Southeast Asian states which also lay claim to parts of

³ Anthony Bergin, "East Asia Returns to Spending", *Australian Financial Review*, 2 July 2001, p. 6.

the Spratly archipelago, and suggested to these actors that they had better enhance their abilities in an attempt to counter Chinese intentions and capabilities - sentiments that were reinforced in the 1995 Mischief Reef incident with the Philippines.⁴

Yet another explanation for the force modernization programmes has been the prestige factor. In a nutshell Southeast Asian states want to be seen by the international community as having arrived on the world stage. And one very obvious way in which this perception can be projected is by possessing modern, advanced, armed forces equipped with the latest capabilities. It has to be said that prestige calculations were almost certainly what drove Thailand to procure an aircraft carrier in 1997 at the very time that the baht was living a charmed existence during the Asian Financial Crisis.⁵ Prestige calculations were almost surely why Malaysia in the mid-1990s opted to replace the ageing A-4 fighter bomber with not one but three aircraft: the US F/A-18, the Russian MIG-29 and the BAe Hawk.⁶ The prestige factor also seemed to be operative within intra-ASEAN political calculations. Hence when Singapore purchased F-16s, Thailand and Indonesia followed suit. It seemed that nobody wanted to be left behind the Joneses, as they say.⁷ Then of course the Asian Financial Crisis struck and regional force modernization programmes were put on hold, except in the case of Singapore. Beginning in 2000, then, with economic recovery gaining ground, some Southeast Asian states have resumed their defence spending in earnest, in particular, Malaysia and Singapore.⁸

⁴ Desmond Ball, "Arms and Affluence: Military Acquisitions in the Asia-Pacific Region", *International Security*, Vol. 18, No. 3 (Winter 1993/94), pp. 81-87. See also, Dana R. Dillon, "Contemporary Security Challenges in Southeast Asia", *Parameters* (Spring 1997), pp. 119-133.

⁵ Felix Soh, "Shaken, But Not Stirred from Goals", *Straits Times* (Singapore), 8 Sep. 1997, p. 32.

⁶ Dillon, "Contemporary Security Challenges".

⁷ Ball, "Arms and Affluence", pp. 94-95.

⁸ Bagyashree Garekar, "More Bucks for the Bang", *The Sunday Times* (Singapore), 21 April 2002.

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A very important explanation that has been offered concerning the rationale for Southeast Asian force modernization has been the continuing salience of intra-ASEAN tensions. Malaysia and the Philippines have quarreled over Sabah; Malaysia and Indonesia have disputed the status of Sipadan and Ligitan; Thailand and Myanmar have had a go at each other and the list goes on.⁹ In this context as I said I would like to focus a little on the arms dialectic in the relationship between Singapore and Malaysia. I do so not only because both states have been in the news recently with their respective arms purchases.¹⁰ A second more important reason why I want to focus on the Singapore-Malaysia relationship is because it well illustrates how the three factors: the bilateral arms dialectic, long-term structural and more immediate political variables, have combined to produce the political oxygen that might lead both sides in the event of a crisis into an inadvertent conflict. A third reason for the Malaysia-Singapore focus is the fact that in many ways this relationship at the maritime core of ASEAN has a larger structural importance for the cohesion and stability of ASEAN. It has been said, correctly I believe, that should any conflict break out between these two neighbours, that together with Indonesia form the core of ASEAN, the organization would not survive.¹¹ A fourth reason why the Singapore-Malaysia relationship is important relates to geostrategic factors. Both states sit astride strategic waterways such as the Straits of Malacca and the South China Sea. Any conflict between them would imperil

⁹ See Andrew Tan, *Intra-Asian Tensions*, Discussion Paper 84 (London: Royal Institute for International Affairs, 2000).

¹⁰ Malaysia is planning to purchase *inter alia*, 60 Polish battle tanks, 25 700 Pakistani 40-mm anti-tank rockets, 24 000 Steyr assault rifles, as well as short-range Pakistani anti-aircraft missiles, Russian IGLA man-portable air defence systems as well as the Jernas short-range air defence system from the United Kingdom. Kuala Lumpur is also deciding whether to buy US F/A-18 Super Hornets or the Russian SU-30. Singapore has acquired *inter alia*, US Apache attack helicopters and six stealth frigates. It is also in the market for new light tanks and up to two dozen fighter aircraft. In the latter respect, it is reportedly looking at the US F-15E Eagle, the French Rafale and the Eurofighter Typhoon.

¹¹ Tan, *Intra-ASEAN Tensions*, p. 53.

international commerce between the Persian Gulf, the Indian Ocean and the Pacific, which is more than half the world's total. Thus great power intervention in Southeast Asia in the event of a conflict between Singapore and Malaysia would be well nigh inevitable.¹² Finally, Singapore-Malaysia bilateral co-operation can only make a material contribution to not merely the regional but also the global war on terror. This bilateral relationship therefore merits attention of not just a regional but a global audience.

Let me unpack my argument. First, what do I mean by the structural factors that have played their part in generating the political oxygen I have been talking about? These are long term tensions arising from ethnic, religious and demographic differences. These tensions are not easily amenable to resolution by political negotiation. Adapting a typology developed by James Kurth,¹³ for instance, we might say that in the Singapore-Malaysia bilateral sub-complex you essentially have two "uniethnic" states with "multiethnic" polities which are in continuous, intimate proximity to each other, and mutually aware of each being the political mirror image of each other: the Malaysian state is politically dominated by the Malay majority but has a politically significant Chinese minority and the Singapore state is politically dominated by the Chinese majority but has a politically significant Malay minority. This in and of itself, I would concede to constructivists, does not *automatically* mean trouble, but given that both states have indeed shared a very painful formative experience in the period 1963 to 1965, tensions have been generated which continue to linger. Like what William Faulkner wrote, the past is not gone, it is not even past. In the case of Malaysia and Singapore, the past is

¹² Julian Schofield, "War and Punishment: The Implication of Arms Purchases in Maritime Southeast Asia", *The Journal of Strategic Studies*, Vol. 21, No. 2 (June 1998), pp. 98-99.

¹³ James Kurth, "The War and the West", *Foreign Policy Research Institute*, Vol. 3, No. 2 (Feb. 2002), available at http://www.fpri.org/w/w/0302_200202.kurth.warandthewest.html.

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still here. And one must add to this mixture the fact that one of these two awkward neighbours happens to be a *small state* displaying all the classic insecurities of such political entities: Singapore's leaders have always been aware of the city-state's lack of self-reliance in water and other natural resources, its vulnerability to the vagaries of the global and regional economies, its lack of strategic depth, and how an imperial Japanese army once exploited this disadvantage with such brutal effect exactly sixty years ago.¹⁴ Given these structural factors, how can one *not* expect some friction in the Malaysia-Singapore bilateral relationship? Periodic bilateral friction has simply got to be par for the course.

Over and above all this there is another structural factor that is particularly destabilizing: the two sides are locked in what might provisionally be called a *prestige dilemma*. What do I mean by this? Let me just say that my thoughts on this point are still very preliminary, but I would argue that a prestige dilemma might particularly affect two or more states that are in close geopolitical proximity and share a history of competitive bilateral political relations. In particular, a prestige dilemma may operate when one state perceives itself as politically less "successful" in the eyes of the wider international community than the other. Political success in this connection should be measured broadly in terms of both objective and subjective factors: greater national wealth, more diplomatic clout, "better" armed forces and superior or more attractive cultural and social attributes. Prestige dilemmas are therefore inherently asymmetric, operating in the context of a state which perceives itself to be in need of "catching up" with an existential other in the form and shape of a target state that is seen to be currently

¹⁴ Tim Huxley, *Defending the Lion City: The Armed Forces of Singapore* (New South Wales: Allen and Unwin, 2000), pp. 30-33, 59.

ahead in the diplomatic, economic, military and soft dimensions of national power. It might be suggested that another integral element of a prestige dilemma concerns the *reactions* of the target state. Thus a prestige dilemma remains a "dilemma" because the target state never stands still; it is always deliberately and consciously moving ahead and staying out of reach. This is because the target state, in a way suggestive of perhaps offensive realism,¹⁵ seeks to maintain its multidimensional political lead simply because this gives its leaders a greater sense of overall security.

A prestige dilemma is in fact a form of security dilemma. To recap, a security dilemma operates in a bilateral relationship when both states do not wish to make each other insecure but paradoxically end up doing so anyway.¹⁶ Certainly in the context of the bilateral relationship Malaysia does not want to harm Singapore. Kuala Lumpur, like any rising nation, simply wants to raise its regional and global profile and carve out its own "place in the sun", so to speak.¹⁷ Similarly, Singapore does not want to harm Malaysia, it just wants to make very sure that it is so strong that it can never be harmed by anybody. This is what is meant by "non-directional deterrence".¹⁸ Over and above this, both sides mutually acknowledge a very strong shared interest in secure, stable relations so as to expedite the foreign and domestic investment required to fuel rapid economic growth. The importance of economic growth to both sides should not be underestimated. Both states have long regarded a sound economic base as the cornerstone of good governance, thereby facilitating the timely and effective provision of

¹⁵ Offensive realism posits that all states seek to "maximize their power relative to other states because only the most powerful states can guarantee their survival". See Jeffrey Taliaferro, "Security Seeking Under Anarchy", *International Security*, Vol. 25, No. 3 (Winter 2000/01), p. 128.

¹⁶ Alan Collins, *The Security Dilemmas of Southeast Asia* (London: Macmillan, 2000), pp. 1-17.

¹⁷ "Malaysia Arms itself against Uncertainties", *Stratfor.com*, 17 April 2002, available at www.stratfor.com/standard/analysis_print.php?ID=204148.

¹⁸ Huxley, *Defending the Lion City*, p. 55.

security, welfare and justice for their respective populations. Good governance rather than Western-style liberal democracy was after all the essence of the great ideological "Asian Values" debate that both Malaysia and Singapore spearheaded.¹⁹ Hence both states, which are classified formally as not liberal but semi-democratic,²⁰ utterly require sound political and macroeconomic performance on a continuous, uninterrupted basis for political legitimacy.²¹ Given the increasingly Internet-savvy, sophisticated and often critical civil societies in both Singapore and Malaysia, it would be the height of political lunacy for the two governments to consider military adventurism. It would be mutual regime suicide.

I argue here that a prestige dilemma has operated in the Malaysia-Singapore relationship for about 30 years. Ever since Singapore's export-oriented global city survival strategy began to bear fruit by the mid-1970s and the city-state began to enjoy considerable economic success, the island nation has loomed large in the cognitive frameworks of Malaysian political leaders from Tun Razak to Dr Mahathir as the "Great Existential Other" against which all Kuala Lumpur's achievements in the diplomatic, economic, military and social fields must be measured. Thus any Malaysian Prime Minister will have to among other things, demonstrate to the Malaysian public how his administration has overtaken Singapore diplomatically, economically and militarily, and even socially. Arms purchases by Kuala Lumpur should be seen in light of the prestige

¹⁹ Diane K. Mauzy, "The Human Rights and 'Asian Values' Debate in Southeast Asia: Trying to Clarify the Key Issues", *The Pacific Review*, Vol. 10, No. 2 (1997), pp. 210-36.

²⁰ William Case has analyzed the concept of semi-democracy in Southeast Asia. William Case, *Politics in Southeast Asia: Democracy or Less* (Richmond, Surrey: Curzon, 2002).

²¹ Muthiah Alagappa has developed a framework for analyzing political legitimacy in Southeast Asia. Performance – defined in terms of the "security, welfare and justice functions of government" – is one of the bases of legitimacy he identifies. Muthiah Alagappa, *Political Legitimacy in Southeast Asia: The Quest for Moral Authority* (Stanford: Stanford University Press, 1995), p. 41.

dilemma, rather than as a defensive response to Singapore's arms acquisition programme. As Tim Huxley notes, Malaysian political leaders and senior military commanders have never really perceived Singapore as a "serious security threat".²² It is more a matter of being seen to have "arrived". Hence with respect to the most recent Malaysian submarine purchase, Phillip Saunders of the Monterey Institute of International Studies in California argues that "for a navy they're a sign of prestige, that's what modern navies do".²³ Prestige aside, it should be recognized that there is also the need to fill existing capability gaps, such as the need for the Malaysian navy to meet its resource protection and general constabulary functions.²⁴

For its part, Singapore does not deliberately seek to be more politically successful than Malaysia. I would argue that while Malaysia views its bilateral relationship with Singapore in generally prestige terms, Singapore, because it is structurally predisposed to do so, given its small size, instinctively sees its ties with Malaysia in security terms. Singapore's self-perception is of the quintessential small Chinese city-state in a Malay archipelago that has been reminded time and time again by its neighbours that it is nothing but a tiny red dot and - perhaps amusingly in some capitals - the pimple that will not burst. Hence, to no *sober* observer's particularly overwhelming surprise, Singapore seeks to preserve its overall political edge in the belief that this is the *only* way to preserve its security as a small state. Senior Minister Lee Kuan Yew as long ago as 1966 alluded to this line of thinking when he said that Singapore simply needed to have

²² Huxley, *Defending the Lion City*, p. 66.

²³ Transcript of interview of Dr Phillip Saunders, Australian Broadcasting Corporation, 11 April 2002.

²⁴ Robert Karniol, "Country Briefing: Malaysia: Balancing Act", *Jane's Defence Weekly*, 3 April 2002.

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“overwhelming power” on its side.²⁵ The existence of the prestige dilemma in the Malaysia-Singapore relationship helps I think explain bilateral phenomena. It helps explain why Dr Mahathir has sought to build up the Multimedia Super Corridor to challenge Singapore as the regional information hub. It helps explain why Kuala Lumpur International Airport (KLIA) seeks to position itself as bigger and better than Changi International in Singapore.²⁶ It helps explain why Tanjong Pelapas port is seeking to snatch business from the Port of Singapore Authority. Dr Mahathir himself lauded the Johore port. In his own words, he declared: “We have succeeded in taking away two million containers from Singapore”.²⁷

The structural reality of the prestige dilemma of course impinges on the level of agency. In this sense the prestige dilemma creates strong pressures for Malaysian leaders to be seen by both the Malaysian public and the wider international community to be constantly outwitting, outmaneuvering and cutting Singapore down to size. We can see this phenomenon across a whole range of issues over and above the more specific periodic Singapore-bashing that occurs at general elections. We can think of the acrimonious to-ing and fro-ing over the price of water, the quarrels over territorial issues like Pedra Branca, the flap over Customs, Immigration and Quarantine (CIQ) facilities, the disagreements over the right of the RSAF to use Malaysian air space, the furore over Singapore's land reclamation in the Johore Straits, and the matter of the repatriation of Malaysian workers' contributions to the Singapore-based Central Provident Fund (CPF). Similarly, the defensive reflex response of Singaporean leaders to Malaysian tirades

²⁵ Huxley, *Defending Singapore*, p. 33.

²⁶ Leslie Lopez and Zach Coleman, “Malaysia Touts Its Transport Initiative”, *The Asian Wall Street Journal*, 31 May 2002-2 June 2002.

²⁷ *Ibid.*; Leslie Lau, “Water Deal ‘Unfair’”, *Straits Times* (Singapore), 4 May 2002.

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merely perpetuates Kuala Lumpur's prestige dilemma. Thus Singapore's leaders habitually refer to Malaysian rhetorical histrionics to justify why the city-state can never afford to remain stationary in any field of endeavour and how in the final analysis, only a SAF that is second-to-none in operational capability will ensure that Singapore will be able to have "the confidence to ride out the storm, not to react hastily, and not knuckle under the pressure".²⁸

As pointed out earlier, in the final analysis both sides do not want a war, as this would be politically suicidal for both governments. And yet if we are not more careful, these domestic political realities may one day not be sufficient to prevent both states from sliding into an inadvertent armed conflict. It is not a question of whether there is an arms race between the two states or not. This really is beside the point. The real issue is: just how aware are *both* governments that the combination of structural factors, agency-level mutual irritants and their bilateral arms dialectic have the potential to generate worrying levels of political oxygen that can be set aflame by the requisite spark? Going by recent events, I am not too sure. For one thing the rhetoric has really been flying recently. In early May, none other than Prime Minister Dr Mahathir himself declared with gusto that "there are many ways to skin a cat, and to skin Singapore, there are also many ways".²⁹ While Dr Mahathir may have been speaking in the context of inter-port competition between the two states, his somewhat reckless choice of metaphor provoked an utterly unsurprising instinctive response from the city-state. Hence one Singapore MP, who is the chairman of the Defence and Foreign Affairs Government Parliamentary Committee,

²⁸ Lydia Lim, "KL Out to 'Weaken' Singapore", *The Straits Times* (Singapore), 17 May 2002; Huxley, *Defending the Lion City*, p. 63.

²⁹ Lau, "Water Deal 'Unfair'".

declared on 16 May 2002 that the Singapore government must “remind the Malaysians that Singapore is no pussy cat”, that “they should jolly well know that it is not easy to skin a lion”, and that those “who dare try will be badly mauled”.³⁰

We must also keep in mind that in the open literature nowadays there have already been both fictional and serious academic accounts that discuss and analyze war between Malaysia and Singapore. For instance, while British Southeast Asia watcher Tim Huxley has analyzed a scenario for war between the two states,³¹ Joseph Parapuram has written a novel on the same topic.³² In addition, a senior MAF officer wrote in the November 2000 issue of *Strategi*, the MAF staff college journal that Malaysia had the right to defend itself by all means - including polluting Singapore’s water supply with “chemical or biological weapons”.³³ All this rhetoric has meant that in the minds of policymakers and even the general public on both sides, a certain psychological threshold has been crossed. War between the two states is no longer a taboo subject. This only adds to the political oxygen swirling around the bilateral relationship.

And finally, the kinds of weapons systems both sides are acquiring as part of their bilateral arms dialectic, should be seen as also pumping up the pure political oxygen environment of the bilateral relationship. The first way in which arms acquisitions contribute to political oxygen levels is via its very nature. A long time ago the great Prussian military philosopher Carl von Clausewitz argued that “the effects of physical

³⁰ Speech by Dr Ong Chit Chung, Chairman of GPC on Defence and Foreign Affairs, Parliament House, 16 May 2002.

³¹ Huxley, *Defending the Lion City*, pp. 58-62.

³² Joseph Parapuram, *Once in a Blue Moon* (London: Minerva Press, 2000).

³³ The writer was Lieutenant-Colonel Azmy Yahya. He was cited in a speech by Singapore Prime Minister Goh Chok Tong, reproduced in *The Straits Times* (Singapore), 6 April 2002.

and psychological factors form an organic whole, which unlike a metal alloy, is inseparable by chemical processes".³⁴ Hence the acquisition of armaments is not just a technical, physical act, it is intrinsically, as Clausewitz suggests, a psychological and thus *political act*. I suggest that no matter how governments may justify the armaments in their arsenals, their *very nature* communicates an offensive message to putative Others.

That's not all. Julian Schofield has argued - in my view persuasively - that the SAF and the MAF do not really have the ability to mount wars of conquest. But they certainly can execute *punitive* strategies - that is, rather than impose an effective military occupation, both sides have the ability to inflict socioeconomic punishment on each other. If you look at the armaments both sides have and are acquiring, it is clear that each can easily launch air strikes at each other's population and economic targets. In naval terms, each side possesses long-range anti-ship missiles such as Exocet, Gabriel and Harpoon that can interdict the others' vital maritime commerce.³⁵ As I said, both regimes rely on providing continuous political stability and economic performance for a big part of their respective political legitimization strategies. Hence, by possessing the ability to in effect hold each other's society and economy hostage, mutual deterrence and by implication stable bilateral relations can be enhanced.³⁶ However, a big problem, as Schofield incisively notes, is that modern conventional warfare tends to favour *pre-emption*. In other words, to maximize your tactical, operational and strategic advantage, you must achieve surprise, before the other side has had time to protect his land-based urban civilian concentrations and economic targets, organize his merchant shipping in

³⁴ Carl von Clausewitz, *On War*, ed. By Anatol Rapoport (London: Penguin, 1982), pp. 251-252.

³⁵ Schofield, "War and Punishment", p. 82.

³⁶ *Ibid.*, p. 98.

defensive convoys, or disperse his military assets with which he is going to strike back at you. In a serious crisis, in short, there is a strong temptation to *strike first*. Hence Schofield argues that the air forces and navies of Southeast Asian states are naturally configured toward "preemptive strategies".³⁷ This fact, which cannot be unknown to military professionals on both sides, contributes to the political oxygen I have been talking about, and raises questions about crisis stability.

Let's recap. I have tried to put together a conceptual framework in order to tackle the issue of defence capabilities in the bilateral relationship between Singapore and Malaysia. I have argued that three factors have generated what I call pure political oxygen that in a crisis, many be set alight and provoke armed confrontation. The first factor represents long-term structural tensions arising from ethnic, religious and historical factors as well as the prestige dilemma. The second set of factors refer to more immediate bilateral political disputes concerning territorial questions and other issues, rhetorical excesses and a general easing of the old taboo of war between the two states. The third factor is the bilateral arms dialectic, with its inescapably inherent offensive, pre-emptive nature. These three factors have in varying combinations contributed to the pure political oxygen that swirls uneasily around the bilateral relationship. As the whole situation stands right now, should a crisis strike, things might turn hot.

This is unfortunately, not all that far-fetched, given the current war on terror. To quickly sketch one scenario: we all know that one of the Jemaah Islamiah militants who eluded the Singapore authorities and decamped to Thailand in December 2001, vowed to

³⁷ Ibid., pp. 86-88.

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hijack an aircraft and crash it into Changi International.³⁸ What would happen if that JJ militant had – for reasons of his own - succeeded in hijacking a *MAS* aircraft and was en route to Singapore? What if the Singapore government was forced to shoot down that aircraft? Surely the Malaysian media and Muslim opinion would be apoplectic. This would put tremendous pressure on Kuala Lumpur to take punitive action against Singapore and Singapore would itself feel under severe threat. Given the pure political oxygen swirling around the bilateral relationship, would not the logic of pre-emption seem to people on both sides of the Causeway pretty compelling? Who is going to bet against it?

Should defence capabilities be increased in Southeast Asia then? In the specific context of Singapore-Malaysia relations, in an ideal world the answer ought to be no. But this is the real world, and both sides are going to continue to do so. I would suggest that not an awful lot can be done about structural realities arising out of historical, ethnic and religious factors, as well as the prestige dilemma. But at the level of agency, at the level of individual policymakers on both sides, something could be done. Figuratively speaking, it would be wise to inject some “political nitrogen” into the current pure political oxygen environment to make it non-flammable. How so? For one thing, it would help if leaders on both sides ease back on the rhetoric, while making renewed efforts to settle outstanding bilateral disputes from water supply to territorial issues. It

³⁸ Lydia Lim, “PM Reveals Plan to Crash Jet into Changi”, *The Straits Times* (Singapore), 6 April 2002.

would also be a step in the right direction to consciously seek the desecuritization of bilateral irritants, as it now appears to be the case in the long-running water issue.³⁹

On the defence capabilities front, three things must be kept in mind. First, because of the prestige dilemma, Malaysia will continue to compete with Singapore across the board and certainly in the arena of arms acquisitions - and Singapore is never going to stand still and let Kuala Lumpur catch up. When Malaysia buys weapons systems, it is not trying to threaten Singapore, simply because it knows that if it wants to attain Vision 2020, it cannot afford to do so. Malaysia buys weapons systems largely because it wants to have a higher regional and international profile. When Singapore buys weapons systems, it is not trying to threaten Malaysia or anybody else; it is trying to keep ahead simply because this makes this small Chinese city-state feel secure. Second, it must be understood by both sides that force modernization is not merely a technical phenomenon, it is an innately political act that communicates offensive intentions regardless of privately considered or publicly articulated rationales. Third, the nature of modern conventional warfare favours offensive pre-emption. In these circumstances, it is incumbent upon both sides to avoid acquiring systems that confer too large a unilateral offensive advantage, thereby objectively upsetting the conventional balance. Certainly acquisition of weapons of mass destruction should never be contemplated. In addition, there is absolutely no alternative to defence diplomacy between the two sides in order to reduce suspicions and allay fears. Strategies of defence diplomacy need to be carefully devised to genuinely mute the inevitable political dissonance caused by every arms purchase.

³⁹ See Joey Long, "Desecuritizing the Water Issue in Singapore-Malaysia Relations", *Contemporary Southeast Asia*, Vol. 23, No. 3 (Dec. 2001), pp. 504-32.

In sum, if both Singapore and Malaysia can take steps to monitor and control the levels of political oxygen that enshrouds their relationship, then increasing defence capabilities would just be seen as part of the overall *desecuritized* multidimensional political competition between the two states. Even if because of the prestige dilemma Malaysia is not able to catch the constantly moving Singapore target, in the short to medium term the net result of salubrious interstate competition can only raise absolute levels of good governance, socioeconomic equity and increase civil society space in both states. This would in turn strengthen the national resilience of these two strategically located multiethnic Southeast Asian nations, increasing their respective immunities to divisive radical religious ideologies, and enhancing the overall Southeast contribution to the long-term war on terror.



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**NATIONAL SECURITY: IS THERE A NEED TO BOOST DEFENCE
CAPABILITIES IN THE ASIA PACIFIC REGION?**

by

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NATIONAL SECURITY:
**IS THERE A NEED TO BOOST DEFENCE CAPABILITIES IN THE ASIA
PACIFIC REGION?***

Edy Prasetyono⁺

The questions of the need to increase defence capabilities in Asia Pacific and its implications for the security of the region have been debated since the end of the Cold War. The debate arrives at two conclusions. *First*, there is no single factor able comprehensively to explain the trend. Defence build up in the region is the result of multiplicity of causes, basically underlining that the region is now faced with some uncertainties. Chief among these are the question about the nature and the extent of US military presence in the region, the potential competition and conflict between China, Japan, and India, other regional conflicts such as the Korean problem and Taiwan issue, territorial disputes, and maritime security in East Asia and Southeast Asia. *Second*, what is happening in Asia Pacific is more of arms build up and modernization than an arms race. In real terms, the amount of the existing arms and those to be procured and the competition of defence spending are still limited in capacity and durability. This perspective argues that the increasing defence capabilities would not destabilize the regional security. However, some argue that this development could have detrimental effects to regional security as most of the countries in the region are involved in regional disputes rooted at history, suspicion, and territorial problems. Furthermore, most weapons acquired and being procured can be used for power projection beyond national borders.

Factors Causing the Military Build Up In Asia Pacific

There are some factors justifying the need for increasing defence capabilities. *First*, the US factor. In the immediate post-Cold War there was a concern about the reduced US presence that led the regional countries to rely

* Paper presented at the 16th Asia Pacific Roundtable, Kuala Lumpur, 2-5 June 2002.

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on their own capabilities to maintain national and regional security. In this situation the regional countries might be tempted to use their military power to protect their national security interest and to gain regional influence over their neighbours.

The *second* factor is the increasing military projection of the major regional power, especially China, Japan, and India. Regarding China, the country's military program has indeed caused fears among its neighbours. Chinese air forces have been strengthened by SU-27, SU-30, and MiG-31. The country is purchasing some additional SU-27s and SU-30s (up to 400). Some reports even state that China's military has been equipped with TU-22 Backfire supersonic bombers for strategic and maritime strike. China is also interested in the acquisition of an aircraft carrier and continues to develop its blue-navy capability supported by airpower. These capabilities would no doubt give China a leverage to assert supremacy over its neighbours, especially in the case of the disputed island in the South China Sea. Reports indicate that China's navy capabilities in the South China Sea (SCS) have increased considerably. The South Sea Fleet (SSF), which is responsible for operations in the SCS, is projected to achieve superiority in SCS with the introduction of the Song-class submarine construction program.

The region is also concerned about the future of Japan's role in the region. Japan's military forces are considerable by regional standard although they are not equipped with offensive and long-range capabilities, such as aircraft carrier and bombers. With the importation of modern weapons from the US such as AEGIS class cruisers and joint production of many military equipments supported by economic power and technological strength, it will be relatively easy for Japan to become major regional military power. There are indeed constitutional and regional constraints to the development of Japan's armed forces and security policy reflecting a fear of revival of Japanese militarism. They include: Japan-US alliance, the defence budget must be limited to around 1 percent of the GNP, non-nuclear principles, and article 9 of the Constitution. Thus, military affairs always become sensitive issues in Japanese domestic politics and its foreign policy.

However, this does not mean that the fear about Japan has been eliminated. Japan's interests in East Asia and Southeast Asia are considerable. Around 40 percent of its total trade and 75 percent of oil supplies to Japan pass through the region. Japan appears to be ready to take military option if: the US-Japan security alliance is no longer credible to Japan; if its strategic environment is changing dramatically; if China is going to be adventurous in asserting its claim over Taiwan and islands in the SCS, and the disputed Senkoku Islands. Recent developments even strongly indicate that Japan is ready for the possibility of conflict in the region by entering into a theatre missile defence arrangement with the US and by issuing statements interpreting that their constitution allows them to carry out a pre-emptive strike on any one that they think to launch missile attack on Japan; and by changing law to allow the SDF to support the US military anywhere in the Far East. It is in the context that the security alliance between Japan and the US becomes a sensitive issue in the region as it provides security guarantee not only to Japan but also to the region.

With regard to India, the regional countries are concerned about the development of the country's naval and air forces. It has an aircraft carrier and plans to acquire another. India is also reported to have developed air and naval facilities on the Nicobar and Andaman Islands that are close to Southeast Asia. India's naval and air power seems to be projected towards building a carrier group (blue water force). For this, the Navy is building a two-carrier force. The Indian armed forces are procuring 150 SU-30s and upgrading TU-124. They are also operating four AWACS.

It should be stressed that the fear of the increasing military projection of major powers is not only about threat they could pose to the region. Instead, it is also about the nature of their strategic relationships, essentially underlining a fear about the prospect of regional competition among these three regional countries that would have a disturbing impact for the region.

Third factor accountable for the regional military build up is salient regional conflicts, particularly those rooted at territorial disputes. These territorial disputes and their maritime dimensions have not only provoked the countries in the region to develop their defence forces but also shaped military strategy and planning with the emphasis on the development of military forces able to protect their maritime interests such as protecting SLOCs, Exclusive Economic Zone, and coastal areas. All of this redefines military procurement of the countries in the region.

Maritime security appears to have provided rationale for the need to increase defence capabilities in Asia Pacific. Asia Pacific countries face potential maritime threats more than other countries in the world. They must patrol and police more than 52 percent of the ocean covering the earth's surface. The sea-lanes of the region are of great strategic value to regional countries and to the entire world. The value of trans-Pacific shipping totals several trillion dollars per year. The off-shore security interests requires the regional countries to develop littoral warfare, air and maritime surveillance and reconnaissance capabilities, and anti-ship missiles to protect choke-points that are vital to sea-lanes and shipping routes.

It is also important to note that new or non-traditional security threats have exploited the open nature of maritime borders such as piracy and illegal migration. The International Maritime Bureau (IMB) identified Indonesia and the Malacca Straits as the two most dangerous areas for international shipping. The IMB said that from mid-1999 to mid-2000 of a total of 285 reported attacks worldwide in the period, a total of 117 took place in Indonesian waters, especially around Sumatra's Riau Province and the Straits of Malacca. In Addition, there is also a link between the rate of pirate attacks and the presence separatist movements, particularly in the southern Philippines and east Malaysian regions. The first half of 2001 saw the highest rate of piracy in Indonesian and Malaysian waters. In September 2001, the Free Aceh Movement warned that ships using the Malacca Straits should seek permission from the separatist groups before using the straits and that they would not be responsible for attacks on vessels that failed to do so.

According to some sources, Indonesia suffers from the loss of around 26 billion dollars annually due to a lack of maritime and air surveillance. Further, cross-border security threats, particularly terrorist networks and illegal migration, were made possible by the ease of movements across open international waters in the region. Thus, maritime security is strategically more important as it has direct implications for the internationalization of separatist movements, throwing domestic/national security issues to the forefront of international security concern.

Those developments show that non-traditional security threats provide strong rationale for the regional states to boost defence capabilities, especially those of air and maritime surveillance and reconnaissance and anti-ship missiles. Maritime build-up with the focus on littoral warfare due to strategic importance of SLOCs and maritime territorial disputes would dominate the strategic issues in Asia Pacific in the future.

The implications of defence build up

There are two perspectives to assess the implications of increasing defence capabilities: realist and liberal paradigms. In the perspective of realism, arms build up is natural consequence of international system which is in essence anarchic one, composed of sovereign states whose primary obligations is to their own survival, power, and national interests. The realist perspective sees war and peace a natural phenomenon of international relations, a function of power relationship based largely on the military strength. Stability and peace result from the nature of balance of power among states. As such, any increase in defence capabilities would eventually affect the balance of power, thus provoking international stability.

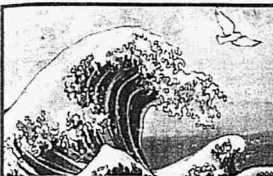
In contrast, in the liberal paradigm, arms build up should not necessarily be feared to generate negative impact on international security. This is because in today's world there has emerged a complex web of interdependency in which states have recognised that their interests cannot be separated from each others'. Interactions among states are not based on

the zero-sum game, as envisaged by the realists. Instead, it is based on economic benefit, avoiding war, promoting democratic values, and cultivating the norms of cooperation. According to this view arms build up does not matter because the countries concerned are now bound by the common desire for peace and stability, leading to the establishment of a security cooperation framework. Liberal perspective is based on a belief that security is essential to promoting economic interests which are now increasingly tied together. Thus, notwithstanding their military development programs, any military adventurism either by China, Japan, and other countries is very much less likely because this would be costly for themselves.

The liberals are certainly correct that peace, stability, and economic development are the common interests of the regional countries. With the emphasis on the importance of economic interests, security and stability are taken for granted, as a result of economic interdependence. However, they tend to overlook the complex characteristics of the Asia Pacific region that are beset by complex regional conflicts. Further, most weapons acquired contain offensive characters as shown in their emphasis on air and maritime capabilities.

That is why although what is happening is not an arms race, the development of defence capabilities could have detrimental effect to regional security. Moreover, if the trend continues there would be power rivalries leading to a dangerous regional arms race. Seen from this perspective, Asia Pacific needs to develop their security cooperation aimed at: serving as a mechanism for military transparency and creating an arms control regime in Asia Pacific. Most importantly, defence cooperation is a must due to transnational nature of threats facing states concerned.

The main problem facing the regional states is how they will place military component in a regional security cooperation framework. There remains sensitivity and suspicions. Here, the criteria of offensive and defensive weapons, military doctrine, and long term strategic objectives of the countries involved will become crucial issues.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 3(d)

CONCURRENT SESSION THREE
Monday, 3 June 2002, 1600 –1730 hrs

**NATIONAL SECURITY: IS THERE A NEED TO BOOST DEFENCE
CAPABILITIES IN THE ASIA PACIFIC REGION?**

**“Defence Spending in Asia – Post Economic Crisis and Post 911: Key
Questions and Tentative Answers”**

by

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SOUTHEAST ASIA
REGIONAL PROGRAM

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The first part of the report
 deals with the general
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 into two main sections.
 The first section
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 The third part
 discusses the
 results of the
 application of
 the principles, and
 the fourth part
 discusses the
 conclusions of the
 report.

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Defence Spending in Asia - Post Economic Crisis and Post 911: Key Questions and Tentative Answers

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16th Annual Asia Pacific Round Table
Kuala Lumpur
June 3-5, 2002

Note: First Draft ... Please do not quote or cite.

INTRODUCTION¹

Recently journalists and defence analysts have begun once again to call attention to the level and pattern of defence expenditures by Asian states, echoing concerns raised throughout the first half of the 1990s about competitive arms processes (if not arms races), accumulation of destabilizing weaponry by apparent rivals, and wasteful expenditure of resources on high tech weapons for prestige purposes.² The economic crisis of 1997 and subsequent political upheaval and reform processes in many Asia states saw the cancellation of big ticket items and a downturn in many regional member's defence budgets. However, with certain exceptions, these effects appear to have been short-lived, as prescient analysts had warned (including in previous APRT meetings).³

Asia continues to dominate the world arms expenditure market. Renewed "modernization" efforts on the part of economically recovering states account have seen an upsurge in weapons orders during the last eighteen months. Since September 2001, Asian governments' have been focused on "war-on-terrorism" responses, particularly in light of post-911 revelations of the penetration of international terrorist networks in Southeast Asian states. However, it needs to be recognized that modernization programs, enhanced training programs, and weapons systems purchase plans were already underway prior to September 11. The events of last year has served to mobilize support for defence initiatives and have seen a dramatic upturn in the role taken by the US, in terms of both its physical presence and its expansion of military cooperation and assistance programs.

¹ This research has been supported by the Institute of International Studies (Liu Centre) University of British Columbia through its Security and Defence Forum program. The views expressed are the authors' and do not represent those of any institution.

² See for instance, S. Jayasankaran, 2002, "Call for Arms," *Far Eastern Economic Review*, May 16.

³ Frank Umbach, (2001), xxxxx

In overall terms, however, these post-economic crisis and post-911 upsurges pale in comparison to the continued dramatic accumulation of weaponry by parties to the traditional rivalries of Asia: India and Pakistan, the PRC and ROC, and South and North Korea. Here the worry remains the troubling combination created by volatile political conditions coupled with the introduction of destabilizing weapons, thus increasing the chances of both the accidental and deliberate outbreak of war.

This paper focuses attention on recent developments in Asian defence expenditure and weapons acquisition patterns by posing four questions:

- What are the trends in regional defence expenditures? In particular, do we see a post-Asian economic crisis recovery pattern for certain states?
- To what extent do states' weapons acquisition patterns correlate to their apparent security concerns?
- Are the parties to traditional regional hot-spots acquiring weapons whose characteristics could tend toward destabilization in crisis circumstances?
- What have been the discernible shifts in Asian state defence priorities and weapons acquisition patterns in response to September 11 2001 and subsequent events in the war on terrorism?

The paper is limited in scope. It focuses on conventional weapons issues. It does not include analysis of US defence priorities and the US defence budget, albeit that US expenditures alone are themselves triple what all other Asian states, including Australia, expend on defence. It does not include South Asia.

REGIONAL DEFENCE EXPENDITURE PATTERNS

Table 1 and the accompanying Figures 1 – 3 provide an overview of the past decade's defence expenditure records for Northeast and Southeast Asian states.

[Table 1 and Figures 1 – 3]

The most obvious general observation is of the continued upward trend in overall defence expenditures, largely fuelled by the consistent budget increases of key Northeast Asian states. Japan, in particular, per Figures 1 and 2, continues to dominate regional and subregional expenditures. In absolute terms, its defence budget is greater than the combined total of its Northeast Asian neighbors, including China. This, of course, is not the whole story, but it remains an important benchmark when making regional comparisons.

The Asian Economic Crisis did not strike the East Asian region uniformly. Furthermore, while some states hit hard by the crisis have rebounded impressively, others have not, in either or both economic or political terms. As a result, a post-economic crisis effect of renewed defence expenditures is apparent for some impacted states. Others, however, have continued static or declining defence budgets. Three general trends in defence expenditure are observable.

Northeast Asia: Northeast Asian states continue to account for over 80% of regional defence expenditures.⁴ With the exception of North Korea, defence expenditures in Northeast Asia are increasing in absolute terms. Chinese and Japanese defence budgets have increased steadily for the past decade—the former maintaining double-digit budget increases, while the latter's growth rates have been relatively minor. For Taiwan, defence spending is rising again after a brief contraction "due to the completion of major weapons platform acquisitions, including the F-16 and Mirage 2000."⁵ South Korea's defence budget is the only one in the Northeast that evidences an economic crisis effect pattern, i.e., a drop in expenditures with an accelerating pattern of increases over the last three years of data. South Korean made major cuts in the procurement budget in 1997, but almost immediately resumed its modernization program as GDP growth recovered.

Southeast Asia – A Bifurcated Pattern: In Southeast Asia, the picture is not as consistent, with an apparent bifurcation between those states whose defence expenditures appear to have been little affected through the late 1990s and those who, for economic and/or domestic political reasons, began a persisting downward trend in their defence expenditure priorities. Thus, as evident in Figure 3, while defence spending is rising in Singapore and Malaysia and possibly beginning to recover in Indonesia, it is remaining static or declining in the (democratizing/secular/reformist) states of Thailand, Cambodia, and the Philippines.

It is Indonesia and Malaysia that join South Korea in evidencing an economic crisis effect pattern, i.e., a drop followed by a pattern of recovery. The rebound is pronounced in Malaysia, where a brief contraction in defence spending in 1997 and 1998 only served to delay its force modernization plans.⁶ Singapore, which was only marginally affected by the crisis, did not slow down its modernization program during the crisis.⁷

For Thailand, Cambodia, and the Philippines, the decline in military spending has followed the shift in government from military/military-backed authoritarianism to more democratic forms – part of what Alagappa and other regional analysts see as a longer-term trend in Asia toward a reduction in the political power and influence of the military and the strengthening of civilian control.⁸ As is the pattern in such transitions, scarce public funds are being redirected from the military toward social programs. In the aftermath of the Asian crisis, deficit reduction and debt service are also priorities.

⁴ Desmond Ball, 2001, "The Military Balance in the Asia-Pacific: Trends and Implications" *The Asia Pacific in the New Millennium: Political and Security Challenges* Eds. Mely C Anthony and Mohamed Jawhar Hassan (Kuala Lumpur: ISIS Malaysia) 390, 395.

⁵ Defence Intelligence Organization (DIO) 2001, "Defence and Economic Trends in Asia-Pacific, 2000" (Australian Government Publishing Service: Canberra)

⁶ Alan Boyd, 2002, "ASEAN's Military Buildup Threatens Detente with China" *Asia Times* 8 May 2002, 16 May, <http://www.atimes.com/se-asia/DE08Ae03.html>; "Malaysia goes on belated shopping spree for arms" *Yahoo Asia* 8 April and 23 May. <http://asia.news.yahoo.com/020408/reuters/asia-98941.html>; and S. Jayasankaran, "Call for Arms" *Far Eastern Economic Review* 16 May.

⁷ Umbach, 346-348.

⁸ Muthiah Alagappa, 2001, *Coercion and Governance: The Declining Political Role of the Military in Asia* Ed. Muthiah Alagappa (Stanford, California: Stanford University Press) 3.

SECURITY CONCERNS, DEFENCE BUDGETS, AND WEAPONS ACQUISITIONS

The standard analyses of Asian state security and the apparently corresponding results in terms of defence budgets and weapons acquisition patterns runs as follows

...
In Northeast Asia, the arms build-up is driven primarily by long-standing rivalries between China and Taiwan, and North and South Korea. The conflicts over the Taiwan Strait and the Korean Peninsula are the most dangerous flashpoints in the Asia-Pacific. The quantity and nature of arms purchases reflects the deep tensions that continue to exist in the region. On the Korean Peninsula, the manufacture of weapons of mass destruction (WMD) by the North, rather than the strength of its conventional forces, is now the primary security concern. Defence spending in both China and Taiwan is largely determined by China's commitment to absorbing what it regards as a "rebellious province" by force if necessary. China's defence expenditures are therefore focused on building the capacity to conduct and support and amphibious assault, Taiwan's on the capacity to repel such an assault.

Conversely, Southeast Asia is noted for the lack of such rivalries. Though much is made of the tensions in relations between Malaysia and Singapore, the two states have a long history of cooperation within ASEAN. Malaysia's recent arms build-up is apparently intended at more long-term threats and potential instability in neighbouring states, rather than narrowing the military gap with Singapore.⁹ Instead, force modernization programs in Southeast Asian states may be predicated on the emergence of external threats in the long-term, arising as a result of an imagined battle between major powers for regional hegemony.

However, an alternative and more systematic scrutinizing of the correlation between Asian state security concerns and their defence budgets and weapons acquisitions suggests itself in response to the second question posed earlier. This involves comparing and contrasting individual state's professed security concerns with their respective patterns of weapons acquisitions. What would be of interest in this context would apparent discontinuities between states' relative weighting of internal vs external security concerns and the applicability of the arms they acquire to meet their respective security priorities.

A preliminary analysis of this sort was undertaken as an experiment for this paper. To discover state's external and internal security concerns, we reviewed the country security outlook essays provided by national security experts in the most recent edition of the *Asia Security Outlook* volume.¹⁰ The results are presented, first, on a country by country basis in Table 2a and second, grouped according to type of threat in Table 2b.

⁹ S. Jayasankaran, 2002.

¹⁰ Charles Morrison, ed., 2001, *Asian Security Outlook 2001*. Tokyo: JCIE. An alternative considered but rejected was to consult state's defence white paper documents. These would not be available for all countries, but more importantly, they presumably would have a self-fulfilling quality to them. That is, defence departments presumably will rationalize their stated security concerns/threats with their arms purchases. That being said, defence white papers will be examined, as will be official security statements and reviews issued by governments.

Several things stand out upon reviewing the presented information. Taking a country perspective first: No Asian state security outlook expresses a concern about external threats of territorial aggression.¹¹ Not surprisingly, the countries of Northeast Asia are the only ones to articulate strategic, external security threats. China's security concerns reflect its geopolitical circumstances and its role as a rising regional power. It's security outlook articulates the most numerous and broadly based set of concerns--running the gamut from external threats arising from US missile defence plans, the US' presence in the region, land and maritime border contentions, and transnational criminal activities--to internal security concerns arising from tensions over the Taiwan Straits and anti-government activities by secessionist and separatist movements.

The states of Southeast Asia present a quite different security perspective, their external security concerns focused upon border matters—definition of borders (both land and maritime), but more frequently transborder spillover of conflicts in neighboring states and transnational criminal activities (Cambodia, Thailand, Vietnam, Singapore, Malaysia, and the Philippines).

Internal security concerns, however, appear to dominate for Indonesia, Cambodia, and the Philippines, as evidenced by the following quotes: "Cambodia faces no immediate military threat." "Indonesia's defense strategy and priorities remain in the defensive and focused on internal developments." "Internal security operations have become the primary focus of the AFP."¹²

Singapore and Malaysia are distinctive. For the former, no internal security concerns are noted (i.e., prior to September 11); for the latter, while internal security concerns are cited, perceived external security threats, largely envisaged as spillover from neighboring states, have resulted in Malaysia's "defence policy shift[ing] towards protecting maritime and land borders."¹³

Organizing state security concerns according to substantive themes yields the perspective displayed in Table 2b. Domestic political stability concerns dominate, grouped according to anti-regime threats over who is to govern and anti-government threats over the nature and bounds of the state over its population. Non-traditional security concerns, especially from terrorists and transnational criminal networks were noted (certainly with greater frequency than in previous years.) For many states, their perceived external security threats mirror their internal security concerns, especially regarding transnational criminal activities and the spillover effects of anti-regime and anti-government movements in other states. Maritime and land border issues arise in these contexts, i.e., concerns over incursions and illegal traffic, as well as in the more traditional sense of disputes over their location.

The question then becomes, to what extent do states' respective weapons acquisitions correlate to their expressed security concerns? It is difficult to determine a definitive answer, part because of the difficulties of data (combining indigenous production and purchases from external suppliers), in part because certain weapons systems could deal with a range of threats, and in part because the analyst can not

¹¹ Note North Korea was not included in the *Asia Security Outlook* volume, nor are India and Pakistan.

¹² These are taken from the *Asian Security Outlook 2001*, pages 38, 82, and 137 respectively.

¹³ *Asia Security Outlook 2001*, p. 108.

discern the motivation behind weapons acquisition decisions. That being said, an examination of the patterns of recent acquisitions by Asian states yields the following commentary:

Reflecting the preoccupation with maritime boundaries and the security of territorial waters, there continues to be a heavy focus on the acquisition of maritime equipment to equip and/or upgrade navies. Thus, one can point to Singapore (frigates on order), Malaysia (frigates plus maritime patrol boats on order), Philippines (maritime patrol boats and frigates), Thailand (offshore patrol aircraft), and Indonesia (upgrading naval vessels) in Southeast Asia. In Northeast Asia, a maritime emphasis prevails but the orientation is much more towards blue water power projection capabilities. Thus, one sees China acquiring destroyers, as well as Japan, South Korea, and Taiwan. In both subregional contexts, analysts are beginning to raise concerns of the consequences of the dimensional shifts in the size and capacities of naval forces, particularly in light of the fact that the most of the vessels coming on stream will be equipped with sophisticated missile systems.

Two other notable aspects of weapons systems acquisitions are apparent—but less obviously correlated to articulated security concerns. First is the large build up of combat fighter aircraft. Second is the increase in submarine in Asian navies. For Northeast Asian states, the PRC's, ROC's, South Korean, and Japanese fighter acquisitions, their respective rationales are well-established. The concern, however, as discussed below, is that this concentration of large numbers of fighter aircraft increases the overall level of regional tension and adds to the destabilization potential of crisis events.

The situation in Southeast Asia is anomalous: Here one sees Singapore, Malaysia, and Thailand all acquiring/modernizing their fleets of combat, fighter aircraft, while at the same time naming no threatening states and proclaiming that they are under no territorial threats.¹⁴ The rhetoric justifying these purchases is intriguing: Thus, for example in the case of Thailand, "The government states that this procurement [F-16 fighter jets] is necessary for national security since neighboring countries have already acquired advanced fighters."¹⁵ And for Singapore, (although in conjunction with its missile purchases rather than its extensive fighter acquisitions), these weapons "will face nowhere, but [will be] there to welcome whomever intends harm."¹⁶ Analysts have tended to draw two conclusions about this Southeast Asian situation: First, that there is indeed a competitive process underway, for technological dominance (on Singapore's part) and/or for numerical equivalence. Assigning the term "arms race" to these processes has been considered but rejected by analysts throughout the 1990s, as it would probably be today as well. Second, there is the more cynically expressed "toys for the boys" argument, namely that certain Asian militaries carry substantial political clout which translates into acquisition of high-tech weaponry for prestige purposes, rather than for meeting immediate security concerns.

The acquisition of submarines is also notable. Table 3 presents an overview of the regional buildup and notes the planned increases in submarine acquisition by several states. Of special relevance is the announced intention of Taiwan to acquire submarines, thus adding a new dimension to the cross-Straits situation.

¹⁴ Myanmar is apparently seeking to acquire Russian MiG-2 fighters as well.

¹⁵ *Asia Security Outlook 2001*, p. 164.

¹⁶ *Asia Security Outlook 2001*, p. 150.

“DESTABILIZING” WEAPONS SYSTEMS AND ASIAN CRISIS SPOTS

What is particularly concerning about both fighter aircraft acquisitions and submarine acquisitions is the destabilizing potential of each of these classes of weapons. This draws us to the third of the four questions cited in the Introduction: Is there concern that the types of weapons being introduced in Asia could tend to enhance the prospects of planned or accidental warfare in regional crises?

Strategic analysts spent much energy in the 1990s attempting to differentiate between offensive and defensive weapons, with the assumption that the latter were detrimental to maintaining stability. However, these debates became increasingly frustrating as the sophistication of weapons systems made them more difficult to label as one or the other, and as supposedly “defensive” weapons systems (such as missile defence systems) came to be viewed by some as inherently detrimental to strategic stability and likely to provoke offensive response patterns.

An alternative approach is to scrutinize weapons according to their potential for introducing destabilizing qualities into a strategic situation. In this regard, analysts have defined destabilizing weapons as having the following qualitative properties¹⁷:

1. weapons acquisitions that are large qualitatively compared to a state's existing forces or its rivals
2. weapons acquisitions that represent a substantive qualitative improvement in a state's capacities
3. weapons acquisitions that are rapid in light of the relative time scale of the apparent rivalry
4. weapons acquisitions that permit few if any countermeasures
5. weapons acquisitions that result in decreased warning times.

More specifically the types of weapons systems that embody these qualitative, destabilizing characteristics in whole or in part include:¹⁸

- Naval nuclear weapons
- Ship-based land attack ballistic and cruise missiles with conventional warheads
- Anti-ship missiles of all types
- Means of extending the range of strike aircraft (carriers, in-flight refuelling)
- Electronic countermeasures and anticountermeasures
- Submarines
- Long-range AAW ships and their missiles
- Long-range ships (and their ship to surface and ship to air missiles)

¹⁷ Michael Wallace, Brian L. Job, Jean Clermont, Andre Laliberte, 2001, “Rethinking Arms Races: Asymmetry and Volatility in the Taiwan Strait Case,” *Asia Perspective*, 25, 1, p. 183.

¹⁸ Adapted from Charles A. Meconis and Michael D. Wallace, 2000, *East Asian Naval Acquisitions in the 1990s: Causes, Consequences and Responses*. Westport, Connecticut: Praeger. Focusing on naval systems only, these authors list the first 9 characteristics, to which we have added the last three.

- Amphibious power-projection capability, including land craft and forces providing close support
- Modern strike aircraft and air-to-surface missiles
- Ballistic missiles that can attack without being vulnerable
- Missile defence systems that provide invulnerability to second-strike response

There is thus ample reason for concern that destabilizing weapons systems are becoming a potentially serious problem in Asia. Table 4 provides one perspective on this picture, cataloguing the weapons delivered by major supplier states to Asia from 1993 to 2000. Note that this Table does not include indigenous weapons production, which in the cases of China, Taiwan, and Japan particularly would be important. That is, these states produce classes of weapons systems, e.g., fighter aircraft and missiles, that should be added to the lists of externally supplied weapons in the Table.

[Table 4]

Examining the flow of weapons into the Asian theatre highlights several very troubling trends. First is the continued quite extraordinary build up of fighter aircraft. The Table indicates the addition of over 500 supersonic combat aircraft into the region in the 1997-2000 period alone. Second is the build up in major naval combatant vessels, i.e., in the blue-water, power-projection capabilities of Asian navies. Third is the build up in submarine capacities, as set out in Table 3. And, fourth, is the dramatic ramping up of missile capabilities of each of the prior three types of weapons systems. As Table 4 makes apparent (and as an examination of Chinese weapons production would add additional confirmation), the Asian military environment has seen dramatic levels of missile proliferation over the last decade.

In this regard, the situation of the Taiwan Strait deserves specific attention. Several elements of PRC-ROC weapons acquisition patterns can be regarded as destabilizing, when seen in isolation—the two parties acquisition of modern combat aircraft, their build up of anti-ship missiles, their deployment of short-range missiles, and most recently the prospect of their both possessing submarines. When taken together, the inescapable conclusion is of a “competitive arms process”, one that is “heavily weighted towards types of weapons that destabilize the military balance,”¹⁹—and one that merits more careful, sober analysis by political decision makers in Beijing, Washington, and Taipei in order to reduce the likelihood of confrontation and conflict.

AFTER SEPTEMBER 11, 2001

The terrorist attacks of September 11 and subsequent events in the war on terrorism have had dramatic psychological and material impacts upon the security environment of Asia. There has been a remarkable increase in shared concern and cooperation among Asian states, among themselves and in concert with the United States. There has been a crack-down and clamp-down on identified terrorist elements and advocates of extremism in Asian states, guided by the realization that groups operating in one country with goals towards another are not benign in their respective domestic political contexts and that international responsibility demands that they be

¹⁹ Michael Wallace, et al, 2001, p.

controlled. Additionally, one has seen certain Asian states respond vigorously, under a counter-terrorism agenda, against what they regard as "separatist and secessionist" elements that threaten regime security.

In substantive terms concerning defence budgets and weapons acquisition patterns post-911, the data is not yet available to construct a complete picture. Indeed, as noted above, a shift in emphasis towards internal security concerns had been apparent in Asian states' defence profiles over the last two years. The same can be said for US assistance to the region. Overall totals for East Asia and the Pacific had been increased from US\$ 442 million to US\$ 494 million from FY 2001 to 2002, in advance of September 11. For each of Cambodia, the Philippines (in particular), and Indonesia, increases were in the pipeline already. Certainly, post-September 11 has seen major further developments, in states' domestic allocation of resources towards internal security requirements, and by the US in providing direct and indirect military training and equipment to select Asian states. For example, the Philippines and Thailand have already received substantial numbers of helicopters from the US. One can assume that US-Indonesian military cooperation and flows of equipment and training will also increase in the next year, provided that concerns over human rights issues can be kept in the background.

In sum, this paper does not provide a definitive picture. It does however point to the necessity or renewed attention to the defence expenditures and weapons acquisition patterns in Asia. Responses in light of the new circumstances of economic recovery, increased political tensions in crisis spots, and the war on terrorism could have quite dramatic broader impacts on the strategic and political stability in the region.

Table 1

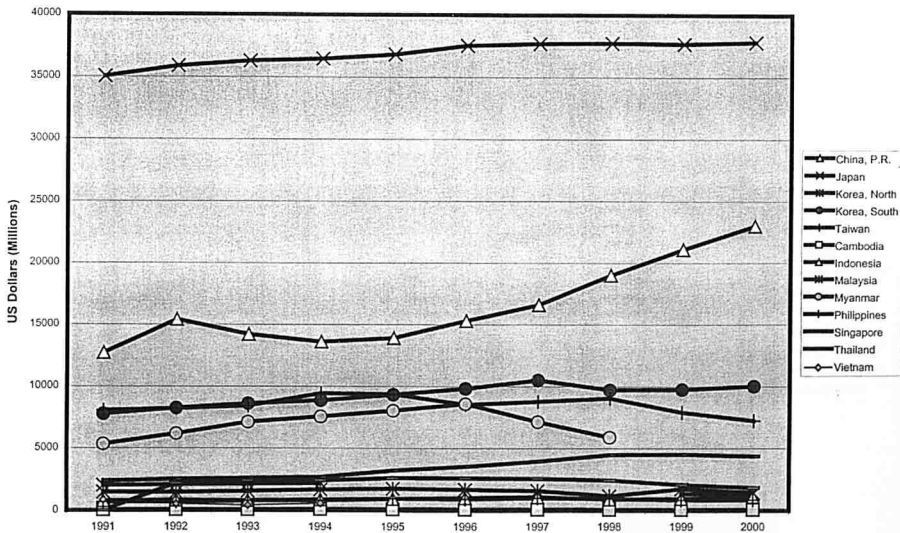
Defence Spending in East Asia, 1991 - 2000

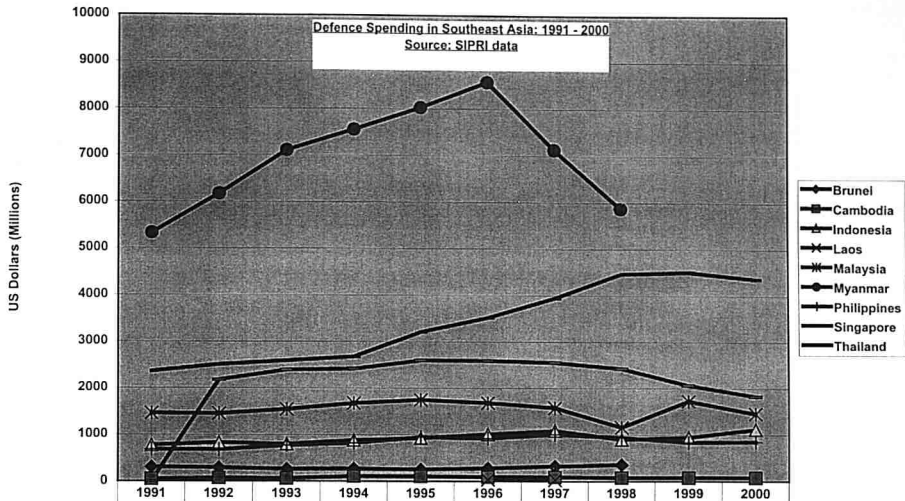
Source: SIPRI data

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
China, P.R.	12700	15400	14200	13600	13900	15300	16600	19000	21100	23000
Japan	35024	35863	36274	36461	36814	37533	37700	37739	37690	37836
Korea, North	2030	2083	2133	2190					1327	1345
Korea, South	7765	8224	8596	8853	9313	9809	10500	9700	9743	10013
Taiwan	8039	8189	8411	9428	9352	8507	8765	9030	7896	7222
Brunei	306	292	260	267	255	279	322	356		
Cambodia	48.7	70.6	60.5	106	105	94.2	93.3	79.6	79.7	78
Indonesia	769	828	795	878	925	1006	1084	896	942	1114
Laos						36.3	31			
Malaysia	1458	1450	1540	1669	1744	1677	1576	1158	1718	1451
Myanmar	5327	6171	7104	7551	8027	8572	7128	5873		
Philippines	681	677	766	816	945	917	1004	939	837	844
Singapore	2363	2510	2591	2679	3206	3515	3944	4466	4508	4362
Thailand	1 939	2180	2393	2417	2599	2593	2555	2426	2061	1824
Vietnam	848	535	419	572						

Defence Spending in East Asia: 1991-2000

Source: SIPRI data

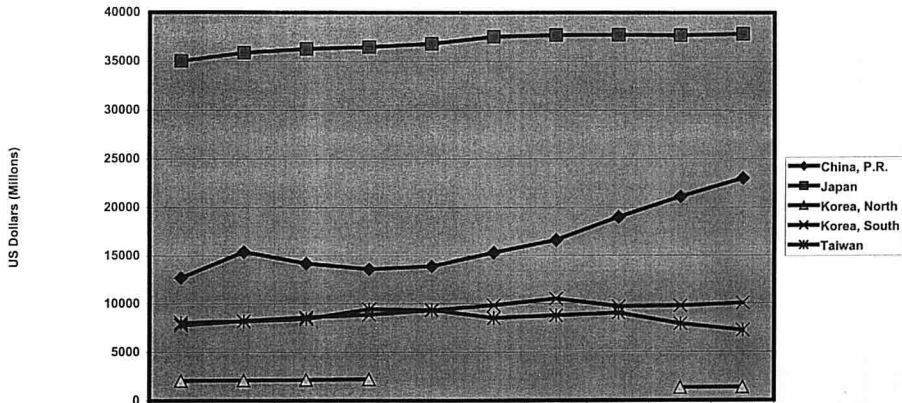




	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Brunei	306	292	260	267	255	279	322	356		
Cambodia	48.7	70.6	60.5	106	105	94.2	93.3	79.6	79.7	78
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Defence Spending in Northeast Asia: 1991-2000

Source: SIPRI data



	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
China, P.R.	12700	15400	14200	13600	13900	15300	16600	19000	21100	23000
Japan	35024	35863	36274	36461	36814	37533	37700	37739	37690	37836
Korea, North	2030	2083	2133	2190					1327	1345
Korea, South	7765	8224	8596	8853	9313	9809	10500	9700	9743	10013
Taiwan	8039	8189	8411	9428	9352	8507	8765	9030	7896	7222

(8)

Table 2a

The Security Concerns of Asian States, 2001

(as reflected by national security analysts in *Asia Security Outlook 2001*)

Country	Internal Security Concerns	External Security Concerns
Cambodia	Political stability Natural disasters	Cambodia-Vietnam border and immigration issues Cambodia-Thailand border encroachment
China	Tensions across the Taiwan Strait* Religious extremists, ethnic separatists	Missile defence Arms transfers to Taiwan Maritime boundary lines with Japan South China Sea claims, esp re Philippines Drug trafficking, weapons smuggling International terrorism
Indonesia	Intra-elite tensions, political instability Secessionist movements (Irian Jaya, Maluku, Aceh) Religious extremists	Foreign involvement in regional rebellions Strained relations with Australia
Japan	Terrorist activities	Threats of missile attacks, esp involving weapons of mass destruction Maritime border issues North Korea and South Korea Territorial dispute with Russia Transnational criminal activities
Republic of Korea	Internal political instability	North-South Korean relations "perceived need to be able to respond to threats from any direction, not just North Korea" (p. 100)
Malaysia	Domestic instability Extremist Islamic movements	Spillover of security problems of the Philippines, including refugees/immigrants Potential spillover from Indonesian crises Piracy in Straits of Malacca
Philippines	Political instability, intra-elite tensions Muslim secessionists Communist insurgents Terrorist activities	Territorial disputes in the South China Sea
Singapore		Stability of neighbors, tensions with Malaysia and Indonesia
Thailand	Transnational crime Illegal workers, refugees	Relations with neighboring countries: Myanmar, Laos, Cambodia Border incursions and clashes Drug trafficking, smuggling
Vietnam	Non-traditional security concerns, including natural disasters	Relations with bordering countries: Laos Demarcating borders with China Global drug trafficking Trafficking in small arms

See below Table 2b for note regarding interpretation of entries.

*For China, issues concerning the Taiwan Straits are regarded as internal security matters.

Table 2b

The Security Concerns of Asian States, 2001

(as reflected by national security analysts in *Asia Security Outlook 2001*)

Internal Security Concerns	Country
Political instability, intra-elite tensions	Cambodia, Indonesia, Philippines, Malaysia, Thailand ROK
Secessionist movements	Indonesia China
Anti-government religious and communal movements	Malaysia, China
Insurgency movements	Philippines
Transnational crime	Thailand
Natural disasters	Cambodia, Vietnam
Terrorist activities	Philippines, Japan
External Security Concerns	Country
Maritime boundaries	Cambodia, Philippines, Vietnam, China, Japan
Land border relations, encroachment	Cambodia, Thailand, Vietnam
Territorial borders	Vietnam, China
Spillover from other states	Malaysia, Singapore
Perceived strategic threats, including MD system issues	China, South Korea, Japan
Foreign intervention	China, Indonesia
Transnational crime, drugs, smuggling, trafficking	China, Thailand, Vietnam, Japan
Transborder movement of people	Cambodia, Malaysia
Piracy	Malaysia

Note re interpretation: The entries in the table are based on the individual state security outlooks presented in Charles Morrison, ed. 2001, *Asia Security Outlook 2001*, (Tokyo: JCIE). Each outlook is authored initially by an informed security analyst from his/her own country. Countries included in the table are Japan, South Korea, China, Indonesia, Malaysia, Thailand, Cambodia, and Vietnam.

Table 3

**Submarine Fleets in East Asia:
Acquisitions Patterns from 1984 to Present
plus Announced Plans for Future Acquisitions**

Countries	Submarines Acquired				To be acquired 2000-2004	Recent Info.
	1980-1984	1985-1989	1989-1994	1994-1999		
China	4	1	-	5	3	(4) ^a
Indonesia	2	-	-	-	-	(5) ^b
Japan	6	5	5	4	5	(3) ^c
Malaysia	-	-	-	-	-	(3) ^d
Singapore	-	-	-	1	3	-
South Korea	-	-	2	6	1	(3)
Taiwan	-	2	-	-	-	(10) ^e
Total	12	8	7	16	12	(8)

Source: This table, except for the last column, is taken from Charles A. Maconis and Michael Wallace, *East Asian Naval Weapons Acquisitions in the 1990s: Causes, Consequences, and Responses* (London: Praeger, 2000), 61. The list their data sources as *Jane's Fighting Ships 1984-1999*; *Jane's Defence Weekly 1997-1998*, *Jane's Navy International 1997-1998*, "Run Silent-Run Deep: Submarine Technical and Market Trends for the 21st Century," *Naval Forces*, vol. XVIII, no. 1, 1997, pp.69-90; discussions with naval analysts at AMI International, Bremerton, Washington, 1998-1999.

The last column, "Recent Info." reflects recent announcements and estimates, and thus should be regarded as very tentative. The sources of information in this column are as follows:

- a. World Navies Today, *Chinese Submarines* 23 Oct 2001, 27 May 2002 <<http://www.hazegray.org/worldnav/china/submar.htm>>.
- b. Order of 5 used German submarines cancelled. Frank Umbach, "Military Balance in the Asia-Pacific: Trends and Implications" *The Asia Pacific in the New Millennium: Political and Security Challenges*. Eds. Mely C Anthony and Mohamed Jawhar Hassan (Kuala Lumpur: ISIS Malaysia, 2001) 349
- c. Refers to production of *Oyashi* class submarines through 2007. World Navies Today, *Japanese Submarines* 23 Mar 2002, 27 May 2002 <<http://www.hazegray.org/worldnav/asiapac/japan.htm#3>>.
- d. S. Jayasankaran, "Call for Arms" *Far Eastern Economic Review*, Vol.165, No.19 May 2002: 20
- e. Estimates vary from 6 to 12 new diesel submarines are planned, part of *Kuang Hua* [Glorious China] naval modernization programme. Federation of American Scientists, *Republic of China Navy* 27 May 2002 <<http://www.fas.org/man/dod-101/sys/ship/row/rocn/index.html>>

Table 4

Number of Weapons Delivered by Major Suppliers to Asia and the Pacific

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1993-1996						
Tanks and Self-Propelled Guns	204	10	260	0	140	10
Artillery	27	380	80	60	170	30
APCs and Armored Cars	65	40	40	230	100	100
Major Surface Combatants	0	0	3	41	0	0
Minor Surface Combatants	12	11	9	11	1	40
Guided Missile Boats	0	0	4	0	0	0
Submarines	0	2	0	8	0	0
Supersonic Combat Aircraft	36	60	90	0	20	30
Subsonic Combat Aircraft	30	0	0	70	0	0
Other Aircraft	16	0	60	40	90	90
Helicopters	64	80	0	20	50	0
Surface-to-Air Missiles	484	690	150	1620	50	50
Surface-to-Surface Missiles	0	0	0	0	0	10
Anti-Ship Missiles	216	10	30	0	0	0
1997-2000						
Tanks and Self-Propelled Guns	369	30	100	0	320	0
Artillery	160	0	70	0	10	110
APCs and Armored Cars	28	70	120	120	110	50
Major Surface Combatants	7	1	1	6	1	1
Minor Surface Combatants	0	5	14	11	4	34
Guided Missile Boats	0	0	2	0	0	0
Submarines	0	4	0	3	1	2
Supersonic Combat Aircraft	279	80	50	80	40	10
Subsonic Combat Aircraft	0	0	0	50	10	0
Other Aircraft	12	0	20	10	10	120
Helicopters	62	70	0	10	0	0
Surface-to-Air Missiles	522	1120	370	1640	0	50
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	181	90	40	60	0	0

Source: Grimmet, 2002, Congressional Research Service, U.S. Government.

Note: Asia and Pacific category *excludes* Japan, Australia and New Zealand. All data are for calendar years given. Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

Arms Orders and Deliveries, China and Taiwan – Indigenous Production, 1998-2001

Classification	Designation	Quantity	Order Date	Delivery Date	Comment
CHINA					
Intercontinental ballistic missile (ICBM)	DF-41		1985	2005	Dev; range 12,000km
Intercontinental ballistic missile (ICBM)	DF-31		1985	2005	Dev; range 8,000km
Submarine-launched ballistic missile (SLBM)	JL-2		1985	2008	Dev; range 8,000km
Submarine-non-ballistic missile launchers (SSGN)	Type 093	1	1985	2006	Launch expected 2000
Submarine (SSBN)	Type 094	4	1985	2009	Dev programme
Anti-surface-ship missile (ASSM)	C701			1999	Dev completed
Bomber (bbr)	H-6			1998	Still in production
Main battle tank (MBT)	Type-85-III	400	1985	1990	Dev complete 1997
Main battle tank (MBT)	Type-90		1987		For export only. No prod by 1997
Fighter-ground attack (FGA)	JH-7	20	1988	1993	Upgrade to FBC-2 standard has begun
Short-range ballistic missile (SRBM)	DF-11	100	1988	1996	Production continuing
Short-range ballistic missile (SRBM)	DF-15	300	1988	1996	Production continuing
Fighter-ground attack (FGA)	FC-1		1990	2005	With Pak (150 units). 1st flight in 2000
Fighter-ground attack (FGA)	F-8IIIM		1993	1996	Modernisation completed 1999
Fighter-ground attack (FGA)	F-10		1993		Dev continues
Submarine-diesel (SS)	<i>Song</i>	2	1994	2002	2 <i>Song</i> under construction at Wuhan
Intelligence collection vessel (AGI)	<i>Shiyan 970</i>	1	1995	1997	Orders: 15 (1995), 20 (1999)
Destroyer-guided missile (DDG)	<i>Luhai</i>	2	1996	1999	
Sea-launched cruise missile (SLCM)	C-801 (mod)		1997		Dev (also known as YJ-82)
Frigate-guided missile (FFG)	<i>Jiangwei II</i>	8	1998	1998	6 delivered
Intermediate range ballistic missile (IRBM)	DF-21X		1999		Modernised DF-15
Satellite (sat)	<i>Zhongxing-22</i>			2000	Replaces <i>Dongfanghong-3</i>
Light tank (li tk)	Type 99			2000	Replacement for Type 63?
TAIWAN					
Fast patrol craft with surface to surface missile (PFM)	<i>Jin Chiang</i>	12	1992	1994	8 delivered
Fixed-wing training (trg) aircraft	AT-3	40	1997		Order rescheduled
Frigate (FF)	<i>Cheungkung</i>	1	1999	2003	Based on USS <i>Perry</i>

Adapted from Table 22: Arms orders and deliveries, East Asian and Australasia, 1998-2001

Citation:

International Institute for Strategic Studies, The Military Balance 2001-2002 (Oxford: Oxford University Press, 2001), 180-181, 183



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 4(a)

PLENARY SESSION FOUR

Tuesday, 4 June 2002, 0830 – 1000 hrs

“CHINA RISING: PROSPECTS AND IMPLICATIONS FOR THE
ASIA PACIFIC REGION”

“Catching up with America”

by

Prof. Ross Garnaut

Director and Professor of Economics
Research School of Pacific and Asian Studies
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Canberra, Australia

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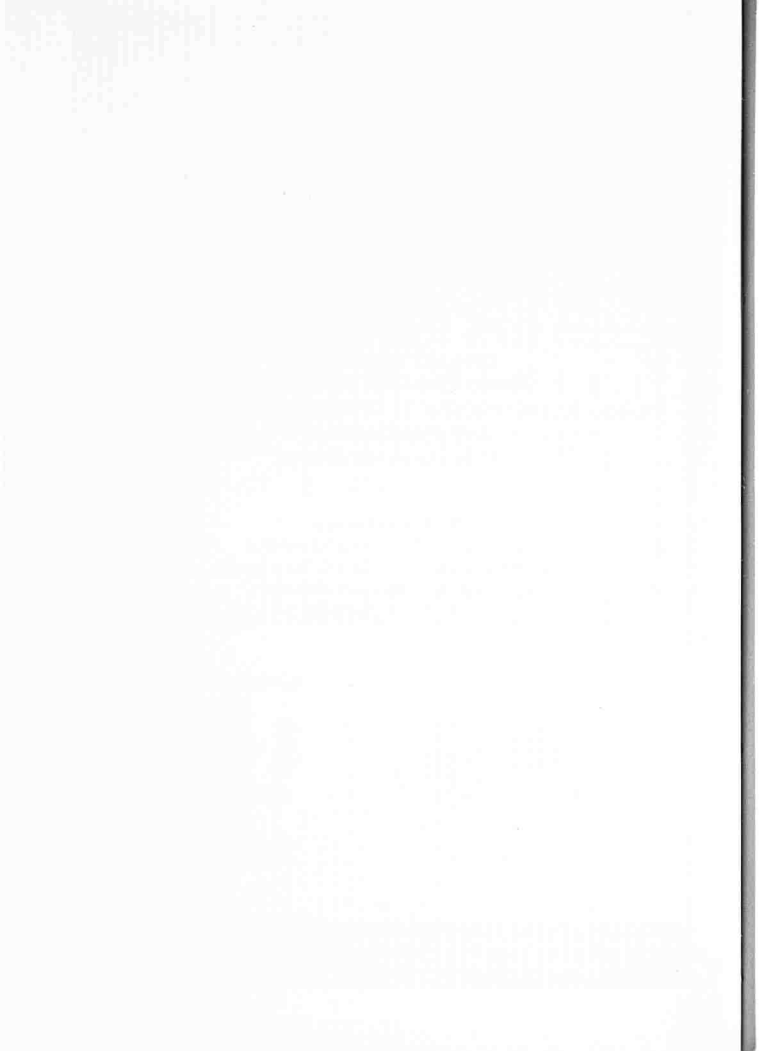


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CATCHING UP WITH AMERICA

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Background paper to presentation to the 16th Asia Pacific Roundtable, 2-5 June 2002, Kuala Lumpur.

This is Chapter 1 in Ross Garnaut and Ligang Song (eds), *CHINA 2002, WTO Entry and World Recession*, Asia Pacific Press, at the Australian National University, Canberra.

1

Catching up with America

Ross Garnaut

THE HURDLES OF 2002 IN CHINA'S RACE TO CATCH UP

In *Australia and the Northeast Asian Ascendancy*, I noted that the powerful sustained growth that had propelled first Japan and then Hong Kong, Singapore, Taiwan and Korea from poverty into the ranks of the medium or high-income economies seemed inexorable only in retrospect (Garnaut 1989). Along the way, the path of growth was strewn with barriers, many of which at the time had seemed as if they might be the one that brought the whole process to an end. In the end, at each hurdle the domestic interests that favoured growth turned out to be strong enough to break through, and rapid growth continued until the productivity and income frontiers of the reasonably rich countries had been reached, first of all by Japan in the early 1970s. So it was likely to be with China. And in China's case, too, there would be great challenges to sustained growth along the way. No-one could be sure in advance that a particular hurdle would not turn out to be too great for the polity and the society to overcome, although each time there would be powerful tendencies for continuity in the growth process.

China is at present above what an informed observer would see as one of the biggest hurdles—or two big hurdles piled on top of each other. The first of the joined hurdles has been recession in China's main trading partners and sources of investment in 2001, amidst fears that it would stretch an indefinite period into the current

year. The second, piled on top, is China's entry into the World Trade Organization (WTO) in December 2001.

The rapid expansion in China's external trade and investment has been a major factor in its sustained growth. Continued growth has underpinned far-reaching and increasingly radical reform to convert an inward-looking centrally planned economy into an internationally-oriented market economy. Mainland China's external trade and investment is concentrated strongly in the Asia Pacific region—with its immediate neighbours in East Asia, and across the Pacific in North America, particularly the United States. In the Asia Pacific region as a whole, the year just passed, 2001, has been the weakest for growth in output and trade since China's reform era began in 1978 (PEO 2001). The Asia Pacific downturn is deeper than in the depths of the East Asian financial crisis in 1998 because, this time, it extends to the United States and its North American partners. Indeed it has had its centre in the United States. The effects of United States recession have been expanded by its being focused first of all in the high technology and wider electronics industries, inputs into which had become the major export commodities of a number of East Asian economies, most notably Taiwan, Singapore and Malaysia. Recession elsewhere has compounded Japan's continuing economic weakness.

At this difficult time for China's external trade and investment, China was at last admitted into the WTO in December 2001. This concluded a long process of China exploring the possibility of, and then seeking, membership of the WTO, stretching back to discussions between the then Ministry of Foreign Trade and Technical Cooperation and the Australian Government, and the Australian provision of technical assistance on what was involved, in 1986. As described in chapters 6, 8, 9 10 and 11 of this book, China's entry into the WTO is no mere formality. China's accession agreements embody commitments to further far-reaching trade and investment liberalisation. On a number of important matters, the commitments go beyond those of any other member at the time of WTO entry or in the Uruguay Round. The implementation of these commitments, commencing immediately and continuing over a number of years, would intensify structural change throughout the economy (see especially chapters 2, 5 and 7). These changes compound the ongoing challenges to the viability of the surviving state-owned enterprises (chapter 3), of unemployment (chapter 12), and dispersion in income distribution (chapters 4 and 12).

Is the hurdle of WTO entry in an Asia Pacific recession so high that 2002 becomes the year in which the sustained strong growth since reforms began in 1978 comes to an end or, as in Southeast Asia with the financial crisis in 1997–98, moves to a lower trajectory? How should we see the 2002 hurdles in the long process of China's catching up with the productivity and incomes of its more prosperous neighbours in East Asia and of its other economic partners amongst the developed countries?

This chapter outlines the long-term path of growth in China and some of the hurdles that could bring it to a conclusion before the frontiers of global productivity and incomes have been reached. It explains why, if the hurdles can be cleared and the process continues for a long period, catching up with the world's advanced countries takes less time than would be suggested by the application of growth rate differentials to current per capita incomes as measured conventionally in the national accounts and converted into a common currency at current exchange rates. It then outlines the ways in which subsequent chapters expand understanding of the contemporary challenge to growth.

HURDLES IN A LONG RACE

What are the natural end points of the rapid growth that was established in China by the beginning of internationally-oriented reform in 1978 and sustained after that by the deepening of reform and integration into the international economy? What are the hurdles that would have to be cleared if growth were to be sustained until China's average productivity and living standards were near the global frontiers?

Deng Xiaoping in 1980 laid out what then seemed to all foreign observers to be an unrealistically ambitious goal, to quadruple Chinese output by the end of the century. Perhaps it should not have been seen as unrealistic, as this feat had been achieved in the preceding decades by four of China's Northeast Asian neighbouring economies, commencing with Japan in the 1960s and 1970s. But then again, China in the immediate aftermath of the Cultural Revolution was not an obvious candidate for membership of the group of high-growth East Asian economies that had been attracting international attention and some admiration.

A while later Deng added that the next goal, after the first quadrupling of production, would be to take China to the living standards of the middle-income countries half way into the twenty-first century. In 1986, in Beijing, I asked Deng what he

meant by China catching up with the middle-income countries half way through the next century. Did he mean reaching the levels in the 1980s of the middle-income countries (then conventionally including Northeast Asia's newly industrialised economies, Hong Kong, Taiwan and Korea)? Or did he mean the levels in the mid twenty-first century of what were then the middle-income economies? Deng said that it was the former that he had in mind. By 2050, China would have the standard of living of Taiwan, Hong Kong and Korea in the 1980s. He added that he hoped that by then the Chinese people would be satisfied.

That was high ambition for a country which had until a short time before contained a majority of the world's poor people, and which was then only a few steps down the uncertain path onto which it had been led by the durable elder statesman. But in a way it was also a very low ambition, for, if the quadrupling goal were met on time, it would mean that by the mid twenty-first century, China, unlike the other Northeast Asian economies, would have experienced the cessation of rapid growth long before it had reached the global economic frontiers. The second goal as elaborated by Deng in 1986 also ascribed low ambition to the Chinese of the twenty-first century, for it contemplated their satisfaction with living standards that were way below the levels of the most prosperous parts of the world community at that future time.

Deng's high ambitions for the first twenty years of reform were realised several years ahead of time. It now seems that, barring a fall at one of the hurdles in China's path, the long-term goals were wildly and unrealistically low.

Why would we expect the end point of economic growth in China to be significantly below the average incomes in the world's most successful economies? The average ability of the Chinese people in matters related to economic performance is not obviously lower than the average of Australians or Americans. Nor is there any reason to expect the material ambitions of Chinese to falter a long way short of Americans' ambitions. It would be surprising if one day China did not have about the per capita income of the United States, give or take one quarter or one third to take account of differences in preferences, demographic structures, and the myriad institutional detail that can affect productivity at the margin. (The qualification on demographic differences is far from trivial, as the sharp decline in fertility in China after 1978 means that the Chinese population will age more and more quickly than that of the United States through the middle decades of the twenty-first century.) The difference in population

size means, of course, that the Chinese economy will be larger when its per capita income is only one quarter or (given the stronger twenty-first century population growth that is anticipated in America) one third that of the United States.

How long it takes to get there is a different matter. I suggest that it will not take as long to catch up as most observers would expect, so long as China continues to meet the demanding conditions for sustained strong growth that I describe in this section.

Chinese output, as measured by the official agencies and accepted by the Washington-based international institutions, has averaged a bit below 9 per cent per annum over the reform period. This is above the 7.2 per cent per annum that doubles output each decade, which was the focus of Deng's early exposition and has continued *de facto* as something like an official target. Growth could ease a bit from the high average levels of the past quarter century without quibbles about its continuation at a rapid rate. It has become conventional to query the Chinese growth statistics, but they are not wildly misleading. Problems of measurement outside the main centres and of valuation elsewhere raise some doubts at the margin, as they do in all developing countries. But there is not much doubt that real output has been growing at a rate that doubles output each decade.

What will it take to maintain strong growth, at something approaching the average rate of the past quarter century? It takes high levels of investment, and in a country as large as China a high proportion of investment will need to be funded from domestic savings. This seems a relatively easy condition for China to meet, with its extraordinarily high domestic savings rate, supported by its attractions to foreign direct investment. It takes flexibility in the structure of the domestic economy and the allocation of resources to productive uses, which in turn require effective markets for labour, capital, goods and services. This is the core agenda of past and prospective economic reform, and the subject of a majority of the chapters in this book.

The most important requirement for increased flexibility in the Chinese economy in the early stages of reform, and at the beginning apparently the most politically demanding and technically complex, was to change fundamentally the institutions of production. At the beginnings of reform these were overwhelmingly the People's Communes in the countryside and large state-owned enterprises (SOEs) in the cities. Reform of collective agriculture and state-owned businesses was the hurdle at which

reform to promote economic growth fell in most of the once centrally-planned economies. In the event, strong growth in the first two decades of reform in rural China, home in the late 1970s to 80 per cent of the Chinese population, was underpinned by two huge, rapid institutional transformations, both emerging spontaneously from rural communities and reinforced but not initiated by the central authorities: the replacement of the People's Communes by the household responsibility system (HRS) in agriculture; and the emergence of township and village enterprises as the main focus of industrial and services activity in the countryside. The SOEs have been more strongly resistant to reform, although, as discussed in chapter 3, there has been greater success in the period of more radical reform since the mid 1990s. The persistent problems of large dimension in the SOEs have not had fatal consequences for growth, however, because of one third dramatic transformation: the emergence of a large, dynamic private sector in an unfavourable regulatory environment from the mid 1990s (Garnaut et al. 2001; chapter 7, this volume). This powerful recent development shows promise of providing the structural flexibility for the next demanding stage of rapid growth in China, with the Government now giving some attention to the removal of artificial impediments to private sector development.

Sustained rapid growth requires a reasonable degree of economic stability supported by sound fiscal and monetary policy. The requirement is not perfect stability, but at least the avoidance of persistent high inflation and balance of payments and domestic financial crises. This condition cannot be met without the exercise of good judgment by people who understand complex macroeconomic relationships, at some distance in their day to day work from people whose main expertise is in the accumulation and exercise of political power. The analytical requirements to support sound judgment are considerable at times of change. There is also an element of good luck behind sustained macroeconomic stability, as the institutional underpinnings of a rapidly changing economy and society themselves change rapidly, in ways that affect unpredictably the influence of particular policy interventions on the economy. Cautious fiscal policy reduces the risk that ill fortune will lead to a major fracture in economic growth performance.

Sustained strong growth requires in high degree openness to foreign ideas, technology, management practices and trade. These can all be assisted by high levels of direct foreign investment. China so far has met this test. The requirements of openness (like the requirements of structural flexibility and efficiency in resource

allocation that have already been discussed) are more and more demanding as successful growth takes the economy closer to the international productivity frontiers. Openness is two-sided, with the requirements extending to access to other economies' markets for goods, services, capital, management practices and technology. Both sides of the requirements of openness are addressed substantially by China's entry into the WTO, which is a second main focus of the following chapters of this book.

Of the essential conditions for sustained growth, two others are more complex, and further from conventional economic analysis. Sustained strong growth requires political stability at home and in China's relations with its neighbours and with the world's superpower, the United States.

Deng Xiaoping famously saw political stability through the stress of radical economic reform coming first of all from the continued internal discipline and political hegemony of the Chinese Communist Party. This was the basis on which he secured the dismissal from high office of the two key leaders through the first and crucial decade of reform: General Secretary Hu Yaobang in the wake of the student demonstrations in Shanghai and elsewhere late in 1986; and former Premier and then current General Secretary Zhao Ziyang (together with Politbureau Standing Committee member Hu Qili) in the midst of the crisis focused on Tiananmen in 1989. This was the basis on which he proposed decisively the imposition of martial law on 17 May 1989 (contemporary communications corroborated in Nathan and Link 2001:175).

The authority of Deng Xiaoping and the then old leaders, and through them of the Chinese Communist Party, derived from their roles in the revolution that brought the Communist Party to power, in the defeat of the radical Maoist leadership after the death of Mao Zedong, and then in the early success of economic reform. Political legitimacy cannot forever depend on events that pass rapidly into history, through a new leadership that was not associated directly with them. The maintenance of political stability requires the continued delivery of rising living standards widely distributed through the population. It requires, as well, timely responses to the increased emphasis that Chinese, like people everywhere, place on personal freedoms and opportunity to influence policy decisions that affect their welfare, through the extension of education and knowledge, information about the realities of life in China and the rest of the world, and awareness of their own value as individuals that accompanies sustained economic growth over long periods.

This book is not about the domestic political conditions for sustained economic growth, but its discussion of inequality of income distribution between regions and individuals (especially chapters 4, 6, 9 and 12) are closely relevant to assessment of its prospects.

On international political stability, Chinese are much more aware than foreigners of the challenges of China's geographic location. China shares a long border with Russia, which still possesses the world's second most formidable military capacity, built around nuclear capacity. After a difficult first decade following the collapse of the Soviet Union, in which descent into domestic political instability and economic anarchy at times seemed possible, Russia now seems to be making progress on strengthening domestic political and economic institutions. But there is a sense in which the risk of instability in Russia remains a risk to China. To the east of the Russian border is the world's last surviving Stalinist state, with considerable conventional military capacity and nuclear aspirations, recently described by the President of the United States as a source of terrorist threat to the international community. On its borders to the west there is Mongolia, and then Chinese provinces with large Islamic communities adjacent to Islamic communities in Kazakstan, Uzbekistan, Tajikstan, Kyrgyzstan, Afganistan and Pakistan. On the Southern border is India, whose size inevitably makes it a rival for influence in the mainland of Asia, as well as Vietnam, Myanmar, Laos, Bangladesh, Nepal and Bhutan. And then close across the waters to the east are the economically strong countries of Japan and Korea. Taken together these are the world's most difficult frontiers, demanding at the best of times, and thought provoking at a time when state-backed terror is seen as a challenge to domestic order all over the world. China has seldom had less troubled relations than it has now with countries on its borders taken as a whole, but Chinese at least will continue to see risks to stability in their immediate international environment.

China's size and growing economic weight mean, inevitably, that its interests will from time to time bump into those of the United States, with its global interests. The risks of a destructive stand-off between China and the United States seemed large a year ago, but have been eased with sensible resolution to immediate problems. China's entry into the WTO provides a helpful international context for resolution of bilateral conflicts over trade. For the time being, the United States' identification of

the war against terrorism as its greatest strategic challenge and China's support on these matters has eased tensions.

Maintenance of productive working relations with the United States is necessary for continued economic as well as political liberalisation in China, and for sustained growth in China, as it is for world peace. The greatest tests will continue to arise over the status of Taiwan, where the formula for the outcome that is most satisfactory for Chinese on both sides of the Taiwan Straits remains unchanged through all the political noise of recent times. China can live with the formal *status quo* for a long time, so long as there is continued movement towards functional integration of the communities and economies across the Straits, as there has been since 1987. However, an overt move towards international recognition of Taiwan as an independent entity would destabilise any mainland leadership that was seen within China as being inclined to accept it, which would make military confrontation inevitable. There would be no overt movement towards Taiwan independence unless the Taiwan leadership thought that it had unlimited and unconditional support from the United States. This is why seven US Presidents, and Chinese leaders from Mao to Jiang, have in the end settled on the acceptance of an untidy formal *status quo*. It is important that they continue to do so until political and economic change on both sides of the Straits has created opportunities that cannot now be readily envisaged.

Finally, the environmental challenge to sustained economic growth in China should be acknowledged. Chinese, like people everywhere, have been giving higher priority to domestic environmental amenity as incomes have increased. China's capacity to deal with accumulating domestic environmental problems has been expanding with economic growth, and, with the usual lags in human political response to new challenges, China are using this capacity with increasing effect. The higher environmental hurdles in the path to sustained growth are global, with the raising of Chinese living standards towards those of the developed countries. Economic prosperity everywhere will require China to contribute its part to workable global management regimes.

CATCHING UP TAKES LESS TIME THEN YOU THINK

If China continued to clear the many hurdles in the path of sustained rapid growth, how long would it take for it to reach the productivity levels and living standards of

the developed economies? This section explains why, in other East Asian economies, it has taken less time than would be expected from simple comparison of growth rate differentials and differences in average output at the starting point. It then discusses the relevance of these comparisons to China.

When Deng Xiaoping was defining ambitions for future Chinese living standards in terms of those in East Asian middle-income economies in the mid 1980s, the comparators were at the beginning of an extraordinary period of rapid catching up with the world's advanced countries.

In 1985, Korea's per capita income in constant 1992 US dollars was around \$3,000. In 1996, on the eve of the East Asian financial crisis, it was almost \$11,000 in 1992 US dollars. Singapore moved from around US\$8,000 to the vicinity of US\$28,000 over the same period. For Hong Kong, the lift was from around US\$8,000 to the vicinity of US\$24,000. A minor part of these large gains in Singapore and Hong Kong, and more in Korea, was lost in recession and currency adjustments in the financial crisis. Part of the large relative expansion of the rapidly growing East Asian economies over this period can therefore be seen as reflecting unsustainable speculative boom conditions, but the major part has to be explained in other terms.

This was the most spectacular but not the only period of accelerated catching up with the world's developed economies. In Hong Kong, per capita incomes expressed in 1992 US dollars doubled between 1971 and 1973, from around US\$3,000 to about US\$6,000. Korean per capita GDP expressed in the same terms roughly doubled to US\$3,000 in three years from the mid 1970s. Singapore moved from around US\$4,000 to over US\$7,000 between 1971 and 1974.

These are the periods of most rapid catching up with the developed economies. They would be uninteresting if they were matched by other periods in which there were similarly spectacular relative declines. They could then be said to reflect merely the vagaries of the foreign exchange markets.

But they were not so matched. From 1971, when Singapore's per capita income expressed in 1992 US dollars was about US\$4,000, to 1998, when the effects of the financial crisis were strongest, Singapore per capita income converted into constant 1992 US dollars at the exchange rates of the day grew at almost one and a half times the average rate of growth of GDP in constant domestic prices. Between 1968 when Hong Kong's per capita income expressed in 1992 US dollars was about

US\$2,500, and 1998, Hong Kong's per capita income converted into constant US dollars at the exchange rates of the day grew almost 1.9 times the average rate of growth of GDP in constant domestic prices. In Korea the deviation between the two measurements of rates of growth is between those of Hong Kong and Singapore over the long period from 1965–98. Similar patterns can be found in the experience of Taiwan and, earlier, Japan.

The general story is that an economy that sustains rapid growth over a long period reaches a point or points at which its GDP converted in the US dollars of the day rises much more rapidly relative to the developed economies than the differentials in real growth rates would suggest.

Why is this so? And is it relevant to assessments of how many years of sustained rapid growth it would take for China to reach the world's frontiers of average output and living standards?

The resolution of a big part of the statistical puzzle lies in the manner in which standard ways of measuring GDP systematically underestimate the 'real' incomes of low-income countries. The standard way of calculating GDP in US dollars is simply to take national output as measured in the domestic currency in the national accounts, and to convert it into US dollars at the exchange rates of the year under consideration. In a poor country, while the prices of goods that enter international trade generally bear a reasonably close relationship to international prices in international currency, this is not the case for goods and services which are only traded within the country. The prices of 'non-tradables' tend to be lower in low-income developing countries where wages are low.

Wages of low-skill workers remain low for as long as labour remains abundant. In this early stage of development, rapid economic growth is associated with strong expansion in production and export of simple, labour-intensive products, and with expansion of modern sector employment. More and more people are attracted from agriculture into industrial and later services employment. This process continues until most of the economically surplus labour in the farm economy has been absorbed into the modern economy. At this point when labour begins to become scarce, the 'turning point in economic development', real wages begin to rise, sometimes rapidly. In East Asia this point has sometimes occurred at around US\$3,000 in 1992 US dollars, although it seems to have occurred at below this level in Korea.

There seems to have been further acceleration at higher incomes, perhaps US\$8,000.

Beyond the 'turning point', there is rapid structural transformation, with the old labour-intensive industries being replaced by more capital-intensive and technologically complex activities as the main loci of growth. Per capita income in international prices rises more rapidly than standard growth rates of real GDP would suggest. The rapidly growing middle-income economy catches up even more rapidly with the high-income countries.

Conventionally measured GDP converted to US dollars is a reasonable indication of the international purchasing power of domestic incomes. For other purposes, however, conventional GDP tells us less than the 'purchasing power parity' or 'real purchasing power' measure of GDP. The 'purchasing power parity' measure does not systematically underestimate output of low-income countries. Therefore there is no accelerated catch-up with developed countries as real wages rise beyond the turning point in economic development. Neither is it affected artificially by policy-induced or temporary market-induced exchange rate mis-valuation.

How do we apply these insights to assessment of the period of sustained rapid growth that would be required for China to catch up with the developed economies?

To begin, we should use purchasing power parity measures of GDP as the starting point. China's purchasing power parity per capita income in 2000 was US\$3612. On the latest available World Bank data, per capita income in China is about one fortieth that of the United States in conventional terms (US\$856 compared with US\$35,101 in 2000), compared with one tenth in terms of real purchasing power (US\$3,612 compared with US\$35,101). The corresponding figures for Japan are US\$36,894 by conventional measures and US\$28,992 for real purchasing power (World Bank 2002).

The period of sustained 4.5 per cent differentials in growth in per capita income that would be required for China to catch up with average incomes in the United States is about 50 years when we, appropriately, use the purchasing power measure as the starting point.

Incidentally, in terms of conventional national income accounting, the sum of all Chinese incomes is now 11 per cent of American, and 23 per cent of Japanese. In purchasing power terms, the ratios are 46 per cent and 124 per cent.

It is not clear that the accelerated catching up with developed country incomes in

conventional terms after labour becomes scarce will occur over a relatively short period in China, as it did in Japan, Hong Kong, Taiwan, Singapore and Korea. China's huge population and land area and the geographic, policy and institutional barriers to internal trade and factor movements are causing labour to become scarce and wages of unskilled labour to rise rapidly in the advanced coastal provinces long before there are signs of labour shortage in central and western regions. The structural transformation that follows and then accompanies sustained rapid growth is occurring in the coastal regions while other parts of China retain strong comparative advantage in labour-intensive products.

China's accelerated catch-up can be expected to commence at a relatively low level of conventionally defined average incomes. There is no sign of it yet in the data if we compare only China and the United States, largely because the United States dollar, against which the Chinese yuan is pegged, has been exceptionally strong against almost all other countries over the last several years. But China's per capita income ranking against third countries has been rising more rapidly than is indicated by conventional growth rate differentials.

The same regional disparities that generate large differentials across Chinese regions and provinces in rates of growth and economic structure are discussed in chapters 4 and 12 as sources of widening income inequalities. This is a challenge for political cohesion around reform policies that support continued rapid growth. At the same time, the regional disparities cause Chinese growth to place less pressure for structural change on China's trading partners, which are faced by less concentrated competition and more widely differentiated opportunities for export to China than would be the case if China, like its smaller East Asian neighbours, were more deeply integrated domestically.

GETTING OVER 2002

So is 2002 possibly the year in which the hurdle is too high?

Huang in chapter 2 suggests not. He notes that this is a year of generational leadership change, which exacerbates uncertainty but is likely to lead to leadership that is more closely knowledgeable about the necessary economic and political reform in the period ahead. Continued growth in urban incomes is essential to political

stability at a time of uncertainty, and will be delivered. China's macroeconomic environment is holding up well to the severe external shocks. Growth is slower, but not dramatically so. The greater risks are in the longer term, related mainly to domestic financial fragility. Deeper financial reform is the remedy, much hangs on whether the Chinese government implements the necessary change in time to forestall a major problem. Huang's views on the short-term are reinforced by recent evidence of early recovery in the US economy.

Other chapters highlight the extent of the long-term challenge to continued strong growth and to equitable income distribution that is inherent in recent economic trends and in the WTO commitments.

Wang in chapter 3 discusses the history of SOE reform, and notes the failure in the early reform years. There has been more progress in recent years of radical reform. SOE performance has been helped considerably by improvements in economic conditions beyond the firm, but there are improvements too from improved incentive structures, greater profit orientation leading to reduction in numbers of redundant employees and generally more efficient operations. Joint ventures with foreign and private enterprises have lifted performance.

Jiang in chapter 4 notes that regional disparities contracted in the early years of reform, but have widened again since. The early reductions in inequality were associated with the concentration of early gains in agriculture. WTO entry will raise total incomes and, at first sight surprisingly, by more in rural than in urban areas. But the rural gains are mostly in industry in the richer, coastal provinces. The model used to draw these conclusions does not take account of the effects of WTO entry in encouraging capital inflow, the gains from which are also likely to be concentrated in the coastal provinces. The result is a worrying widening of the distribution of income between regions. This requires an effective policy response, which can be built around improving infrastructure for trade between coastal and inland areas, acceleration of reform in Central and Western provinces including in ways that would support off-farm development in the inland provinces, as well as resource transfers from wealthier provinces

Mei Wen in chapter 5 makes the important point that it takes time to build the institutional base for market exchange that is taken for granted in the long-developed economies. The development of markets had to start with changes in the

ideological environment between 1985 and 1991, with accelerated improvement of market institutions themselves from the early 1990s. The internet has been important in reducing transaction costs in market exchange. Diversification of ownership types, with township and village industries and then private firms playing important roles, has been important in improvement in markets. A significant component of productivity growth has come from the diversification of ownership. A level playing field between types of ownership is required to get the most out of this institutional change.

Wang in chapter 6 takes a closer look at the effects of WTO entry commitments on the agricultural sector. Commitments to liberalisation are expected to result in displacement of over 9 million farm workers in the land-intensive grain sector. Wang doubts that township and village enterprises can expand enough to absorb them. Overall consumer gains will be large, but to different people. The later discussion in chapter 9 suggests that the strong focus in chapter 6 on land-intensive agriculture in which China's comparative disadvantage is strongest has affected perceptions of the outlook for employment.

Song in chapter 7 observes how WTO entry will reinforce recent trends towards strong growth in the private sector. The reforms that have facilitated this growth have been modest in extent but considerable in their effect. There would be a large return from deeper reform, amongst other things to raise efficiency in the financial sector. More efficient financial markets are required to establish a more level playing field for different types of business ownership. The flourishing private sector has been a major force for improvement in markets and economic institutions more generally.

Findlay and Pangestu in chapter 8 describe the WTO commitments to truly radical liberalisation and internationalisation in the services sector. This will spur the development of more efficient community service obligations and regulatory arrangements, weaknesses in which have caused important problems.

Chen in chapter 9 examines how WTO entry is likely to expand further the high levels of inward direct foreign investment flows that have been a feature of Chinese development over the past decade. Chen throws a different light on some of the pessimism about the agricultural sector after WTO entry, noting the prospects for expansion of labour-intensive agricultural exports and for market pressures after WTO entry to push more labour-intensive industries inland.

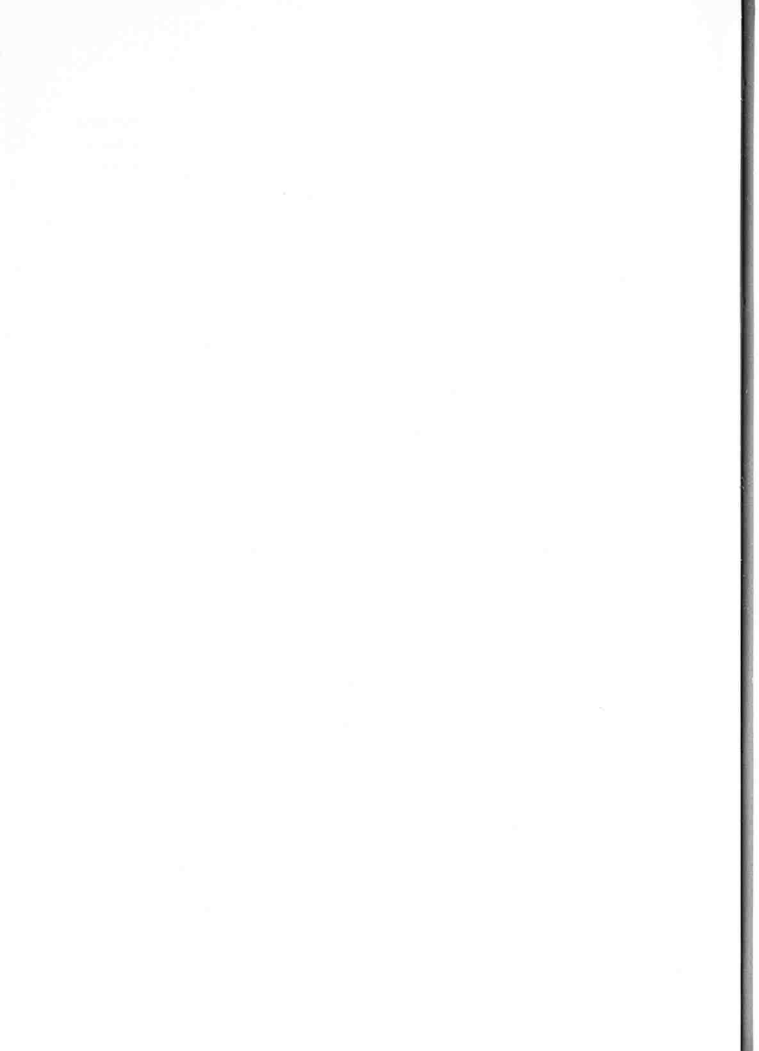
Waller in chapter 10 and Hasenstab in chapter 11 examine the role of WTO entry in ongoing reform in the financial sector. For the liberalisation of foreign entry to the insurance sector to generate the potential benefits that are available to China, there will need to be regulatory reform and more generally an expanded role for the private sector. Hasenstab looks at Chinese financial reforms in a long perspective, seeing them as capable of moving Chinese financial markets to a place in the global big three. But major market imperfections remain. These require timely correction, and in the meantime China should take care with capital account liberalisation.

Finally, Meng addresses in detail the tendencies in income distribution over the period of reform. There have been two distinct periods. Reform was more gradual until the early 1990s. More radical reform since then has been associated with large increases in inequalities. The emergence of households with more than one person unemployed is a feature of recent structural change, that warrants priority in policy response.

Taken as a whole, the reviews of contemporary developments in subsequent chapters suggest that China is not going to be knocked off course by the challenges of 2002. This, through a period of great external weakness, will boost confidence in China's capacity to sustain growth over long periods, perhaps even to catch up with America.

The review has highlighted the growing challenges from widening income inequalities of many kinds, exacerbated by WTO entry. It has also identified the financial sector as requiring timely efforts in reform if it is not to be a source of risk to economic stability as well as a drag on efficiency in other parts of the economy. Tardiness on financial sector reform would, amongst much else, hold back the development of the private sector that has become important to wider economic and political development in many ways.

The clearing of the more conventionally economic hurdles would make more prominent the long-term challenges of internal and external political stability. Dealing with the long-term issues of income inequality and financial sector weakness would contribute to management of these wider challenges.





16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 4(c)

PLENARY SESSION FOUR
Tuesday, 4 June 2002, 0830 –1000 hrs

CHINA RISING: PROSPECTS AND IMPLICATIONS FOR THE ASIA PACIFIC REGION

“China Rising (and Weakening): Implications for Asia Pacific Security”

by

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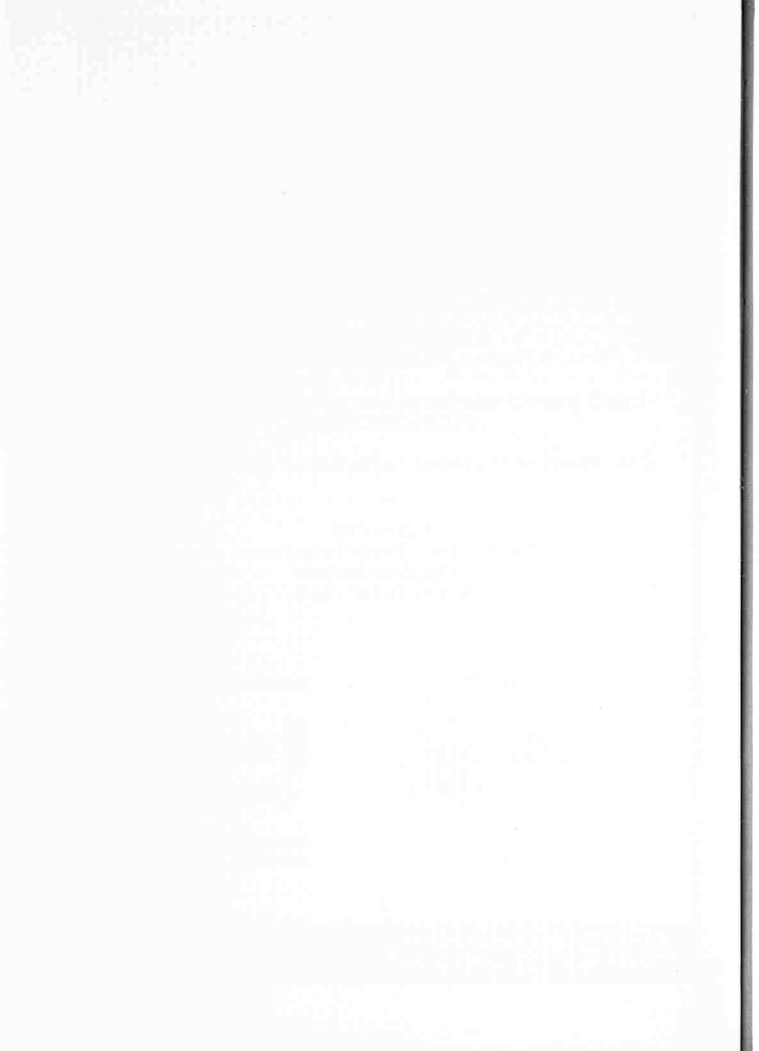
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China Rising (and Weakening): Implications for Asia-Pacific Security

Dr. Bates Gill
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as of July 1, 2002:
Freeman Chair in China Studies
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Basic geostrategic background

- Largest population: 1.3 billion (900 million rural; some 100-120 million “floating”)
- Approximately 92% Han; 8% minorities
- 4th largest territory (just less than U.S.)
- Land borders w/14 countries (3.5 of them nuclear powers) + Japan, South Korea, Taiwan, and S.E. Asian archipelagic states

Basic economic background

- GDP: \$4.5 trillion+ (PPP); 2nd largest economy
- GDP/capita: \$3,600 (PPP)
- GDP growth: approx. 7.5% (2001)
- GDP by sector: agriculture, 15%; industry, 50%; services, 35%
- WTO membership December 2001

Basic military background

- Standing army: approx. 2.31 million
- 1.5 million reservists
- Available/fit for service: 200 million+
- Defense budget 2002 (official): 166 billion RMB (approx. \$20 billion)(up 17.6% over 2001)
- Defense budget (outside est.): \$45-50 billion

Basic military background

- Conventional forces
 - Army: 1.6 million; 24 Group armies; 90 divisions
 - Navy: 260,000 personnel; 50 destroyers/frigates; 60 diesel subs; 500 naval aircraft; 30 helos; 1 SSBN
 - Air Force: 400,000 personnel; 4,500 (mostly obsolete) combat aircraft in 30 divisions
 - People's Armed Police: 800,000; for domestic security

Basic military background

- Recent arms acquisitions
 - 72 Su-27s off-the-shelf
 - 10 Il-76 transports
 - 100 S-300 SAMs
 - 200 Su-27s in coproduction at Shenyang
 - 4 Kilo-class submarines
 - 2 Sovremenny-class destroyers
 - Approx. 350-400 DF-11 and -15 SRBMs deployed

Basic socioeconomic background

- Literacy rate: males, 90%; females, 75%
- Approx. 200 million below poverty line
- Unemployment: approx. 10% in urban areas; substantial un- and underemployment
- Increased evidence of localized unrest
- Male-female ratio at birth: 110-100; much higher in some areas
- Social ills on the rise: HIV/AIDS, crime, drug use, prostitution, environmental degradation; water shortages
- Approx. 25-30 million Internet users (2% of pop.)
- Approx. 75 million cell telephones (6% of pop.)

Basic domestic political context

- Beginnings of critical political transition, 2002-2003
- All major Party, State, and military positions to change hands
- CCP "identity crisis": search for new sources of political legitimacy: "Three Represents"; nationalism; economic development; pluralism?

Increased complexity, not less

- Complexity/contradiction to the fore
- “Engagement” and opening of China remains best approach, but downsides exist
- China’s future role remains uncertain, but vigilant and cautious optimism warranted
- Regime faced with enormous domestic challenges = greater sensitivity on core issues of external security

Contrasting Visions

- Fundamental differences over world security order
- Nuclear weapons and strategic stability
- Sovereignty and intervention
- Alliances and regional security mechanisms
- Nonproliferation and arms control
- Post-September 11 environment

Contrasting Visions

- Post-September 11 environment
 - Increased alliance unity
 - Increased U.S. presence in region
 - Increased “unilateralism”?
 - Increased U.S.-Russia cooperation
 - Window of opportunity, but still unclear

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Contrasting Visions

- Fundamental differences over world order
 - Philosophical differences
 - Clash of ideological missions
 - War and the sources of stability
 - *Renzhi, fazhi*, and state-citizen relations
 - Differing contemporary histories
 - Global vs. regional power
 - Hegemonist/status quo vs. revisionist
 - Highly advanced vs. developing economy
 - Recurring historical pattern

Contrasting Visions

- Nuclear weapons and strategic stability
 - Salience of nuclear weapons
 - Strategic offense vs. strategic defense
 - Challenging policy implications

Contrasting Visions

- Sovereignty, intervention and use of force
 - Logic of history
 - Questions of regime legitimacy
 - Signs of flexibility: peacekeeping
 - Flexibility vs. constancy: the Taiwan case

China's Participation in United Nations Peacekeeping Operations

Completed operations (date of operations)	Date of China's entry	Type of contribution	Peacekeeper slots filled
UNAMIR (October 1991-March 1997)	December 1991	Military observers	8
UNTAC (October 1992-September 1993)	April 1992	Military observers Troops	87 400
UNTOM (September 1992-September 1995)	October 1992	Military observers	10
UNOMIG (October 1992-December 1994)	1992	Military observers	10
Ballistic ^a		Military observer slots Troop slots	74 400
Current operations (as of March 2002)			Peacekeepers deployed (March 2002)
UNTSO (June 1948-present)	November 1948	Military observers	4
UNMOVIC (April 1991-present)	1991	Military observers	11
MONUSCO (April 1999-present)	1999	Military observers	10
UNAMIB (June 1999-present)	June 1999	Military observers	5
UNTSK (October 1999-present)	January 2000	Civilian police	10
MOPTC (November 1999-present)	2000	Military observers	3
UNMIBH (July 1999-present)	2001	Troops	3
UNMIL (July 2000-present)	2001	Civilian police	11
UNMEE (July 2000-present)	2001	Military observers	5
Ballistic ^a		Troops	1
Ballistic ^a (in March 2002)	November 1989- March 2002	Military observers Civilian police Troop slots	51 93 201
TOTAL^b	November 1948- March 2002	Military observer slots Civilian police slots Troops filled Military observers served Civilian police served	125 65 801 888 99

^a Ballistic

^b Excludes China's filled a total of approximately 100 past and current peacekeeping "slots." The total number of troops, military observers, and civilian police rotated through or fill these slots amounts to approximately 1,471.

Contrasting Visions

- Alliances and regional security mechanisms
 - Chinese experience with alliances
 - US-Japan alliance
 - US-Taiwan alliance
 - Chinese “partnerships”
 - ARF
 - SCO

Chinese Comparison of Military Alliances vs. Cooperative Security

	Military Alliance	Cooperative Security
Goal	Winning war and deterrence	Preventing military conflicts
Nature	Gaining military superiority	Reducing intention of using force
System	Closed	Open
Content	Military support	Comprehensive
Core	Preparation for war	Non-military settlement
Foundation	Common enemy	Uncertain threat
Target	External threats	Internal conflicts
Method	Joint military action	Confidence building measures
Efficiency	Strong	Weak

Source: Yan Xuetong, "Security Cooperation in Asia-Pacific: Bilateralism vs. Multilateralism," Conference paper presented at Georgia Tech's Center for International Strategy, Technology and Policy (1999), accessed at <http://www.gatech.edu/cistp/rp199/Yan.html>

Contrasting Visions

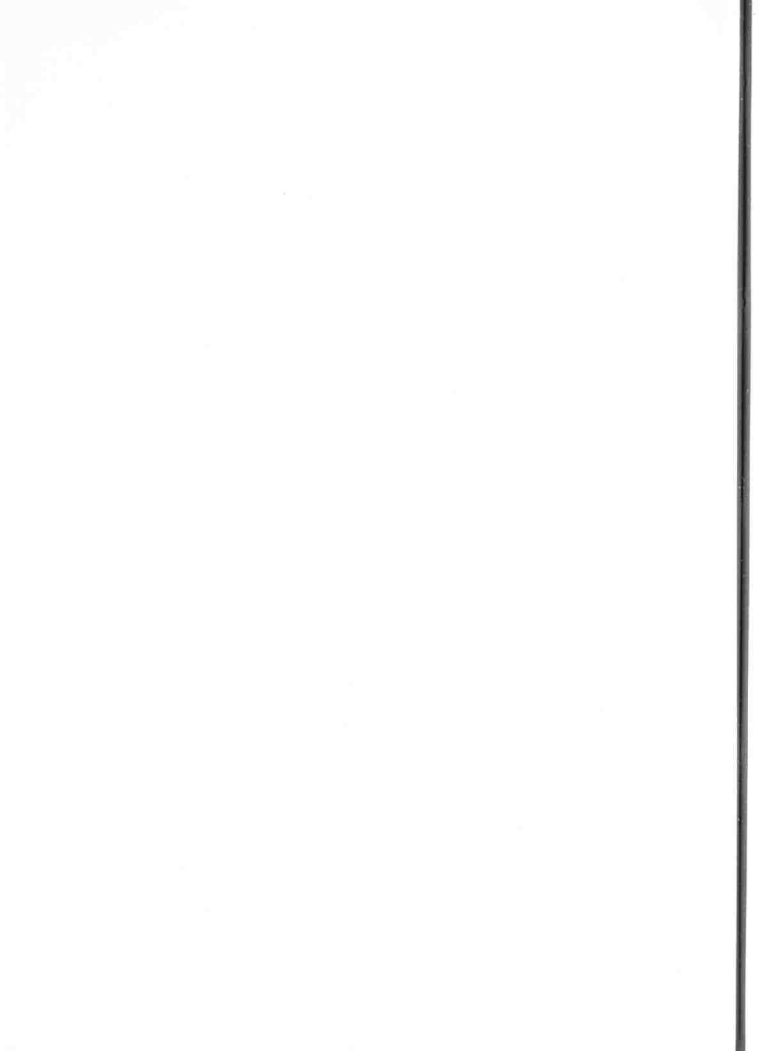
- Nonproliferation and arms control
 - Differences in perception
 - Differences in process
 - Differences in practice

Nuclear forces

- “Minimal deterrent” / “one-legged triad”
- Approx. 90,000-120,000 personnel
- Ongoing modernization
 - Improved mobility, survivability, readiness
 - Solid fuel
 - Improved accuracy
 - Improved command & control
 - Greater numbers
 - Space-based targeting and early warning

Comparison of Current U.S. and Chinese Nuclear Forces, 2002

UNITED STATES		CHINA	
Number/System	Active Warheads	Number/System	Active Warheads*
<i>Land-based missiles</i>			
Minuteman III		40 DF-3A	40
200 Mk-12	600	20 DF-4	20
300 Mk-12 A	900	20 DF-5A	20
50 MX Peacekeeper	500	40 DF-21A	40
<i>Warhead subtotal</i>	<i>2,000</i>	<i>Warhead subtotal</i>	<i>120</i>
<i>Aircrews</i>			
B-5B-52H	800	120 H-6 (B-6/Tu-16)	120
B-2	950	30 Q-5 (A-5/MIG-19)	30
<i>Warhead subtotal</i>	<i>1,750</i>	<i>Warhead subtotal</i>	<i>150</i>
<i>SLBMs</i>			
192 Trident I	1,536	12 JL-1 (CSS-N-3)	12
240 Trident II			
192 Mk-4	1,536		
48 Mk-3	384		
<i>Warhead subtotal</i>	<i>3,456</i>	<i>Warhead subtotal</i>	<i>12</i>
<i>Tactical warheads</i>			
Totobank SLCM	320	<i>Tactical warheads</i>	120-150
B-61-3, -4, -10	1,350	Low yield devices-ADMs	
<i>Warhead subtotal</i>	<i>1,670</i>	<i>Warhead subtotal</i>	<i>120-150</i>
TOTAL WARHEADS	8,876		410 - 440





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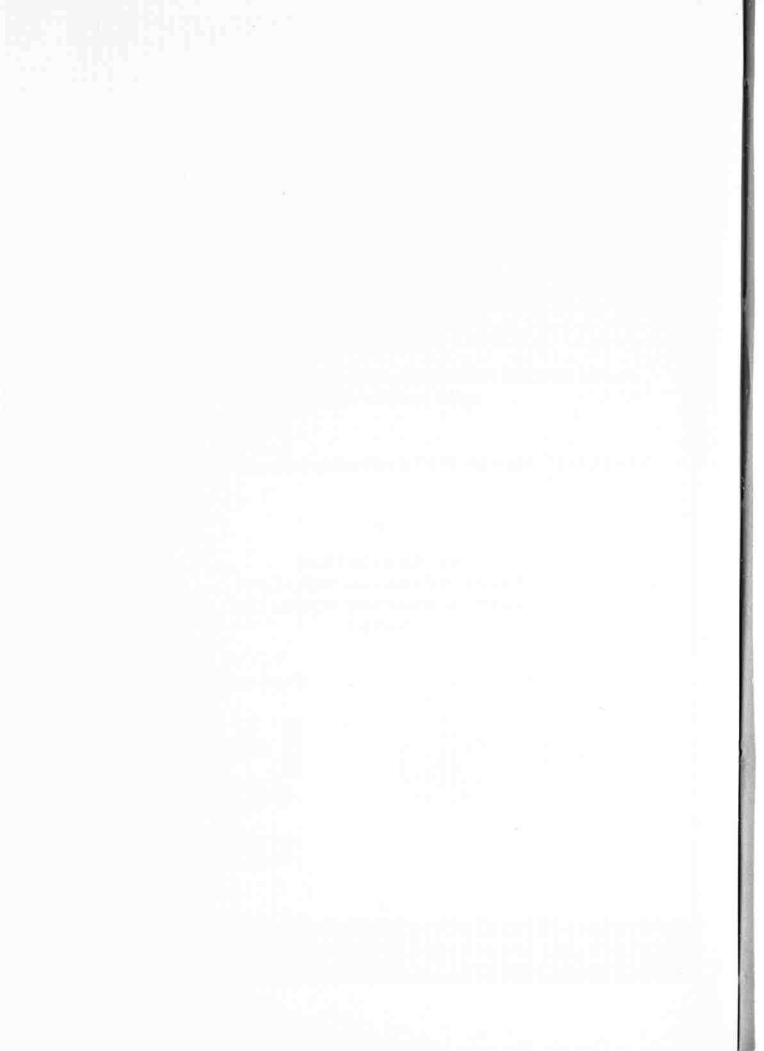


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The rise of China after WTO membership and regional implications¹

Pham Cao Phong
Centre for Northeast Asian Studies
Institute for International Relations

Introduction

Napoleon once said if China was awake, it would wake up the entire world. Now China is awake and it has gradually got better position in the world arena as well as in Asia-Pacific affairs in particular. China has successfully maintained high growth rate in the last more than 20 years and the accession to the World Trade Organization (WTO) will help the country get better economic achievements in the long run. The economic strength has enabled China to have a better position in Pacific Asia. Amid the crisis in 1997 China's decision not to devalue the *renminbi* to prevent the crisis from expansion was warmly welcomed by the countries outside and inside the region. To further promote economic cooperation with Asean, China put forth the initiative to form the Asean-China Free Trade Area (ACFTA), which received positive response from the leaders of the Association of Southeast Asian Nations (Asean).

This paper is to look at the implications of China's accession to the WTO. It argues that although China's membership will be an impetus to China's development, there still exist several economic problems in the country. To get better comprehensive strength China

¹ Some parts of this paper are from the paper presented at the ASEAN-China Roundtable in Hongkong, October 2001. Draft only. Please, do not quote or cite. Comments are welcome.

still needs a peaceful environment and would like to maintain stable relations with other great powers, particularly the US. Concerning its relations with Southeast Asian nations, better relationship is China's expectation. However, China's accession to the WTO also brings about several economic challenges to the region, given Southeast Asian economies' recovery path after the crisis is not at all smooth. The paper comes to conclusion that the rise of China after its accession to the WTO will bring both economic opportunities and challenges to the region.

China's WTO membership: impetus to China's development

China's accession to the WTO last December will, undoubtedly, bring greater pressure forcing China to further accelerate its reform process, getting development momentum after three years of lower growth rate due to 1997 crisis and the rapid changes in China's social and economic institutions.² Reform measures, many of which have been delayed due to social consideration, will be pushed up in face of greater competition with other sectors, abolishment of state subsidized policy, and realization of non-discrimination principle as provided by the WTO. This process may cause some difficulties to China in a short-run, but in the long-term it will serve as a momentum for further Chinese economic development.

² Chu-yuan Cheng, "China's Economy: Development and Long-term Prospects" *Issues and Studies*, 36:5, p. 122

Table 1: China's Export Growth Rate 1997-2002³

Year	Export growth rate (%)	Trade balance (USD billion)
1997	20.91	+40.4
1998	0.60	+43.7
1999	6.03	+29.1
2000	27.80	+ 29.9
2001	6.80	+ 22.6
2002 (estimated)	9.90	+ 20.0

The table shows that along with regional economies' recovery from the crisis, China's export (55% of which goes to Asian market) gained a big increase in the year 2000 but little in the following year. China's WTO membership will accelerate China's export again with expected growth rate of 9.9% this year, about 3.0% higher than that of last year and during 1998-1999 crisis period. The growth in export goes along with the growth in import, leading to narrower gap between export and import or in other word less trade surplus. For the last several years China's trade surplus was around 40.0 bn USD, but currently the amount is only around 20.0 bn USD, down around a half. It is because after joining the WTO, China has to, of course, observe the organization principles and other multilateral agreements such as the eradication of monopoly, gradual removal of tariffs and non-tariff barriers, opening the domestic markets for foreign products and services. In the middle term, the trade surplus may be even lower for the following reason: although China's export will increase due to its more

³ Sources from: *Economic News*, 20 Jan., 9 Mar., 9 and 24 April 2002.

competitive products after the adjustment of production structure and product improvement and lower tariffs offered by other countries and more privileges for a developing country as provided by the WTO, China will have to import a lot of equipment and technologies for economically structural reform after joining the WTO.

**Table 2: Nominal GDP Growth Rate
1999-2002⁴**

Year	GDP Growth Rate (%)
1999	7.1
2000	8.0
2001	7.3
1 st quarter of 2002	7.6
2 nd quarter of 2002 (estimated)	6.9
3 rd quarter of 2002 (estimated)	7.1

The second table shows that China's entry into the WTO does not very much affect its Gross Domestic Products (GDP) growth rate. True, it reduces 0.4% in the first quarter of this year and is estimated to be even lower this quarter but it is expected to rise up again in the third quarter. In the years to come, the growth rate will be expected 0.85% higher than the current one.⁵

More importantly, in the position of a WTO member, China will be able to

⁴ Sources from: China's Statistics Yearbook, 2000, p. 1; *Economic News* 8 Jan. 2002, 20 Feb. 2002 and 24 April 2002.

⁵ Warwick J. et.la. Trade and Financial Reform in China: Impacts on World Economy. Blackwell Publisher Ltd., 2000, p. 25.

participate in the establishment process of international economic rules. Consequently, China will have a louder say in international arena, particularly in global economic affairs. China has said very clearly that China is pursuing a great power diplomacy, the content of which is to more actively participate in the world organizations so as to change the rules of the game for long imposed by Western countries. The accession to the WTO is a good chance for China to realize the above-said target.

Besides, China's accession to the WTO will bring more pressure to put on the reforms in State-owned Enterprises (SOEs), banking systems, managerial mechanism, etc., benefiting the build-up of Chinese socialist market economy. Furthermore, the integration into the world economic system will require China to perfect the legal system, including economic laws and regulations. Consequently, the Chinese national comprehensive strength will greatly be enhanced by efficient economic growth and political stability that goes along with economic development.

However, it should be stressed that the economic reform is not a smooth path. Apart from problems such as resources depletion arising from economic growth (for instance, energy) and environmental and ecological issues, there are other big challenges like uneven development, high unemployment ratio, low yielding in agricultural production and most importantly, and the inefficiency of the State-owned Enterprises (SOEs). Until last February, 168 enterprises among 511 SOEs run unprofitably, more 12 enterprises as compared with last year's figure. Those SOEs lost 8.84 billion *yuan* (1.05 bn USD), doubled the loss in the first two months of the year 2001.⁶ This proves that despite some achievements over the last few years, SOE reform is still a big task in

China's economic modernization. The task seems to be harder in social outlook. Currently, unemployment ratio in China, as carried by some foreign sources, is 10% and can go up to 15%, much higher than the official rate of 3.36%.⁷ In the 1998-2001 period, 35 million SOE workers lost their jobs.⁸ This figure will be higher if quick SOE reform is carried out, possibly leading to unexpected social consequences.⁹

In short, how daunting these challenges may seem, they cannot reverse the push for economic reforms, particularly after the accession to the WTO. It is likely that China's continuing economic growth rate of around 7% yearly can be maintained in the years to come. Consequently, the Chinese national comprehensive strength will greatly be enhanced by efficient economic growth and political stability that goes along with economic development. However, there are still some difficult economic problems that China needs to address, particularly the SOEs reform.

Economic and Political Landscape in Southeast Asia

The stability and economic wealth of the 1.3 billion people in China will greatly contribute to the peace, stability, and economic development of the region as a whole. It is of great significance to regional countries since one of the most urgent task for Asean

⁶ *Economic News*, 15 April 2002.

⁷ *Economic News*, 13 April 2002.

⁸ *Economic News*, 3rd March 2002.

⁹ For further discussion on China's economic problems, see: Pham Cao Phong: *Impact of China's Economic Development on Its Policies in Southeast Asia in the post-Cold War Period*, Working paper, Joint Centre for Asia-Pacific Studies, Toronto-York Universities, Canada, 1996; Bih-jaw Lin and James T. Myers: *Contemporary China in the post Cold War Period*, University of South Carolina Press, USA, 1996; Gui Shilian: *Zhongguo Jingji: Gaijie, Fazhan yu Wending* (China's Economy: Reform, Development and Stability). Economic Management Press, Beijing, China, 1996, in Chinese. Hiroyuki Kato, "China's Gradual Reform Process: From Comparative Advantage to Developmentalism" in *Japan Review*, 12:1, 1998; Barry Naughton: *China: Domestic Restructuring and a New Role in Asia*. Paper presented to the conference on Asia Economic Crisis, University of Washington, Oct. 1998; etc.

now is how to maintain peace, stability, and economic growth in the region, particularly in the context that the Association members' export (of which 20 percent goes to the US market) is being affected by the shrink of American market and some regional countries' stability might be affected by the current situation in South Asia. Against this background, a better business landscape in the region will create not only good environment for trade but also for foreign investment, thus facilitating Southeast Asian nations' efforts to achieve sustainable economic growth.

In this context, China's accession to the WTO will help integrate this big country into the regional affairs at a higher level and the economic interdependence between China and other regional countries will be greatly enhanced. Together with its membership in the Asia-Pacific Economic Cooperation (APEC), China's accession to the WTO will facilitate China's more active role in regional economic cooperation. China will participate in more economic development plans, particularly the sub-regional economic cooperation. This will help set up an economic network between Asean and China. Apart from the ACFTA, China is currently linked with Southeast Asia through trans-Asia railway and highway projects from India through Bangladesh, China, Myanmar, Thailand, Laos, Vietnam, and Cambodia to Malaysia and Singapore. Beside the mega projects as such, China is also a participant in several sub-regional economic cooperation. Consequently, it could be said that China's economic strength after its accession to the WTO will greatly enhance China's economic role in the region, even it might make China one head of the goose-flying flock in the regional economy, given that Japan's economy is enduring an ever long-lasting recession. This will change the economic landscape in the region, allowing more dependence of small economies on

China's economic development. On the other hand, China's entry to the WTO will serve as a momentum for further economic reforms in every Southeast Asian country. In face of more competitiveness of China's goods and services, regional economies have no other choice but accelerate their economic development and integration process in the world economic system.

Economic development of regional countries requires a stable and peaceful environment. It is also a desire of China. Although China is the third largest economy in the world (in terms of PPP) after the US and Japan, there are several economic problems China needs to settle as mentioned earlier. Deng Xiaoping once said that stability is the very first priority. Its implication is that China could only gain development if stability is maintained at national, regional, and international levels. At national level, the lesson from the prior-1978 period and the difficulties in the early 1990s after the Tiananmen incident prove that point.

At regional level, China needs stability and peaceful environment for its economic development. China wants to have better relationship with neighbouring countries. Since early 1990s, after diplomatic establishment and normalization with all Southeast Asian nations, China's relations with regional countries have greatly been improved, economically and politically. Currently, Asean is China's fifth largest trading partner with the volume of 17.34 billion USD.¹⁰ If established, the ACFTA will be the biggest economic cooperation institution in Asia with about 1.8 billion people. Besides, China participates in the Asean Regional Forum (ARF) and mechanism such as Asean+1

¹⁰ *Studies on Chinese Communism*, Taipei, January 2001, 35:1, p. 58.

and Asean+3.¹¹ The exchange of high-ranking officials' visits between China and Asean and the signing between China and Vietnam of the Land Border Treaty in 1999 and the Agreement on Demarcation of the Tonkin Gulf and the Agreement on Fishery Cooperation in the Tonkin Gulf in 2000 are other clear manifestations of better China-Asean relations.

At international level, China needs stable relationship with great powers, particularly with the US, and investment and technology from industrially developed countries. China's economic ties with those nations have been improved for the last many years with the most current manifestation is the China's accession to the WTO. Yet, there is another side of the coin. The American war against terrorism in Afghanistan has brought about its foothold in the country, linking with its military presence in form of troops or advisors in Europe, Georgia, the Philippines, South Korea and Japan and improved military ties with Australia, Singapore and Taiwan island to form a strategic link from Europe through South Asia, Australia to Southeast Asia and Northeast Asia. This creates concerns in China of a limited scope in its strategic environment imposed by the US. Furthermore, its arms sale to Taiwan and high level of reception for a military delegation from the island make people think of US double-face policy towards China. Hence, although US President Bush did say of partnership with China, there is still some doubt casting over the effectiveness of his previous statement considering China a strategic competitor. The China-US relations are fluctuating in sin-shape line but with separated economic and political and security ties. China's relations with Russia are not

¹¹ Asean+1 refers to the dialogue between Asean and one of three Northeast Asian countries: China, Japan, and South Korea. Asean+3 refers to the Association' dialogue with all the three countries.

without problems, either. Although the two countries have signed the agreement on strategic partnership against one-polar world, the recent moves by Russia in conducting its pro-Western policy, particularly the signing of Russia-Nato cooperation may create concerns in Beijing of possibility of being bordered Nato. China's relations with Japan are also not at all very smooth. Despite several improvements, the historical issue is still a hindrance to further development of the bilateral ties between China and Japan. In short, China's relations with other great powers are still characterized by cooperation-cum-struggle but with some more uncertainties not only in short term but also in long term outlook.

China-Asean trade: cooperation and competition

Keeping pace with high economic growth rate, China's trade will increase after the accession to the WTO. As mentioned earlier, the joining of the WTO will enhance China's open-door policy by expanding the external trade, enabling domestic enterprises to further integrate into the world market. On the one hand, China will enjoy the lower tariff and elimination of trade barriers in other countries to Chinese products, thus increasing China's export. Particularly, due to current devalued *renminbi*, i.e. Chinese goods stay competitive, the Chinese export growth rate increases in early stage after accession as shown in the Table 1. Yet, in the later stage, the value of *renminbi* will be adjusted due to a higher inflow of capital, resulting in the erosion of that competitiveness. On the other hand, the lower trade tariffs and other trade promotion measures will encourage Chinese enterprises to further participate in the international labour division by importing materials or semi-finished products in combination of low

labour cost in China to produce finished products. Besides, this comparative advantage of low labour cost will also be utilized by foreign investment companies, which are on the rise in China after the accession. These will lead to an increase of China's import in the coming years.

It should be noted that China will enjoy privileges of being a developing country, that is its tariffs on foreign goods will be down to 14% while the those nations' tariffs on China-made products will be as low as 4%. It leads to the fact that a large number of goods produced by Chinese processing enterprises and foreign investment companies in China will be exported to developed countries, i.e. China's export volume will increase in the later stage when those enterprises are put into operation. This is to say China's trade volume, both export and import, will increase over the time. Yet, trade structure will greatly be improved: finished products will take majority in China's export while semi-products and materials will take majority in its import.

The increase of China's trade volume will lead to trade creation between China and Asean. Chinese accession to the WTO will create market opportunity for Asean products and services. Due to its high level of production specialization, China will increase import of some agricultural products, particularly those from tropical area. Besides, better living standards thanks to reform achievements for the last more than 20 years help increase a market for hi-tech products, some of which are being manufactured in several Asean countries.

It is worthy mentioning that apart from competition in several groups of labour-intensive products, China and Asean exported goods are supplementary to each other. Asean is an exporter of natural resources-based products, particularly the agricultural

products of tropical zone to China. Except Singapore, primary products: rice, wood, natural rubber, copper, aluminium, vegetable oil... constituted almost the entire exports of other Southeast Asian countries: Vietnam, Thailand, Malaysia and the Philippines to China. On its part, China is a large exporter of knitting machines, small hydropower equipment, small lorries and vans, steel products, etc. to Southeast Asian countries. One example of supplementary of exported goods between Asean and China is that although China and Asean are exporters of garments, China exports cotton and silk clothing while Asean exports nylon clothes. In the current new world economic situation, the export-import of these products can be realized between China and Asean.

Yet, the market opportunities are not equally given to all Asean countries. While the countries such as Singapore and Malaysia can enjoy more favourable position due to their already-established factories in China, other countries like Vietnam, Laos, Cambodia, Myanmar could face some difficulties even their export volume to China may decrease due to their low yielding, i.e. comparatively high variable labour cost. It is estimated that a country such as Vietnam may lose 8 millions dollars in export to China as the latter's accession to the WTO.¹²

Furthermore, China and Asean compete with each other in the third market due to their similarity in low-labour cost products such as electronic and consumer goods. The Asean Secretariat Study Paper indicates, "All the Asean countries experience a decline in exports to the rest of the world reflecting the loss in third country markets to China."¹³ However, China is not a dominant in all types of goods in this sector. Some

¹² *ASEAN Secretariat Paper: China Studies*, Nov. 2000, p.5

¹³ *Ibid.* p. 23.

Asean countries such as Singapore and Malaysia have transferred clothing factories to China to take advantage of cheaper labour cost. This tendency can partly be diverted to bilateral trade.

Trade creation between China and Asean will develop in the context that the main export market of either China or Asean -- the US -- is shrinking. Against this background, China's accession to WTO may serve as an impetus to further East Asian cooperation, including the ACFTA. Although there are a lot of differences among scholars' viewpoint on this issue, the common acknowledgement is that the ACFTA will bring about higher volume of trade between Asean and China.¹⁴ Instead of going to the American market, some exported goods from either China or Asean can be diverted to regional countries.

Investment diversion

China is in a better position as compared with that of Asean countries in attracting foreign direct investment (FDI). In comparison with Asean countries, China is a larger, more dynamic market of diversified demands. China's accession to the WTO will further strengthen this character of the Chinese market. Furthermore, as mentioned above, the prevailing tendency of devaluing *renminbi* after the accession will lower its labour cost, thus creating more favourable conditions for foreign investors. This will negatively affect the FDI flow into Asean, particularly non-WTO countries. Malaysian Minister of Human Resources Fong Cahn Onn said the rising of China as an economic power creates great concerns for many economies. In the year 2000, 61% of FDI in Asia

went to China while only 18% went to Southeast Asian nations.¹⁵ Yet, it should be added that China's rising is not a unique cause leading to lower level of FDI attraction in Southeast Asia. The more important reason lies in the level of Asean economic recovery from the 1997 crisis and political stability in some ASEAN countries. If Asean could keep the pace of sustained economic development, China's accession to the WTO will present less severe challenge to Asean's attractiveness of FDI.

Besides, it should be added that the above-said economic structural adjustment in China after the accession to the WTO makes Chinese enterprises export old technology to abroad, leading to bigger outward investment, part of it may go to several economically-less developed countries in the region.

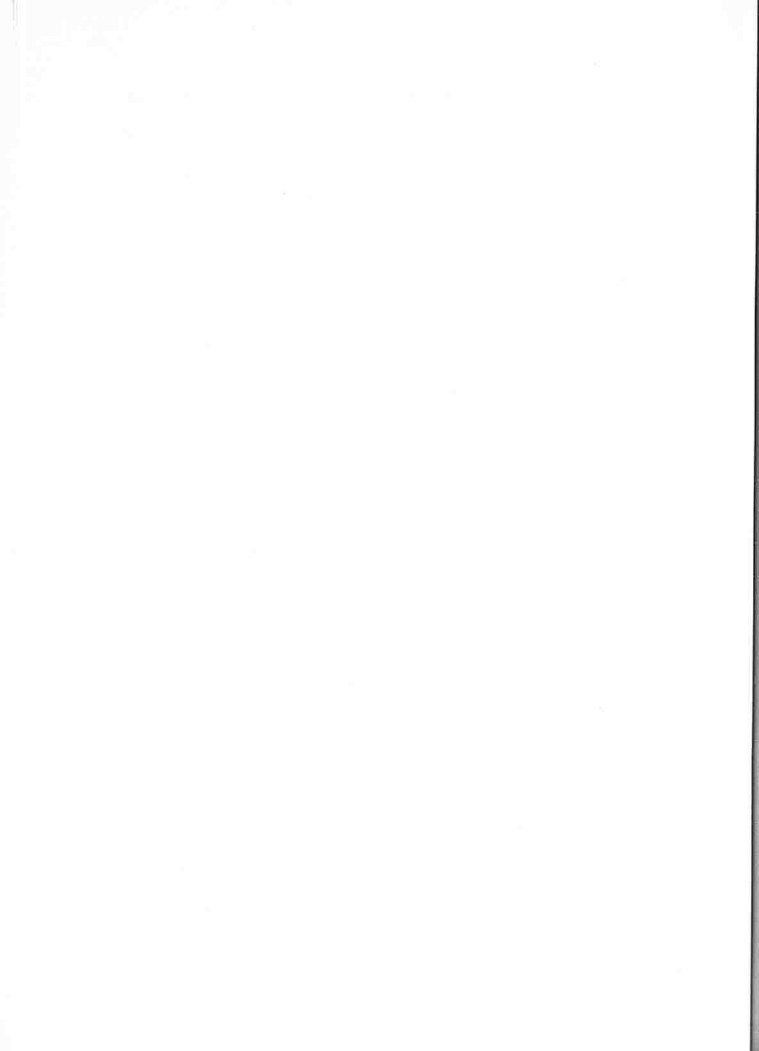
Conclusion

China's accession to the WTO will bring not only challenges but also opportunities to Southeast Asian countries. On the one hand, China's economic development, political stability, and further intensification of reform measures will positively contribute to regional peace, stability, and economic development, creating a more favourable environment and momentum for Asean economic growth. China's accession to the WTO will serve China as a locomotive for regional economic development, including the Asean's, leading to further economic interdependence between China and Asean. Besides, China's entry into the WTO will somehow strengthen further development of East Asian cooperation through trade creation between China and Asean and China's participation in

¹⁴ For details, see the Proceedings of the Eight Asean-China Dialogue held in Singapore, April 2002.

¹⁵ *Economic News*, 17 April 2002.

more sub-regional cooperation. In addition, unfavourable strategic environment in the aftermath of the 911 event may help enhance its relations with other countries, including neighbouring nations. On the other hand, the Southeast Asian industries, particularly pre-matured ones will somehow be negatively affected and there will be more competition between China and Asean's exported goods and services in third markets. The FDI inflow into Southeast Asian countries may also be affected. It is a nature of economics. However, it should be stressed that to get a better edge in competition with China in terms of trade and investment also depends on how well the regional countries could improve their own economic environment and how well their sustainable economic growth would be.





16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

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PLENARY SESSION FOUR
Tuesday, 4 June 2002, 0830 -1000 hrs

CHINA RISING: PROSPECTS AND IMPLICATIONS FOR THE ASIA PACIFIC REGION

“China, ASEAN and East Asia: Partnership with a Rising Power”

by

Mr. Simon Tay

Chairman

Singapore Institute of International Affairs (SIIA)
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**CHINA, ASEAN AND EAST ASIA:
PARTNERSHIP WITH A RISING POWER***
Simon SC Tay**

Introduction: Watching China Rise

Watching China used to be a rare science. During most of the post WWII period, trying to look through the Bamboo curtain, Sinologists had to interpret events much as some others read fortunes from tea-leaves. This has changed completely. As China began its historic opening under the late great leader Deng, more could be observed and more directly. In these last 20 years, as mainland Chinese came out into the world -- as students, business men and government emissaries -- they were able to speak and explain China for themselves. As business leaders, public leaders and tourists traveled into China with greater ease, freedom of access, and numbers, we came to see China much more closely and directly. Today, we are all China watchers.

The attention we give to China has in fact intensified since 1997. When many of the so-called "miracle" economies in the region suffered from the Asian crisis, China avoided the contagion. Now again, many in the region are suffering from the wake of the US-led global slowdown and the effects of what we call 9-11. Yet China seems to continue to grow, a rare bright spot in a somber and uncertain time.

Some may cast doubt over official Chinese figures that claim a 6-8% growth.¹ Most, however, would agree to a rough estimate of 3-4%; a credible figure for such a large country, especially when we consider the difficult external environment. Foreign direct investment (FDI) figures are much the same. While reports vary, most agree that China today attracts the lion's share of foreign direct investment (FDI) among developing countries.² This accounts for some 70% of the FDI coming into Asia. It is, when compared to figures in ASEAN, a near reversal of situations from the years in which ASEAN was the foremost recipient of FDI.

Nor is it only foreign business people who are optimistic about China. Another phenomenon is observable among the Chinese themselves. Their domestic economy is becoming more dynamic. Companies in Shanghai, Beijing and other cities that are more advanced in opening their markets as part of the early special economic zones are

* Paper presented at the Asia Pacific Roundtable, Kuala Lumpur, 2-6 June 2002, organized by the ASEAN-Institutes of Strategic and International Studies. The paper draws on a special lecture given by the author at the Keidanren, Tokyo, Nov 2001. Draft only.

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¹ Chinese figures are: 8.8% in 1997, 7.8% in 1998: China's National Statistical Bureau as cited in the Mingpao (Hong Kong, 17 Oct, 2001).

² From 1998 to 2000, FDI in China grew at an average of 23% per year, reaching US\$339 billion. It is reported that in the first nine months of 2001, FDI into China grew by another 21%. See Mingpao, footnote 1.

starting to link with their brethren to the West and inland. Many feel that China is not one country or economy but many. It has centres of excellence that are capable of matching developed world standards in many areas. It also has less developed and lower cost areas that can match or even out compete the middle and lesser developing countries in both productivity and cost.

Some draw a straight-line extrapolation from these figures to suggest that China is on the path to become the 2nd largest economy in the world by 2020 or 2025.³

Other markers also point to a rising China. Most of us cannot be but impressed when we visit China, especially Shanghai. The whole city seems to be geared up for business, from the internet and communication infrastructure to the nice new buildings, to even the nightspots to entertain business men when they get bored with business, or to sign more business deals.

China's entry into the World Trade Organisation (WTO) has created a buzz among both Chinese and foreigners. So is the fact that China will soon host the Olympics. In international affairs, China's presence on the world stage has grown in stature and assurance. In these past 9-11 days, China's relations with the USA seems to be on much better, and on more even keel as compared to the early days of the Bush Administration, marked by the EP3 incident. In the area of security, she is a nuclear power and has been spending more on military capacity. Some observe the building of a Chinese blue water fleet.

Is China a rising power in Asia and the world, as most now believe? Or will its rise be interrupted rudely, and the present powers and status quo continue, unchallenged? If indeed China is rising, how should we respond?

This paper will survey these questions. It argues that China's rise is likely but not assured. Indeed, China's growth may be neither robust nor sustainable. It argues that China's development should be welcomed, on balance. This is notwithstanding competition and realignments in both economics and political influence. The paper suggests that ASEAN countries, in addition to the competition between nations, can and should play an increased role in welcoming China, and work towards greater cooperation as neighbours. This is not simply for mutual economic benefit.

Rather, the paper argues that the rise of China and the increase of China-ASEAN cooperation can, given certain conditions and principles, be a necessary building block and driving factor in helping create an East Asia. This will not mean that ASEAN and Asia will fall into China's orbit and control. Rather, the East Asian regionalism that the paper anticipates and believes is possible can be open to the outside world and the USA, as well as more integrated and equal internally.

³ China's GDP in 2000 was US\$1 Trillion, approximately twice that of the original ASEAN-5. World Development Report, 2000/01.

The first part of this paper considers possible scenarios in which the rise of China may be interrupted. It then reviews different responses to the rise of China in Asia and in the USA. The third part of this paper outlines the avenues for greater dialogue and cooperation, as compared to possibilities of intensifying competition and conflict. Possibilities for greater regional integration and cooperation are then considered.

Cautionary Notes about China's Rise

Despite many signs of continuing and growing success in China, there are other indicators that suggest that we should be more cautious in looking for China. Philosophically now, I am against all straight-line extrapolations and the deterministic thinking that they represent. After all, if we look back not a 100 years but even 20 years to American books about Japan, these same straight line graphs now mean that Japan would have overtaken everyone in the world. And similarly for our countries in Southeast Asia, similar straight-line graphs from the mid 1990s, would show no crisis or bump on the road. So I have no more beliefs in miracles, not even a China miracle. So while I am hopeful for China and quite optimistic for China, let me point out some of the possible things that can go wrong for China.

One of them is the economic issue of the state owned enterprises or SOEs. There is a serious over-capacity in China. There is a serious debt problem among many of the SOEs and therefore this drags down the banking sector, but because of the political linkages, this problem has not been addressed as yet. The entry in to the WTO is likely to add some discipline to these problems and allow the Chinese Government a mechanism to address this issue more directly. But I think that with discipline there must come questions about the genuine competitiveness of the Chinese companies and their ability to really meet worldwide competition. Some observers note that South Korea enjoys a trade surplus with China, and suggest that this demonstrates the Koreans' continuing comparative advantage in certain higher sector manufactures.

The political economic issues are also much wider than this problem of the state owned enterprises and the banking sector. There are genuine concerns about the ability to govern and the ability to provide stability. There are concerns about widespread corruption and political links. Of course today, we say that the China market is so big and growing we must be there even if there is corruption. From this perspective, many may take the view that corruption becomes just another fee to be paid. But again, we should remember the Asian Crisis. If we talked about Indonesia as recently as seven, eight years ago, many businessmen would have said the same thing.

What we see in China is that economic growth is not just something good but it is the essential and critical thing for the whole system to work. The high rates of growth that we see in China are needed to sooth over many tensions.

For example, the tensions between the center and the coast, Beijing and the provinces, between the coastal provinces and the inland provinces, which are not so well developed.

There is increasing inequality among the people and that, under the communist regime, was unknown or, at least, well hidden. There is also a continuing need to find food and jobs for millions of people that are moving from the countryside to the cities and from schools into the job market. What I see is that the growth in today's China is becoming a substitute for ideology. Growth, along with nationalism, legitimizes the Chinese leadership; not the political legitimacy conferred by democracy or another agreed and participative form of governance. China has to look for legitimacy by performance. Accordingly, there will be tensions if slower growth comes to China. This does not limited to a recession. Even a dip can cause great problems for China.

My original and continuing field of specialization, the environment, illustrates China's insecurity. Looking through this lens of the environment, we observe a China that is progressing though at a great cost to the quality of water, the quality of air and the availability of land for farming, arable land. These are not just simply countryside issues that are nice to see. The shortage of water in China is a critical economic and security issue. The quality of air is a serious long-term health issue, as well as an issue about how China generates power, electricity, and how it will then cope with the rising industrialization. And of course the issue of arable land is an issue about ensuring there is enough food for 1.2 billion people. This is something that, given the history of famines in China, few in China would take for granted. China today is facing environmental insecurity. This is not just the death of pandas somewhere in the forest, but an environmental collapse that could seriously jeopardize the economy and the society.

In many respects, China's growth is not a broad and robust growth that is capable of taking shocks from outside or from inside. It is, rather, a narrow-based growth that is running fast and close to the edge of unsustainability. Some things can go wrong if there are shocks in the system, and if some things go wrong, these can trigger more and larger ill effects.

As I have said, I do not wish for the shocks to happen. Perhaps none of us do. These potential problems must however be noted. Thus while even while some of us will be optimists about China's rise, I believe we are also well served to be realistic and even somewhat skeptical. Caution may be recommended.

Different Responses

Yet, even if we agree that China will rise, in the medium to longer term, how do we react? Much depends on who we are.

If we think also about the longer path of history, I for one cannot help but be impressed. I am after all, a Singaporean, and also an overseas Chinese. My forefathers left China because there was no hope for the future. China has been in the process, a hundred year process of trying to become modern, to come out of the cul de sac of its social and economic development that led to its weakness and, to many Chinese minds, humiliation in the early 20th century. I wish China well.

I am, however, also a citizen of ASEAN and an Asian. I understand that views in some other countries in the region will differ: both history and present concerns can make the perspective about China in Vietnam, the Philippines, Japan, among other countries. But when some of my friends in ASEAN are afraid of China and hope that something bad will happen to China, I say please don't.

If some feel a rising and confident China may be a problem, I would like to suggest that a collapsing or insecure China would be even worse. Instability, combined with aggressive nationalistic tendencies will make for difficult relations among neighbours both in ASEAN, and in NE Asia. We should hope for a rising China, more than we fear it.

The views of Americans, the pre-eminent power at present, may well differ again. Certainly there are those in the USA who focus not so much on the promise of China but more on issues such as Taiwan, National Missile Defense, human rights and democracy, Tibet and Falungong, and the continued official line that emphasizes the centrality of the CCP. This contrasts with other views in the USA that give much more emphasis to the economic promise of China. These views in the USA have been in conflict for sometime. Much of the debate has in the past centred on the annual renewal of China's MFN status. This rite of Washington politics has come to an end with the permanent grant of MFN to China because of its WTO membership. US-China tensions have also been diminished in the wake of 9-11. The fundamental differences that drive these American perspectives on China have not however disappeared and will resurface, in a new form.

In fact, in addition to differences over politics and security, there is some possibility that economic tensions may grow between China and the USA. One issue that may possibly arise in the near to medium term in the trade surplus that China has with the USA. This has now reached the highest of any country in the world, overtaking the surplus of Japan. The trade deficit of America has not been a political controversy in this last decade. This however is mainly because America has flourished, despite this surplus. However, if the American economy suffers a prolonged downturn, it is possible or perhaps even likely that the political pressure to address the deficit would again increase. This was the case in the 1980s, when Japan came in for much criticism and pressure.

ASEAN and China: Competition and Conflict, Dialogue and Cooperation

What does China's rise mean for us in Asia? Will there be intensifying competition, rising tensions and conflict? Or will there be greater dialogue and cooperation?

Much of the Asia Pacific's future depends on the triangle between China, US and Japan. This triangle has been undergoing its own changes in these past years. The predominance of the USA, the emergence of China and the prolonged slump and lack of leadership in Japan have made the US-China leg of the triangle more of a determinant of the shape of the triangle. Additionally, my own hope is that Southeast Asia can play a small but significant role to ameliorate the ill consequences of this triangle. In Chinese geomancy, triangle-shaped things are considered dangerous because they have lots of sharp points to

target your enemy. ASEAN can and should therefore aim to square the triangle or at least often its edges.

So what is happening for us in Southeast Asia? The shift of FDI to China is a concern. However, a number of observers note that a large component of the FDI going into China is from the Chinese world, either directly or through HK. If we isolate FDI from the USA and China only, the picture is less stark. China and ASEAN are much more on parity. This is, of course, only a small consolation, given that ASEAN used to enjoy a considerable edge on attracting FDI both worldwide and from Japan and the USA.

Yet while China presents competition to them, there are emerging reasons why ASEAN countries should look much more at the prospects of cooperation with a rising China, for mutual advantage.

A number of countries in the region have already started to recognize this. Trade figures of Singapore, Malaysia and Thailand with China, and from China with these countries, have shown positive and often sharp growth. A similar trend is seen in Korean-China trade. Although still at low levels, absolutely, this growth in trade has been a significant factor in helping these economies when demand from Japan and the USA has largely been flat. FDI from China into ASEAN is another emerging factor. So too is the growth of Chinese tourists, who have come in increasing numbers and with considerable spending power. These early figures and trends suggest a beginning of a re-alignment and growing integration between the economies of ASEAN and Asia with China.⁴

The ASEAN China FTA was announced at the 2000 ASEAN Summit. This promises to create a market of some 1.7 Billion people. China has promised to allow ASEAN members early benefits ahead of its WTO deadlines. It has also agreed to let ASEAN countries reap these advantages unilaterally, without insisting on reciprocal rights. Yet while these are strong reasons to give due attention to the prospect of an ASEAN-China FTA, reactions to this prospect have been mixed. Some think it is much more of a political exercise than a meaningful economic opportunity; especially given the ten-year deadline set.

Officials on both sides have recently had their third meeting. By most reports, this was successful and confident about moving things quickly forward, towards an early harvest in identified sectors. Fundamentally, the ASEAN-China FTA signals a fundamental shift in the ASEAN mindsets. This has gone from being nervous and defensive, to greater dialogue and cooperation in economic issues.

A similar sentiment is beginning in the field of foreign affairs and security. Largely, China's foreign policy has been defensive in guarding its self-interest, or its perceived self interests. There have been fewer concerns about Chinese aggression, projected towards other countries. However, areas of concern do continue.

⁴ See Asia Wall Street Journal, 21 May 2002, "China's Demand Drives Recovery in Asia", p.1.

From the perspective of a number of ASEAN countries, the competing claims over islands in the South China Sea are continuing concerns. Many in Beijing do not see it as a large issue. For others in the Philippines or Vietnam, however, they see it as a litmus test, a sign of whether China will be aggressive in the future. This is notwithstanding the steps taken towards a code of conduct on the issue.

China also seems to have growing influence in Indochina and Myanmar. The visits of Chinese leaders and the provision of assistance to these countries are signs of this. Good relations between these countries are of course to be welcome, especially as most share borders with China. Some however have indicated early concern that China is dividing ASEAN. The countries of Indo-China and Myanmar are relatively recent ASEAN members. The association as a whole has struggled to address the perceptions and realities of a two-tier ASEAN, dividing older and newer members.

ASEAN member states are of course not the only ones to have some reason to be concerned with the economic competition and political-security presence of China.

Economic competition from China is felt by others in Asia. China, as I see it, is not a single economy. There are many centers and different levels of economic development in China. The country as a whole, therefore, is able to compete with almost everyone, anyone in the world. The coastal cities, Guangzhou being the most obvious case, they can compete very well with the middle band of countries like Malaysia, Thailand, etc, and the inland provinces, there are many labour intensive and cheaper industries which can flourish in the conditions there. Competition with Korea and some sectors of the Japanese economy too is evident.

There are therefore continuing areas of concern and competition between China and ASEAN, and indeed Asia, that all should recognize. Nevertheless, I would however urge that dialogue and cooperation is the better response. This is not only for economic benefit. ASEAN-China relations may in fact, given certain conditions and principles, be a necessary building block and driving factor in helping create an East Asia. This will not mean that ASEAN and Asia will fall into China's orbit and control. Rather, the East Asian regionalism that the paper anticipates and believes is possible can be open to the outside world and the USA, as well as more integrated and equal internally.

China, ASEAN and East Asia

China as a whole can compete with everyone and anyone. This competition is not exclusively economic. Dimensions of power and influence in security and politics are also present. Rivalry between China and Japan can be observed, both in their direct relationship and vis a vis their ties with the USA, on one hand, and with ASEAN, on the other, cannot be ignored.

If China becomes much closer to the USA, post 911, there are potential concerns for Japan, which has been America's pre-eminent Asian ally. If China becomes much closer to ASEAN, there will be challenges to Japan's influence and friendship with the region.

This is notwithstanding the good ASEAN-Japan relationship in the post Fukuda doctrine. Personally, I think that there are many reasons for ASEAN-Japan relations to continue and in fact be strengthened and deepened further. In economic issues, Japanese FDI will likely remain more plentiful and superior to China's. The issue of aid is similar, despite cutbacks in Japan's ODA. I believe Japan, with reforms, can continue to play a major role in the affairs of Asia and the world. However, a rebalancing between these two Asian giants is likely in the coming years.

This is a change from much of the thinking in the days of the Japanese and Asian "miracle". Then, we talked of the flying geese pattern, in which Japan was the leader. The storm of the Asian crisis has however scattered the flock. Japan has endured a decade long of no or slow growth and this has made many people in Southeast Asia question the ability of Japan to really lead in economic terms. This is notwithstanding the fact that it remains the largest economy in Asia, by far.

The issue of relations between ASEAN and China on one hand, and ASEAN and Japan on the other, may be examined in two different economic initiatives. One is the ASEAN-China FTA, which has been previously mentioned. The other is the Japan-Singapore Economic Partnership Agreement (JSEPA).⁵

The JSEPA was signed by the two premiers at the start of 2002 and has now been accepted by both Parliaments. There are three ways to see the JSEPA in contrast to the ASEAN-China FTA. First, the JSEPA is a partnership between what is Asia's two richest and most developed economies. In contrast, the ASEAN-China FTA involves a much broader range of economies. Its thrust, initially, may be expected to focus more on basic goods, as common denominators and opportunities for all countries involved.

Secondly the Japan-Singapore EPA is not a FTA, and this difference in name demonstrates its difference. Tariff reductions are only a small component of the JSEPA. There are many more possibilities of alliance in new areas of work, including the new economy. In this nature the EPA is much more like a strategic alliance between two. In contrast, ASEAN-China discussions are focusing on tariff reductions at present, and framed more conventionally as an FTA.

Thirdly, following JSEPA, Japan have given serious consideration to negotiating similar agreements with some of the other Southeast Asian countries. Of course it is not in Singapore's interest to have you to do this, we want exclusive partnership, and why not? But I think for the region it is better that JSEPA be used as a precedent for others. Some sensitive goods remain for Japan, and not all ASEAN countries may be ready for an EPA with Japan. Prime Minister Koizumi, while in Singapore, called for a closer economic partnership in the region. We can therefore anticipate that some will take the step forward towards with Japan. Closer and broad economic cooperation with ASEAN will therefore form a raised floor in their relations, with individual pillars built on a bilateral basis between different ASEAN member states and Japan.

⁵ The author served as an adviser to the Singapore government study and negotiating teams on the JSEPA.

How do the prospects of ties with Japan and with China compare? When I look at the China FTA and at the JSEPA, I believe I am comparing the Sony Betamax with the VHS, both excellent Japanese products. The Betamax was a much better product; smaller, does the same thing, smarter. But the Betamax did not succeed because the VHS was clever in getting more and more companies to use the format and allowing them to have it cheaper. To me today, the JSEPA is like the Betamax. It is a very good product compared to the China FTA. The challenge is how do we get more people to adopt similar format.

But there comparison between economic ties in the region is not of course an entirely commercial contest, based on a strictly win-lose paradigm. In this area, we can work towards win-win solutions. One of this is the likelihood that a healthy competitive ethic will arise, within the broader APEC and WTO frameworks. Another major benefit that can arise is a competitive dynamic that can help knit close ties *both* between ASEAN-China and ASEAN-Japan. This can be a vital building block in East Asian regionalism.

Conclusion

While many more people know and watch China today, this has not simplified our ability to read the country, as compared to the days of the Sinologist. Indeed, access and information have multiplied the ways we look at China.

Will China dominate the region as a rising power or will be it a good partner? I want to say that in economic cooperation this is not as we know a negative sum game. It depends on how we treat China. For strategic and security issues too, we in ASEAN also do not necessarily believe purely in the balance of power and win-lose scenarios. In the ASEAN region and in the ASEAN Regional Forum (ARF), we try to be more comprehensive and cooperative in our security.

A confident, growing and stable China is not necessarily aggressive; a nervous pressured unstable China may cause many more problems to us.

But I would like to conclude by saying that the China challenge for all of us is not primarily about China. It depends on what we ourselves do for ourselves. Imagine if you will there was no Asian crisis. China may still be growing as many of us thought it would. The question of Southeast Asian competition with China would not, however, now be in such stark contrast. Rather, the two could be twin engines for Asia. Similarly if Japan can proceed with reform and show leadership as it did in the 1980s we would not be thinking, some of us, about whether China will in the longer term will eclipse Japan. There is in that sense every reason to think that what we do for ourselves will shift the equation of how we must look at China and how we can think of growing the region together.

The ASEAN plus three process has become the cornerstone of a nascent East Asian regionalism. The process can be viewed as a giant confident building process with China, helping Korea, Japan and ASEAN learn to deal and talk with China.

To be such a confident building mechanism, certain principles must be put in place. We cannot have one large power dominate the ASEAN plus three. Instead, the principle of co-leadership must be emphasized. People must lead where they have expertise in certain issues. The ASEAN plus three process must also be flexible and functional, and they must be in this sense coalitions of the willing, and in this coalitions when we need to, we should even think of including people like Australia, India and, on economic issues, Taiwan, as a separate economy. These other ties in Pacific Asia and in South Asia will be helpful to the larger objectives of an ASEAN plus 3 process.

We will look at China as a rising power with great interest in the coming years. We must not be too optimistic and blind, but we should not be pessimistic either. How we relate to China depends on what steps we ourselves take and how we put our own houses in order. If our own house is in order and our household is prosperous, we would welcome our neighbours to enjoy similar fortunes, for the advantage of us all.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 5(a)

PLENARY SESSION FIVE

Tuesday, 4 June 2002, 1000 - 1130 hrs

**"CONFRONTING TRANSNATIONAL CRIME IN THE ASIA
PACIFIC REGION"**

by

Assistant Commissioner Lock Wai Han

Director

Planning and Organisation

Singapore Police Force

Singapore

Organised by



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**SOUTHEAST ASIA
REGIONAL PROGRAM**

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16th ASIA-PACIFIC ROUNDTABLE, NIKKO HOTEL, KUALA LUMPUR,
MALAYSIA, 2-6 JUNE 2002

TOPIC:

"CONFRONTING TRANSNATIONAL CRIME IN THE ASIA PACIFIC"

Plenary Presentation by Assistant Commissioner Lock Wai Han

Director Planning and Organisation

Singapore Police Force

Republic of Singapore

Tan Sri Dr. Noordin Sopiee, (not sure whether Badawi would still be around after his keynote address on 3 June, so assuming the highest ranking person is CEO ISIS.

Fellow Law Enforcement Colleagues,

Distinguished Guests,

Ladies and Gentlemen,

This gathering of like-minded individuals from various countries in the region augurs well for our efforts to strengthen international co-operation against transnational crimes. This would not have been possible without the efforts of the Institute of Strategic and International Studies. (ISIS) I am honoured that the ISIS has extended an invitation to the Singapore Police Force to participate in this forum and to share our thoughts on law enforcement in this plenary session.

2 Yesterday, various speakers spoke about terrorism, political, security and defence developments in the Asia-Pacific region. Today, I will attempt to deal with an issue that is emerging to be a major challenge facing nation states in the new millennium - transnational crime. I urge you to reflect on the following 3 questions. What is the nature of the threat? Why should we be concerned? What must we do to counter it?

What is the nature of the threat?

3 We are at the beginning of a new century, a new age, as some would call it. *Globalisation* has resulted in rapid economic development with immense benefits to countries around the world. Yet, criminals have exploited the same forces that made possible today's rapid international trade and global advancement to extend their criminal activities and influence across countries. The reduction of trade restrictions, the increasing ease with which people and goods cross national borders, the global reach of IT, telecommunications and financial systems, all present tremendous opportunities for enterprising criminals to extend their activities far beyond their country of origin.

4 Transnational organised crime is today a multi- billion-dollar industry. For example, it is estimated that about US\$1 trillion is laundered each year, of which about US\$300-US\$500 billion are proceeds from drug trafficking¹. The cost of transnational organised crime is huge. It distorts the economy, creates additional costs for business and increases the costs of goods and services provided to all of us. Transnational organised crime can even threaten the survival of nation states through illegal activities

¹ Article by Economic & Social Research Council titled "Transnational Organised Crime: UN Convention on Transnational Crime. "The ESRC is a leading research and training institute in the United Kingdom.

such as trafficking in firearms, drugs and weapons of mass destruction. It affects investors' confidence and thus their willingness to invest in such countries.

Why Should Asia-Pacific be Concerned?

5 The Asia Pacific region takes up the largest group of nation states on Earth. Consisting not only the 3.6 billion population in Asia, which constitute 60% of world population, it also encompass the massive landmass of continental America and its attendant population and nation states. It embraces practically every political system that has evolved: democracy, autocracy, monarchy, socialism, federalism and so on.

6 Many of the existing Governments and countries in the Asia-Pacific are newly formed entities. They had recently either gained independence from colonial powers or had taken over from an opposing regime. Many of the political systems in Asia-Pacific can be considered to be still evolving. This lack of a mature and developed political structure presents a different set of problems for the ruling establishment. However, within the Asia-Pacific region, there are also established economies and political systems such as the United States, Canada and even Japan to a certain extent. Developed political systems often witness smooth transition of power and are focused on social issues of the day. Developing Asia-Pacific countries have to contend with power struggles, corruption and civil unrest, which consume the attention and resources of the authorities. With resource constraints, it is only natural that law enforcement agencies focus on domestic rather than transnational crimes. Criminal and terrorist groups can therefore wield great influence, if the governments are unable to curb their development. If this is possible in matured economies and political systems with the entrenchment of criminal elements in political and law enforcement agencies in these developed systems, imagine the

difficulties developing countries faced in curbing the influence of criminal elements in their society.

7 Political maturity is also linked to the maturity of the legislative and criminal justice system. Singapore's experience, as well as that of many countries in Asia-Pacific and around the world, has demonstrated that tough legislation, complemented by an effective criminal justice system, works as a good deterrence against both domestic and transnational crimes. To work though, legislation outlawing certain activities must be stringent and robust enough to remain relevant in an ever-changing environment. Laws must be able to strike fear in the hearts of would-be criminals. At the same time, these laws must be applicable to the prevailing circumstances. It would be useless if the most comprehensive laws lack bite. Conversely, laws that call for heavy punishments but are no longer relevant in the current context serve little purpose.

8 Of course, the rights of individuals have to be protected. But the extent to which criminals, the same ones who have violated their social contract with society, exploit these, sometimes surprises us. Perpetrators of serious crimes at times get away with no more than a slap on the wrist. Law enforcers, faced with such prospects, may become cynical and may be tempted to use extra-judicial means in dealing with such criminals. However this will not only undermine the criminal justice system, it will certainly jeopardise transnational co-operation as law enforcement agencies become suspicious of each other's method of operation.

9 It is no coincidence that after the Sept 11 Incident, more people and societies are supporting tougher laws and are more willing to forgo more of their privacy.² While we must not go overboard, the rights of the victim and society at large must be on par, if not greater than those of the perpetrator. As we push forward in the global fight against terrorism and other transnational crimes, let us not forget this.

10 The emerging economic structures of most developing Asia-Pacific countries imply that such countries would less likely face sophisticated organised crimes. Developed countries are concerned about new economy crimes such as money laundering, financial frauds, drug trafficking, alien smuggling, Intellectual Property Rights infringement and cyber crimes. Developing economies are busy dealing with drug growing and manufacturing, firearms trafficking, vice and kidnapping. This does not mean that sophisticated and New Economy crimes do not affect developing Asia-Pacific societies, it is rather that generally, they are less organised and pervasive as compared to their developed counterparts.

11 Enforcement agencies from developed countries might therefore perceive that their counterparts in less developing countries are less enthusiastic in responding to the threat of transnational crime. This is not true. Our experience has been that such countries are as committed to fighting transnational crime as any other part of the world. There have been numerous forums and regional working groups addressing this threat. One good example would be the 2002 Transnational Organised Crime Conference held

² Monica Hirst, "An Overview of the Impact of September 11 on Latin America," Foundation Centro de Estudios, Social Science Research Institute. Also see "Legislation Related to the Attack of September 11, 2001," Thomas Legislative Information at <http://thomas.loc.gov/>, Article "Europe Reruns through Spy Bill," by Karlin Lillington, found on Wired News at <http://www.wired.com/>.

in Hong Kong in March this year. Similarly, there are a variety of forums that demonstrate the commitment of nations in this region to curb criminal activities such as the ASEAN Regional Forum, Council on Security Co-operation in the Asia-Pacific and the Asia Pacific Group on Money Laundering just to name a few. However, to expect developing countries to quickly develop the same capabilities as developed countries in tackling new economy crimes would be like asking a man to devise a firewall for his computer network when he does not even operate a computer network in the first place.

12 But this is changing. Many developing countries have, for a long time, only faced criminal groups that were relatively less developed and sophisticated compared to their more developed counterparts. Criminal groups, like the countries they operated in, have been generally insular. Transnational crimes have been dealt with through bilateral agreements between neighbouring jurisdictions or through enhanced regional co-operation. But globalisation and technology have changed all that. Just like businesses, organised crimes networks now span the globe across all time zones. Enhanced communications have reduced the need to travel and physically enter jurisdictions. Geographical boundaries have become increasingly blurred.

13 Now, why should we be concerned? With more than two-thirds of the world's population and some of the fastest growing economies, if Asia-Pacific becomes a haven for transnational criminal groups, the impact on the world would be devastating. It has been estimated that by 2005, there would be 250 million Internet users in Asia Pacific, generating a business value of almost US\$1 trillion. According to another report by the Australian Institute of Criminology, as many as one in ten Internet transactions in the Asia-Pacific involves fraud. Just imagine the amount of influence criminal groups would have if they were able to secure a crime rate similar to what the Australian report cited.

We are all familiar with the Nigerian Advanced Fee scam. The perpetrators have progressed from sending letters to faxes and recently to e-mails, which are so much more cost efficient.

What must we do about it?

14 Having alerted you on the potential for a global organised crime epidemic, it would be remiss of me not to share with you what I think we need to do. How do we ensure that our region does not become a hotbed for criminals? How do we tackle transnational organised crime in the coming era and how can our international partners help in this task?

15 I would like to propose a three-prong approach to tackle this problem.

16 Countries can co-operate by ensuring that criminal groups can find no safe havens. The criminals' operating space must be limited to the jail cell where they belong. Criminals should be forced into hunting for a safe place to hide rather than law enforcers hunting for these criminals.

17 There must be an international framework that all countries subscribe to for crime management on a global scale. Far-sighted initiatives by INTERPOL and the UNITED NATIONS in co-ordinating international co-operation against crime and providing the platform for discussion of crime issues are a step in the right direction. The support provided by INTERPOL to Japan and the Republic of Korea in their organisation of the 2002 World Cup, especially on security arrangements and list of potential trouble-makers, is a fine example. The formulation of the UN Main Convention Against Transnational Organised Crime provides the framework for

international co-operation against transnational crime. This however is not enough. A truly effective international crime management framework must recognise that individual countries have unique attributes and interests. Countries, when negotiating international conventions on transnational crimes, must accept that not all countries can deliver at the same level. There should be less demand for certain standards to be met where these are based upon the conditions that exist in developed countries but are still evolving in developing countries. Countries should also realise that in order for the fight against criminals to be won, compromises will have to be made. If criminal groups competing for market share are able to appreciate the need for co-operation and compromise in order to flourish in each other's markets, why not nation states.

18 On the other hand, countries, after having deliberated the conventions, should not take the opportunity to insert reservations as to their country's obligations vis-à-vis the document. This ultimately defeats the purpose of the convention in the first place. With clear understanding of the obligations from signing the "contract", countries should then be held accountable if they fail to live up to their obligations. Only then, would international co-operation against transnational crimes be enhanced.

19 But a collaborative framework among enforcement agencies only is not enough. I would also like to encourage countries to strike a strategic alliance with the corporate sector of the world to fight transnational crime. It is no secret that criminal groups have been targeting corporate and commercial entities. Corporations will thus be more than willing to be our allies in the fight against criminal elements. This strategic alliance is important as corporations can provide much needed resources to help in the fight against transnational organised crimes. Multinational corporations are the ones which spearhead developments in IT and telecommunications as part of their commercial and business

cycles; engaging them in the fight against transnational organised crime, especially in the arena of cyber crimes, will certainly boost our efforts.

20 With an effective and relevant framework, countries will then need to ensure that they have the capability to enforce the obligations of the framework. The best laws and the best commitment in enforcement are useless if that jurisdiction does not have the capability to do an effective job.

21 No organisation has a monopoly on the strategy and tactics to fight crime. We must recognise that each agency is unique and has its own set of capabilities. To win the war against organised crime, countries must realise that each one of us has our own unique contribution to offer. Agencies with advanced equipment, reliable intelligence and sound policing tactics must share them with others. This way, every law enforcement agency would be able to strengthen its individual capability and thus strengthen our world's law enforcement capability. We must therefore enhance sharing of expertise, knowledge and most importantly, intelligence, across borders. For example, Thailand and the People's Republic of China had signed an agreement to post drug liaison officers in the capital of each country for the purpose of exchanging intelligence on drug trafficking. This co-operative framework had yielded significant results in large seizures of trafficked drugs, as well as led to the arrest of several top drug traffickers in the region. With the impending creation of an INTERPOL Regional Office in Bangkok, we can expect more collaboration and exchange of operational information to be facilitated.

22 We cannot allow organised crimes to proliferate while we are preoccupied with the fight against terrorism. We must prevent organised crime groups from attracting more brains, brawn and bucks to expand their lucrative illegal influence. We already

know that certain criminal groups are exploiting their international networks to seek greater synergy by combining alien smuggling with drug trafficking. We must respond effectively to such new developments with as much vigour as we have been doing in recent months to counter terrorism.

23 Yet, we must ask ourselves whether such reactive responses to new threats and structures are sustainable in the long run. If not, what then is a sustainable approach to tackling domestic and transnational crime? Law enforcement agencies should no longer take it upon themselves as the sole champion in the quest to control crime and terrorism. Everyone in society has a role to play in crime fighting and crime prevention. We must make it a point to involve the community in the fight against criminals and terrorists.

24 From studies conducted in Kansas City, San Diego, Rochester and Jacksonville, we know that there is no correlation between the response time, cited often as the key factor in crime fighting, and the apprehension of criminals.³ The crucial factor, as pointed out by a distinguished scholar of community policing, Professor David Bayley, is the lapse of time from the discovery of the crime to the call to the police. This has a direct impact on the rate of apprehension of criminals. For example, in Singapore, over half of all serious crimes committed last year were solved with the help of the public. This is up from about one-third just 5 years ago. Community involvement thus plays a pivotal role in reducing and preventing crime. Community policing, as has been practised in Asia by Japan, China, Singapore and more recently India and Cambodia, is the primary sustainable approach to policing in the new millennium. The terrorist plot in Singapore was foiled with the help of a member of public who alerted the authorities that a friend of his had been behaving suspiciously and had left for Afghanistan. Our intelligence

people were subsequently alerted by their overseas counterparts as to his capture. You will agree with me that this is how community involvement and international co-operation can come together to produce a sustainable framework to deal with transnational crime. We must always remember that a transnational crime is a domestic crime somewhere.

25 We must therefore send a clear message to all criminals and would-be criminals that if they violate our sense of security, they would have to face the wrath of the whole global community - not only the law enforcers but also the ordinary citizens of each and every country. We must strike fear in their heart that the drink vendor he is buying coffee from, the bank teller he is withdrawing cash from, even that stranger sitting across him in the train, would not hesitate to report or even assist in apprehending him for his crimes. Law enforcement agencies must thus bring across the message that everyone has a role to play and engage the community to fight crime.

Conclusion

26 In summary, we must recognise that transnational organised crime including terrorism will be one of the major problems facing policy makers in the 21st century. It has the potential of becoming the defining issue of the 21st century, as the Cold War was for the 20th century and Colonialism was for the 19th. No area of international affairs will remain untouched as political systems, economic systems, and the social fabric of many countries will be affected by the influence of global organised criminal groups.

27 The commitment to deal with transnational crime is really not that different in Asia-Pacific as compared to the rest of the world. It is just that the state of development

³ Resource at <http://www.ssc.msu.edu/>.

of both organised criminal groups and law enforcement agencies may not be as advanced in the many developing countries in Asia-Pacific. Developed countries both within and outside the region should thus transfer their experiences to the developing countries so that we can accelerate our climb up the learning curve in tackling such crimes.

28 To rid us of the scourge of transnational crime, I have suggested a 3-prong approach. Firstly, each of us should leverage on an international collaborative network to build upon our own legal and enforcement capabilities. We need to take concerted international and regional efforts to fight the problem, forming alliances where information and expertise are readily available to all stakeholders. Secondly, we need to enhance our capabilities by sharing of experiences and intelligence agencies and transfer of expertise internationally. Thirdly, to ensure sustainability of our efforts, we must enlist the help of the community we serve and this we can foster through community involvement.

29 In conclusion, law enforcement agencies in each of our sovereign states need to send a clear signal to criminals that their nefarious activities will not be tolerated. Our presence here at this conference held in an Asian city sends an even clearer signal that we in the Asia-Pacific are committed to fighting transnational organised crime and denying new pastures for criminals to carry out their activities.

30 Thank you.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 5(b)

PLENARY SESSION FIVE

Tuesday, 4 June 2002, 1000 -1130 hrs

CONFRONTING TRANSNATIONAL CRIME IN THE ASIA PACIFIC REGION

“Confronting Transnational Crime In The Asia Pacific Region:
Challenges and Prospects”

by

Ms. Melita Salvador

Committee Secretary

Committee on Public Order & Security

House of Representatives

Republic of the Philippines

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The first part of the report deals with the general situation of the country and the progress of the work. It is followed by a detailed account of the work done during the year, and a summary of the results. The report is divided into two main parts, the first of which deals with the general situation and the second with the work done during the year.

The general situation of the country is described in the first part of the report. It is found that the country is in a state of general prosperity and that the work done during the year has been successful. The progress of the work is described in the second part of the report. It is found that the work has been carried out in accordance with the plan and that the results are satisfactory.

The results of the work are summarized in the third part of the report. It is found that the work has been successful and that the results are satisfactory. The report is concluded with a statement of the author's opinion on the work done during the year.

The author wishes to express his appreciation to the authorities for the facilities and assistance afforded him during the year. He also wishes to thank the staff of the institution for their co-operation and help.

CONFRONTING TRANSNATIONAL CRIME
IN THE ASIA-PACIFIC REGION: CHALLENGES AND PROSPECTS

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INTRODUCTION

The last decade of the 20th century saw countries worldwide grappling with the emergent problem of transnational crime. Today, two (2) years into the new millennium, transnational crime has not only persisted but has mutated into variants and combinations with more pernicious effects on the socio-economic well-being and political security of states. This situation poses a stiff challenge compelling governments to take a collective front against this common problem.

Transnational crime may be defined as a planned illegal activity committed by a network of persons and organizations in pursuit of power and profit. Transnational criminal syndicates operate in several countries or territories which serve as either sources of the illegal commodity; as transshipment point or processing point; as markets or destinations; or as haven for the laundering of profits. Simply put, transnational crime "is an offense that has international dimension involving crossing of a least one border before, during and after the fact."

A LOOK AT THE PRESENT SITUATION

Scholars agree that the ability of syndicates to exploit changing political environments, such as the end of the Cold War, and the breaking down of technological barriers to communication, information, trade and travel, has enabled them to expand their illegal activities. Thus, despite continuing efforts and considerable resources poured in fighting transnational crime, the problem has continued unabated. In the Philippines, for example, from 20,000 drug dependents recorded in 1972, the figure has risen steadily reaching 3.5 million drug users in 2000. About 20,000 drug offense cases clog our courts and most alarming, is the fact that 70 % of crimes committed in the country have been traced to illegal drugs.

Even as we have yet to fully control conventional cross border crimes such as drug trafficking, money laundering, arms smuggling and maritime piracy, new forms of transnational crimes have evolved. More potent drugs synthesized at clandestine laboratories in the middle of the metropolis, retailed at small quantities and low prices, are easily accessible. The world wide web has given birth to a host of cyber crimes, while the trade in identity fraud have fed into terrorism and human smuggling.

The rapid developments in optical media technology has its dark side – the infringement of intellectual property rights or IPR affecting the music, film, software and publishing industries. It was reported that South East Asia had more than half of the 285 cases of piracy or copyright infringement in 2001. Vietnam, China, Thailand, Pakistan and the

Philippines experienced an upsurge of copyright violations, resulting in their inclusion in a priority watch list of IPR violators.

Poverty and lack of economic opportunities have exposed vulnerable sectors - the women and children - to human smuggling and sex trafficking syndicates in what is termed as 'modern-day slavery.'

A united and solid regional response against transnational crime is therefore urgent as this problem is inimical to national security, threatening not only the personal safety of citizens but also the authority and stability of nations and their institutions.

CHALLENGES TO ASIA-PACIFIC COUNTRIES

Beyond the known contributory factors, there are obstacles in the form of existing practices and attitudes in government and society that serve to exacerbate the situation. Thus, the following practical challenges or barriers must be overcome in order to win this fight:

- *The challenge to minimize if not completely eradicate corruption within the bureaucracy, particularly in the criminal justice system, and implement good governance reforms.* It is said that corruption within the government is the most important factor that has allowed multi-billion dollar international criminal syndicates to flourish. In this scenario, even the strongest penal laws against transnational crime are rendered toothless by dishonest and half-hearted implementors. Many frontline personnel in a nation's efforts to thwart

transnational crime, have been known to facilitate the smuggling of illegal aliens, dutiable goods and illegal drugs. Policemen may fail to attend court hearings to testify against apprehended syndicate members; fiscals and prosecutors may find loopholes in the law resulting in the dropping of charges against criminals. Even sentenced international criminals manage to bribe their way out of prison. Without discounting the sincere efforts and achievements of countless government personnel, sadly, it is a reality that corruption, along with inadequate transparency and accountability in the bureaucracy has enabled many international criminals to remain beyond the reach of the law.

- *The challenge for government administrations to muster enough political will and prove their commitment in fighting transnational crime.* While it is admitted that this issue is complicated, still there is a lot of room for improving the way local politics and other government priorities usually overshadow the demands of a vigorous campaign against the problem. We can point out for instance, the difficult and lengthy time some governments had before a meaningful anti-money laundering law was finally put in place, and in their failure to follow-through the investigations and prosecutions of powerful individuals linked to transnational crimes.
- *The challenge for countries to improve their respective judicial systems to ensure speedy resolution of transnational crime cases, provision of adequate resources and training of prosecutors and judges.* Major stumbling blocks to the successful prosecution of cases against transnational crime syndicates, are the inefficiencies in developing countries' court system characterized by extensive delays, lack of resources and insufficient knowledge on the part of judicial

officers. The private sector are therefore discouraged from pursuing their cases against syndicates as they do not see judicial prosecution as a viable course of action.

- *The challenge for the media and local communities to work together to turn public opinion against international criminals in their midst.* It is alarming to note that a large segment of the population may have been desensitized to the seeming inevitability of organized crime such that they had developed a certain level of tolerance to the continuing failure to eradicate it. In some instances, candidates with suspected links to organized crime have managed to put themselves into public office. In contrast to the common image of ordinary criminals as shadowy underworld characters, many of today's big-time drug lords and gambling lords are well-dressed personalities, routinely welcomed in society for their wealth and admired by the underprivileged for their generosity and philanthropy. While a majority of the middle class professionals may secretly denounce them, they are prevented from openly acting against them fearing reprisal from these powerful well-connected individuals.
- *The challenge for the private and business sectors to actively contribute to the fight against transnational crime.* While it is easy to criticize the authorities for not doing enough to ensure that syndicate members are put to jail, it may be instructive to note some instances of non-cooperation or inaction by some business firms themselves, which have been victimized. There have been recent cases where copyright owners abandoned court cases filed against intellectual property rights violators after reaching a financial settlement with the latter. Some banks may not be keen on adhering to due diligence standards and

suspicious accounts reporting system or may not cooperate fully in money laundering investigations of questioned accounts for fear that doing so may be bad for business. The failure of credit card companies to cooperate in the investigation and prosecution of credit card fraud, preferring instead to consider the losses as part of the costs of doing business, is another example. This situation is especially unfortunate as it allows syndicate members to go scot free and contributes to the spread of crime.

- *The challenge for governments to look deeper into certain domestic problems in order to see the hand of transnational crime syndicates behind them.* Many heinous crimes have been directly traced to the worsening drug problem, which is perpetrated by expanding networks of drug traffickers. Intelligence has recently established the growing relationship between international drug traffickers and home-grown terrorist groups as the latter were found to engage in drug dealing themselves to raise funds. Syndicates take advantage of the cycle of poverty afflicting the poor as many become willing victims of human smuggling and sex trafficking. It is therefore relevant for governments to be aware of the interplay between domestic economic and peace and order problems and transnational crime and pursue a broader and comprehensive approach rather than a narrow and parochial one.
- *The challenge for civil society to take up the cause against international crime syndicates.* Transparency International and similar anti-corruption organizations and anti-crime crusaders could launch campaigns to identify and denounce the activities of powerful individuals with connections to international syndicates, or

monitor the investigation and prosecution of top drug traffickers as significant contributions to the fight against organized crime.

PROSPECTS FOR VIGOROUS REGIONAL RESPONSE

During the recent working visit of Philippine President Gloria Macapagal-Arroyo to Indonesia, Thailand and Malaysia, a security agreement was signed among these country's leaders to bolster regional cooperation against terrorism and transnational crime, specifically on intensifying border patrols, exchange of information, intelligence, witnesses and amicable settlement of security incidents. We are therefore seeing more concrete manifestations of the global trend towards greater understanding and collaboration on these problems.

Nonetheless, based on recent international experiences, a number of trends may be noted as characterizing future responses to the problem:

- *Increased pressure may be brought to bear upon less developed countries to adopt good governance reforms and best practices consistent with the trend towards international cooperation against the problem.* The setting of international standards and best practices and at the extreme, the imposition of sanctions for failure to comply to such standards, as what has been successfully applied in the anti-money laundering and the anti-copyright piracy campaigns may be expanded to cover other areas of cooperation such as in promoting good governance.

- *States would increasingly recognize the need for legislative reform and for strengthening their legal systems in the face of the continuing growth of transnational crime and its tendency to move from developed countries with tight law enforcement and legal control to developing countries less equipped to handle it.* Thus, present versions of the anti-money laundering law would be strengthened to cover an expanded list of activities constituting organized crime, allow for swift forfeiture of assets, proceeds and instrumentalities of the crime, and impose stiff prison sentences. In the same vein, as the political influence and social power of drug financiers and money launderers become apparent, countries leading the fight against transnational crime would be inclined to push for the passage of more powerful and innovative laws in other countries, which are designed to unmask these drug kingpins and their front businesses.
- *The vigilant media and responsible civil society would increasingly play an active role and work to expose syndicate members, their modus operandi and money trail.* As transnational criminal syndicates thrive on secrecy and anonymity, a more forceful role for the media and civil society whereby their criminal enterprises would be bared before the public, would be significant. The Philippine Center for Investigative Journalism, for example, has exposed the money trail and hidden wealth of some government officials and has recently reported on a global investment scam victimizing small investors from various countries. These sectors would also play a crucial role in educating and enlightening a

seemingly jaded public on the evils of transnational crime as an educated and enlightened citizenry is a country's strongest defense against it.

THE PHILIPPINE CONGRESS' LEGISLATIVE AGENDA AGAINST TRANSNATIONAL CRIME

The Philippine Congress has long been doing its share in the battle against transnational crime. Like other legislatures in the world, it is updating the country's laws against crime, allocating budget for the modernization of the military and professionalization of the police and is constantly exercising its oversight powers to ensure that the law enforcers are making progress in controlling this crime. Recently, it has enacted an anti-money laundering measure to prevent dirty money from coming into the financial system and undermining the local economy. It is presently drafting two crucial measures: an anti-organized crime bill that will criminalize participation in a criminal organization; and an anti-terrorism bill defining and penalizing terrorism which is made more urgent by the existence of terrorist cells in the country.

A new law containing comprehensive amendments to the old dangerous drugs act will strengthen our law enforcers' hand against drug traffickers. Under the law, the maximum penalty of death will be meted out to drug traffickers, plea bargaining and probation will no longer be applicable to them and budget has been increased for mandatory rehabilitation of drug dependents. A centralized drug enforcement agency has been created to strengthen accountability and law enforcers and prosecutors who bungle or delay illegal drug cases will be heavily penalized.

CONCLUSION

For a long time, many countries have fought their own lonely battles against criminality. The September 11 attacks have shown that no country is immune to the threats of terrorism and transnational crime. For the Philippines, for example, the evils of terrorism and transnational crime have turned into a security nightmare taxing its overburdened police and military forces and testing the patience of a stressed-out citizenry.

This unfortunate event has therefore, spurred a positive trend towards a re-orientation of national security policies towards increased international and regional cooperation. While national pride and sovereignty will remain to be ticklish issues, we take comfort in our ability to transcend them and other difficulties toward overcoming the challenge of terrorism and transnational crime.

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16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 6(a)

PLENARY SESSION SIX
Tuesday, 4 June 2002, 1145 –1315 hrs

“THE ARF: MEETING THE CHALLENGES OF THE 21ST
CENTURY”

by

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THE ARF: MEETING THE CHALLENGES OF THE 21ST CENTURY

1. Introduction

The international security environment has changed enormously since the ASEAN Regional Forum (ARF) was established in 1994. Three years after the ARF's inception, the Southeast Asian region witnessed an economic crisis with devastating consequences, followed by the 1999 crisis in East Timor when violence and destruction wrecked the territory. The region's external environment also experienced profound changes. Relationships in the Asia-Pacific region are changing. Major power relations continue to pose new concerns. Under the new Bush Administration, US-China relations have been increasingly tested although both sides now seem to be working toward a more cooperative, constructive relationship. The Korean Peninsula continues to be a source of regional and global tensions. And since the September 11 terrorist attacks in the United States, the region is once again confronted by new challenges.

However, the region is also gradually recovering from its economic and political crises and the ARF has enjoyed moderate success in confidence-building. Forum members even demonstrated a readiness to consider implementing some preventive diplomacy measures. ASEAN's leading role in the ARF remains unchallenged.

2. Aim

This paper aims to contribute to the further evolution of the ARF by presenting a set of policy recommendations for the consideration of the ARF. Some of the recommendations build upon suggestions contained in the 1995 ARF Concept

Paper on preventive diplomacy. Other recommendations may be considered more radical insofar as they push the envelope of what is currently regarded as possible in Asia Pacific security cooperation.

3. Achievements

The ARF has demonstrated its utility as a regional security enhancing process in several ways since its inception in 1994:

First, the ARF is the only regional forum that discusses some sensitive regional issues and provides an opportunity for exchanges of views on potential flash points such as on the Korean peninsula.

Second, the ARF has helped to build comfort levels and create an atmosphere conducive to multilateral cooperative security in the region where previously there had been none. For the ASEAN states, the ARF served as an insurance against uncertainty at a time when the strategic environment was changing in the Asia-Pacific.

Third, the ARF has facilitated the reduction of tension and the management of regional relationships. It has not resolved disputes or prevented the outbreak of conflicts but it has helped to minimize the impact of differing perceptions and interests.

Fourth, the ARF has helped begin the process of creating predictable and stable relationships among the regional states. It has engendered an increasing awareness of regional norms among the major powers and it has alerted the regional states to the changing values and perspectives arising from today's globalised environment. Most importantly, the ARF has engaged both China and

the United States in shaping the new Asia-Pacific security agenda. Both the major powers had been skeptical of multilateral security cooperation before.

Nevertheless, in the light of the concerns expressed earlier about the changing regional environment, further measures need to be taken to energise the ARF. More specifically, the ARF must ensure that it remains relevant and continues to engage the major powers as well as the ASEAN states.

4. Future Agenda

CSCAP would like to submit for the ARF's consideration six policy "menus" to energise the ARF. The six "menus" are: Augment Confidence and Security Building Measures; Deepen Preventive Diplomacy; Institutionalise and Strengthen ARF Processes and Functions; Enhance Defence Participation; Explore Transnational/Asymmetric Security Issues; and Strengthen Linkages between Tracks I and II.

(i) **Augment Confidence and Security Building Measures (CSBMs)**

Much of the ARF's preoccupations over its eight years of existence have been in the field of building confidence and security and it is in this area that its major achievements have been made. There is, nevertheless, scope for augmenting CSBMs in the region. These include:

- a. Improving the Annual Security Outlook that ARF initiated two years ago; especially with reference to increasing transparency in arms procurement.

- b. Enhancing co-ordination and co-operation for natural disaster relief and air-sea search and rescue.
- c. Establishing a regional peace-keeping centre.

(ii) **Deepen Preventive Diplomacy**

There has been some progress in implementing preventive diplomacy practices as envisaged in the 1995 Concept Paper. This is the ARF's endorsement of three papers on *Concept and Principles of Preventive Diplomacy*, *Enhanced Role of the ARF Chair and Experts/Eminent Persons Register*. However effective implementation of the proposals in these papers rests on the ARF developing further two fundamental characteristics:

First, more frank and constructive exchange of views. Greater frankness and candidness among participants will facilitate improved confidence building and the momentum towards preventive diplomacy.

Second, moving toward a problem-solving and preventive diplomacy mechanism. The ARF should consider moving from an exchange of views to an approach focusing more on problem-solving. As an exercise in preventive diplomacy, the ARF could attempt to narrow the gap where differences exist on regional issues. By its very existence, the ARF is itself a confidence building exercise but it should now add substance to the forms of cooperative regional security.

Specifically, the ARF should:

- a. **Develop Meetings of the Intersessional Support Group (ISG).**
The ARF should develop the meetings of the Intersessional Support Group (ISG) to focus on particular themes and issues.
 - b. **Cooperate with the UN.** In deepening its practice of preventive diplomacy, the ARF should consider developing closer ties and more collaboration with the UN and its various agencies, drawing upon their experience and expertise. One specific area of cooperation could be on developing modes of conflict prevention and resolution appropriate to the Asia Pacific.
 - c. **Collaborate with other Regional Institutions.** In developing a broader agenda for conflict prevention and resolution, the ARF should consider networking and co-operating with other regional institutions, such as the Shanghai Cooperative Organisation, SAARC, and the OSCE.
 - d. **Develop Conflict Resolution Mechanisms.** The ARF needs to consider various ways of resolving conflicts including how to implement the enhanced role of the ARF Chair, and how to deploy Experts/Eminent Persons.
- (iii) **Institutionalise the ARF**
- a. **Adopt a code of conduct.** The ARF should consider adopting a "Pacific Concord" which seeks to encourage member states to abide by agreed norms of behaviour

conducive to regional stability and pacific settlement of disputes.

- b. *Establish an ARF Secretariat.*** Any strategy to energise the ARF requires the consideration of setting up a secretariat. The Secretariat could be headed alternately by an ASEAN and a non-ASEAN member on one-year terms. The useful precedent established by APEC could be followed, with an incoming Secretary General serving as Deputy Secretary General in the preceding year. Alternatively, it could be a "virtual" secretariat that leverages on information and communication technology to enable co-ordination of ARF plans and decisions to be effected via cyberspace.
- c. *Establish a Risk Reduction Centre.*** The Centre will be able to provide information and conduct basic research on issues which would be able to support the effective functioning of the ARF Chair and Panel of Experts or Eminent Persons.
- d. *Delink the ARF and ASEAN Chairs.*** Currently, all ASEAN member states, regardless of differing political, economic and administrative capacities, are expected to take turns to chair meetings of the ASEAN Standing Committee, then host the AMM, the PMC and then the ARF. This demanding sequence poses operational problems and stress for a number of ASEAN countries. To rectify this situation it might be desirable to decouple the ARF Chair from the ASEAN Chair. Further, ASEAN countries should be allowed to

forego hosting the ARF if they fear they lack the capacity to do so.

- e. **Role of the Co-Chair.** Whilst meetings of the ARF should be held in an ASEAN country and chaired by an ASEAN member, future ARF meetings could be co-chaired with a non-ASEAN member (as is the practice in the CSCAP). This would extend an existing principle as meetings of the ISG are currently co-chaired by a non-ASEAN member. The objective would be to develop the commitment to the ARF beyond ASEAN and encourage broader input into the evolution of the ARF.

(iv) **Enhanced Defence Participation**

At the present time, there is a meeting of defence officials over lunch during the ARF. However, it would be useful to raise the level of defence involvement in the ARF process. Exposure of defence officials to the norms of cooperative security and engagement in the process of dialogue and discussion would create an awareness of the changing global and regional security environment.

- a. **Extend meetings of military officers.** Currently, heads of ARF defence colleges meet annually. Such meetings could be extended to other categories of military officers.
- b. **Defence Ministers' Forum.** A Defence Ministers Forum (DMF) could be an effective way of responding to the reality of the increasing presence of defence officials at ARF

meetings, and of stimulating consideration of practical ways to secure greater defence involvement on an on-going basis.

Such a forum is also attractive for a number of other reasons:

- As an event that would take place under the broad auspices of the ARF, a DMF would give the status of the latter a timely boost.
- More generally, it would make an important statement about confidence in and the growing maturity of the multilateral security dialogue in the region.
- A DMF could be expected to strengthen appreciation of the interdependence of Asia Pacific states in security as well as economic terms. In this regard, it would build on the widespread bilateral dialogues between defence ministers in the region and the experience of preparing the Annual Security Outlook for the ARF (on the reasonable assumption that defence ministries in most states are involved in this process).
- A DMF could be expected to result in constructive synergies with the ARF in such terms as nudging that body toward more substantive consideration of security issues, and perhaps encourage more focused and coherent implementation of some of the CSBMs already agreed to.

(v) Transnational Security Issues

At the 8th ARF meeting in Hanoi in July, transnational security issues emerged as the Forum's principle area of interest. The meeting identified transnational or asymmetric issues as a critical issue facing the region. These crimes included piracy, trafficking in women, illegal migrations, terrorism and "cybercrimes". The ARF needs to consider ways to strengthen the region's capacity to tackle these issues. Options would include meetings of senior legal and law enforcement officials to encourage adherence to the relevant international conventions, sharing of best practices, and to consider harmonization of legal regimes in the region.

(vi) Strengthen Linkages between Tracks I and II

The second track process facilitates the first track. It provides a robust mechanism for developing new conceptual capital, as the second track networks contain an enormous pool of talents which can be utilised to promote regional security cooperation. However, the contribution which the second track can make to the first track is determined very much by the effectiveness and efficiency of the linkages between them. The first track should provide clear guidelines regarding its preoccupations with which it would welcome new approaches and thinking on. Analysts on the second track must be better acquainted with real-world issues as defined by policy makers. However, track one must be receptive to the work of track two and consider how new theoretical work could provide

breakthroughs. This will involve a change of attitude in many official establishments. In this regard, CSCAP should be officially recognized as a Track II body to support the ARF.

5. Conclusion

Any serious effort to make the ARF a relevant institution for the early twenty-first century must look beyond its current incarnation as a forum only for the exchange of views. This minimalist framework has served the Forum reasonably well in the past. However, in the wake of the difficulties that have troubled the region, the existing framework has been shown to be deficient. Continuing in the same mode would likely undermine the effectiveness and credibility of the Forum. A more robust institutionalization is needed where problem-solving and measures to prevent and possibly resolve conflicts and disputes are a reality rather than an abstract ideal. To be sure, evolutionary change is necessarily incremental, but evolve the Forum should. Indeed it must.

Having presented the consensus views of CSCAP outlined in the Co-Chairs Statement submitted to the ARF Senior Officials' Meeting, I would now make some personal concluding observations.

The proposals for institution building within the ARF outlined earlier could provide the basis for a stronger institutional security architecture in the Asia-Pacific region in the future. Within the ARF, ASEAN could play a significant role in shaping the new Asia-Pacific security agenda. At the same time, an expanded role for non-ASEAN states will increase their commitment to the ARF process. However,

if the ARF continues to drift, a concert of powers involving the United States, China and Japan is likely to be the key to the new institutional arrangements in the Asia-Pacific region if the region is to avoid the emergence of contending blocs.

Euro-centric scholars have frequently commented on the limited character of the security architecture of the Asia-Pacific compared to the North Atlantic. In particular, they have highlighted the absence of anything in the Asia-Pacific comparable to the North Atlantic Treaty Organization (NATO) and the Organization for Security and Co-operation in Europe (OSCE) with their elaborate and formal structures. However, as the current war in Afghanistan demonstrates, these may be structures appropriate to an earlier age. Despite NATO invoking Article 5 of the Washington Treaty (recognizing for the first time that threats to its alliance members can come from beyond Europe), the United States is acting independently of NATO on the battlefield in Afghanistan. The lesson learnt by the US from Kosovo is that it did not want to run a war by committee. NATO's major contribution to the American-led military operation has been to provide five AWACS surveillance aircraft to Tinker Air Force Base in Oklahoma, releasing US aircraft for deployment over Afghanistan. Francois Heisbourg, the Chairman of the International Institute of Strategic Studies (London), with a touch of French hyperbole, has pronounced the death of NATO. The execution of the current war is a harbinger that future conflicts where the US is a directly interested party (at least for the decade ahead) are likely to involve coalitions of the willing under US leadership.

If this is the approach to future wars, and institutions such as NATO play the role of "peace-shaping", to use the words of the NATO Secretary-General, Lord Robertson, elaborate multinational mutual security organizations are ineffective and benefit mainly the legions of bureaucrats and military officers serving in their institutions. The approach adopted by the ARF may be indicative of the direction that should be adopted in creating multilateral and regional security institutions – an emphasis on cooperative security, building mutual confidence, engaging in preventive diplomacy and developing mechanisms for conflict prevention and conflict resolution.

However, the latest developments in NATO suggest that it is moving in the direction of the ARF. These developments encompass the enlargement of NATO to include new members from Central and Eastern Europe as well as NATO's agreement to establish a new partnership with Russia on terrorism, arms control and international crisis management. Ironically, while the ARF is moving towards greater institutionalization, NATO's focus will shift increasingly in the direction of building a capacity for the maintenance of cooperative security in Europe. While the ARF needs to develop a more robust institutionalisation, NATO needs to be more inclusive and to move beyond the Cold War.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 7(a)

PLENARY SESSION SEVEN
Tuesday, 4 June 2002, 1415 -1545 hrs

THE ECONOMIC OUTLOOK IN THE ASIA PACIFIC REGION POST SEPTEMBER 11

by

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THE ECONOMIC OUTLOOK IN THE ASIA PACIFIC REGION POST SEPTEMBER 11

Hadi Soesastro
CSIS

Economic Impact of September 11

It is said that the world has changed after September 11, but very little is known about the real impact of that terrorist attack on the global economy. There have been attempts at calculating the costs of terror for individual economies. Various channels transmitting the effects have been identified. These include: (a) the confidence channel, transmitting the effect of reduced spending; (b) the financial market channel, as manifested in a drop in asset prices and an increase in the cost of borrowing; (c) the trade and commodity markets channel, as manifested in the reduced demand for exported goods and a fall in the prices of commodities; (d) the tourism channel; and (e) the transportation and insurance channels, as manifested in the increased cost of transportation and shipment. Applying this approach to Indonesia, for instance, Mohamad Ikhsan *et al* (2002) estimated that those "direct" costs were not significant, namely about 0.4 percent of GDP. The actual costs could even be much smaller because it was not possible to separate out the effect of the global economic downturn since the beginning of 2001 in the above calculation. This approach also fails to capture the vulnerabilities in the economy to external shocks. The economic costs differ across countries and by industries. The airline, tourism and insurance industries are directly affected. Countries that rely heavily on income from tourists, especially from the US, will definitely feel the impact.

Perhaps another set of issues, beyond those economic costs, should also be given attention to. One such issue is whether the global coalition to combat terrorism, which is led by the US, contributes to the strengthening or weakening of trans-Atlantic or trans-Pacific economic relations. A corollary to this question is in how far recent US trade policies, such as on steel protection and farm subsidies, will affect the cohesion of the coalition. In other words, will economics prove to be divisive for the coalition, which is politically already a tricky affair to keep together? Another issue is whether the movements of financial flows, both private (direct and portfolio investment) and public (aid) are influenced by the policies on fighting terrorism that are being adopted by recipient economies. In other words, will shifting geopolitics benefits America's new allies (in the war against terror) in the form of increased aid and lower debt burdens? In March 2002 both the US and Europe made a pledge to increase their aid by \$5 billion and \$7 billion, respectively within a few years. It was not specified where this additional aid will be channeled to. The US simply stated that it is committed to provide more foreign aid to poor countries with good policies.

Yet another issue is whether increased "security concerns and precautions" will lead to a slowing down of the globalization process and to the adoption of less open economic policies. Finally, will changes in the global political economy, reinforce or weaken the trend towards regional economic cooperation in general and the formation of sub-regional and bilateral free trade agreements in particular?

Policy Responses

The US economy was already heading into recession before September 11. In fact, there were deep concerns about a global recession because the world's economies have become so synchronized. The synchronized nature of the downturn has increased the vulnerability of the global economy to shocks. Global recession is generally taken to be growth of less than 2 to 2.5 percent. The September 11 assault on the US has accelerated the slowdown as consumer confidence slipped further. The US economy was expected to contract in both the third and fourth quarters of 2001. However, it was widely expected that the recession would be short-lived, with a strong V-shaped rebound by the middle of 2002. Such expectation was based on two assumptions.

First, that September 11 was a one-off thing. Second, that active monetary and fiscal policies will give a big boost to the economy. In addition to cutting interest rates, the Federal Reserve immediately pumped \$100 billion of liquidity into the economy. The US Congress swiftly agreed on allocating \$40 billion for the costs of recovering from and responding to the terrorists' attack. The US government was also ready to provide aid to the airline industry. In view of its sizeable fiscal surplus, the US was in the position to provide a big fiscal stimulus. Inflationary pressures were also low. Perhaps it was the strong determination not to be defeated by the terrorists that provided the main impetus for the monetary and fiscal stimuli. As stated elsewhere, "[t]he terrorist attacks increase the risk to an already sick world economy, yet they may help to avoid a world depression." (*The Economist*, September 29th 2001, p.100).

The world's central banks, led by the Federal Reserve, made a coordinated series of interest-rate cuts. Shortly before the New York Stock Exchange reopened on September 17 the Federal Reserve cut short-term interest rates by half a percentage point. The European Central Bank and the Bank of England as well as the Bank of Japan followed this, but only initially. In addition, Europe and Japan were even much more cautious in following the US policies on the fiscal front. Europe has placed itself within a "stability pact" that acts as a constraint to adopting an active fiscal policy. It needs to be noted, however, that as distinct from the fiscal situation in the US, many European economies were already in deficit. Japan did not have an encouraging track record in producing its fiscal stimulus packages.

Outlook for East Asia

Beyond the US, Europe and Japan, other economies could do little but hold tight and hope. September 11 could also harm them in through rising bond yields, falling exports, or more jittery tourists and investors. East Asia realized immediately that the main threat would come in the form of a further weakening of export demand. The slowdown in the US began with a steep drop in technology investments. Singapore's exports, heavily dominated by IT products, already fell by 30 percent in August 2001 compared to a year earlier. Taiwan's exports fell by 43 percent in the year to September. Korea, Malaysia and the Philippines also felt the sharp drop in their

export demand. As East Asian economies entered a recession, some governments have used their fiscal instruments more actively to boost their economies. For instance, the Singapore government announced tax cuts and extra public spending equivalent to 7 percent of GDP.

Table 1 shows that except for China, both exports and imports by the East Asian economies declined sharply. In the case of the ASEAN countries, exports to the US and Japan began to decline in the second quarter of 2001 (Table 2). China's exports to the US experienced negative growth in the third quarter and recovered slightly in the fourth quarter, whereas its exports to Japan collapsed only in the fourth quarter of 2001. For the year 2001, China export still grew by 2.7 percent to the US and 3.8 percent to Japan. In contrast, exports from the ASEAN countries to both markets experienced negative growth.

By late October 2001 concerns were expressed about East Asia's vulnerability to another financial crisis. The economic slowdown was seen as a shock to the financial system at the same time that the financial systems remained weak. Economic growth can be seen as a proxy for the capacity of the economy to generate cash flow that can be used to service the debt. The severity of this cash-flow shock depends on the level of private-sector debt and on the proportion of non-performing loans. The financial systems in East Asia today perhaps has become less vulnerable to a sudden liquidity crisis, but they look less reassuring on various measures of solvency, largely due to the high domestic debt. This is a clear description of the problem that Indonesia, for instance, is faced with.

For now it appears that East Asian economies are recovering much more quickly than had been expected, largely due to an upturn in the US (Table 3). In the first quarter of 2002 Korea experienced a 5.7 percent rate of growth. Strong consumer spending at home also helped fuel the economy. As in Korea, consumer spending has picked up ahead of exports also in Indonesia, Malaysia, the Philippines and Thailand. In Hong Kong, Singapore and Taiwan consumer spending fell over the same period. These countries have been more reluctant than others to cut interest rates or to let their exchange rates fall. The question is whether East Asia's recovery is sustainable.

A more serious issue for East Asia is the reduction in its long-term growth prospects. This is a real possibility if East Asian governments fail to do the things that they need to do. They should not blame their economic woes on others. Much of the blame for the slump lies at home. Many failed to pursue with the reform programs. The faster than expected recovery from the 1997-98 crisis led many to adopt a complacent attitude. They have been slow in disposing of the assets that have been taken over by the government, restructuring of hefty corporate debt and cleaning up the banking system. As a result, the collapse in exports hurt them more than it should have been.

East Asian economies need to continue with their reforms in order to be able to effectively respond to the "challenge" from China. China is an opportunity. It is a vast export market for the East Asian economies. They can benefit from China if they specialize in economic activities in which they have a comparative advantage. There is the danger that in reacting to the recession and competition from China, governments may resort to protectionist policies. This will endanger East Asia's long-term growth prospects and in that sense will be a self-defeating policy.

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James, William E. (2002), "Indonesia's External Trade and Competitiveness: Assessing the Economic Costs of Terror", paper presented at a Conference on the Economic Cost of terrorism: Indonesia's Responses organized by CSIS, Jakarta, 7 May.

Table 1

EXPORT AND IMPORT GROWTH – SELECTED EAST ASIAN ECONOMIES
(percentage change, year-on-year)

	Export 2001	Import 2001
China	6.3	8.6
Hong Kong	- 2.6 (-11.0)	- 5.4
Korea	-13.0	-12.0
Taiwan	-17.1	-23.4
Indonesia	- 9.8	- 8.1
Malaysia	-10.0	- 9.9
Philippines	-15.6	- 5.9
Singapore	-11.8 (-16.2)	-14.4
Thailand	- 6.4	- 0.6

Note: Export growth figures in parenthesis refer to domestic exports (excl. petroleum in the case of Singapore)

Source: William E. James (2002).

Table 2

GROWTH RATES OF US AND JAPANESE IMPORTS FROM SELECTED
EAST ASIAN ECONOMIES -- 2001

(percentage change, year-on-year)

	Year	Q1	Q2	Q3	Q4
From China					
US	2.7	12.8	2.1	-1.3	0.3
Japan	3.8	15.8	7.5	1.8	-6.8
From Indonesia					
US	-2.7	11.0	-1.0	-7.8	-10.8
Japan	-4.4	10.4	-0.5	-3.3	-21.1
From ASEAN (excl. Indonesia)					
US	-14.6	1.3	-12.1	-24.3	-19.7
Japan	-10.8	7.3	-4.9	-16.5	-26.2

Source: William E. James (2002).

Table 3

GDP GROWTH RATES – SELECTED ASIA PACIFIC ECONOMIES

(percentage change, year-on-year)

	2001				2002
	Q1	Q2	Q3	Q4	Q1
Australia	2.1	1.4	2.5	4.1	...
Canada	2.6	2.1	0.8	0.9	...
Japan	-0.1	-0.7	-0.5	-1.9	...
USA	2.5	1.2	0.6	0.5	1.6
China	8.1	7.8	7.0	6.6	7.6
Hong Kong	2.5	0.5	-0.3	-1.6	...
Korea	3.7	2.7	1.8	3.7	5.7
Taiwan	1.1	-2.4	-4.2	-2.7	0.9
Indonesia	4.0	3.5	3.5	2.9	2.5
Malaysia	3.2	0.5	-1.3	-0.5	1.1
Philippines	2.5	3.3	2.9	3.8	...
Singapore	4.5	-0.9	-5.7	-7.0	-1.7
Thailand	1.8	1.9	1.5	2.1	...

Source: *The Economist* (various issues).



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 7(b)

PLENARY SESSION SEVEN
Tuesday, 4 June 2002, 1415 -1545 hrs

**“THE ECONOMIC OUTLOOK IN THE ASIA PACIFIC REGION
POST SEPTEMBER 11”**

“Economic Outlook For Asia Pacific Post 9-11”

by

Mr. Manu Bhaskaran
Head of Economic Research Practice
Centennial Group
Singapore

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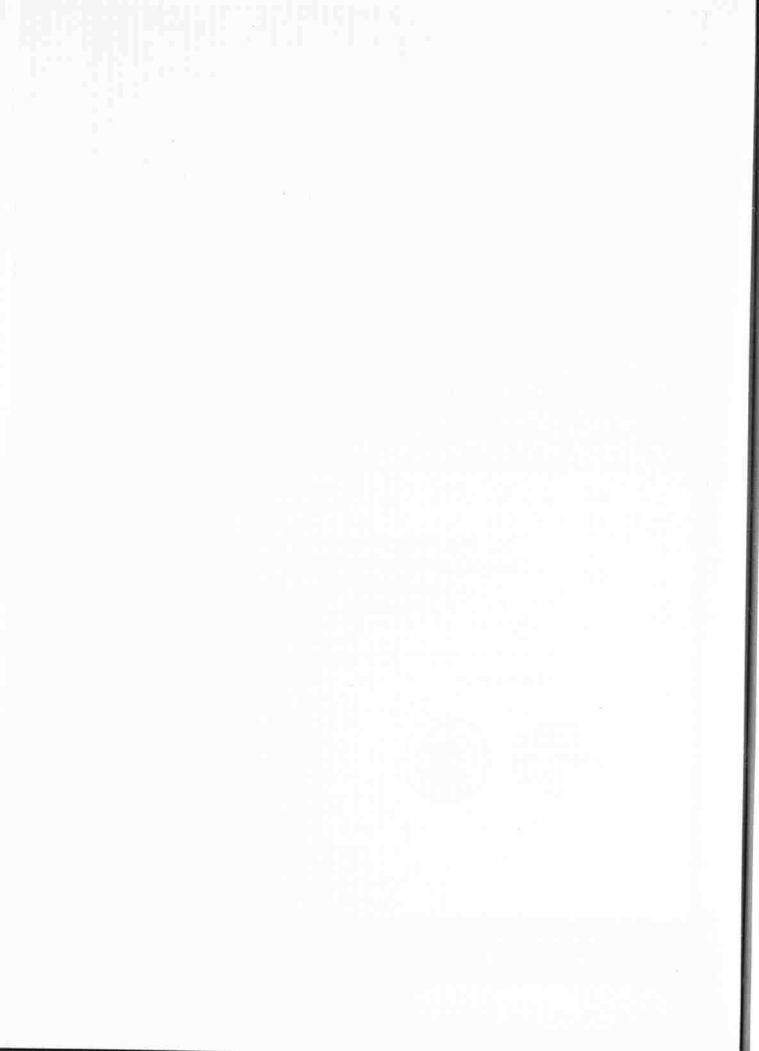


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ECONOMIC OUTLOOK FOR ASIA-PACIFIC POST 9-11¹

Considering just how massive the shock was, Asia has weathered the 9-11 tragedy remarkably well.

Going forward, Asia's economic outlook will be marked by the following themes:

1. Cyclical recovery that is probably likely to be stronger than expected.
2. But there is a high risk of exogenous shocks given the political risks.
3. Resilience to external shocks is improving
4. Continued restructuring
 - (a) To remove detritus of crisis
 - (b) To face much more globalised world economy

CYCLICAL RECOVERY THAT IS PROBABLY LIKELY TO BE STRONGER THAN EXPECTED.

Our confidence in recovery comes from the fact that official lead indicators are up, consistently and virtually everywhere:

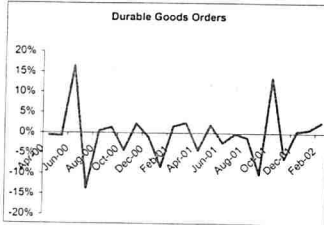
- First, at the global level, the lead indicators of major export markets (OECD) have risen. Although the US lead indicator is flattening out, it remains at a high level.
- Second, in addition, the lead indicators for the electronics sector (crucial to the outlook for Asian exports) are beginning to flash positively as well. There has been a mild improvement in US durable goods orders and a very strong uptick in the SEMI book-to-bill ratio.

Clearly, the hit to US consumer and business confidence did not last as a result of aggressive monetary policy and substantial increases in government spending. Falling oil prices helped.

¹ Paper presented by Manu Bhaskaran, Head of Economic Research Practice, Centennial Group at the 16th Asia-Pacific Roundtable in Kuala Lumpur, 4th June 2002

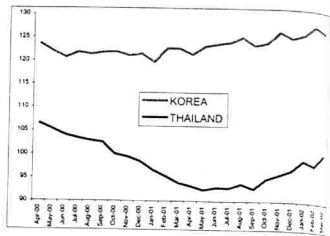
Chart1: Lead indicators rising...

... for electronics: US durable goods orders rising



Source: CEIC data

... and for regional countries



- Third, regional lead indicators are all up as well.

Again, what gives us confidence is how consistently these lead indicators are rising and the fact that all countries which have lead indicators show them to be rising. These official lead indicators are supported by other indicators such as imports of raw materials and components and rising business confidence. For instance, in Singapore, retained imports of non-oil intermediate goods have risen steadily in the past few months. In Taiwan, export orders are surging and this improvement is also being reflected in higher utilisation rates of major electronics producing companies.

- A positive feedback loop is building – this is why we believe that the strength of the cyclical recovery might be underestimated.
 - The initial US recovery is now stoking recovery in Europe, Japan and the rest of Asia – through greater business confidence as well as stronger US demand for their goods.
 - The perception that other parts of the world are likely to recover is boosting their depressed currencies. This, in turn, is helping to weaken the US Dollar from its extraordinarily high levels. A more competitive US Dollar makes US exports more

competitive. It also helps improve the competitiveness of Asian currencies which are typically managed against the US Dollar.

- Thus global demand for US goods is rising, helping to boost US business confidence which will probably lead to US business spending on capital equipment to improve, very positive for Asia.

PROLIFERATION OF RISKS

While the lead indicators are clearly positive, there are many risks that Asia faces.

1. The likelihood of political shocks which could derail recovery is high:

- The war against terrorism is not over. There is some evidence that the US-led attack on terrorist strongholds in Afghanistan has not destroyed the command and control structures of the Al Qa'eda network and that some elements of that network might be re-grouping for another large-scale attack.
- The Israeli-Palestinian conflict remains at dangerous levels.
- The situation in the South Asian Subcontinent is likely to see escalating fighting.

With so much that could go wrong in such an unpredictable manner, business confidence might remain weaker than it should for this point in the cycle. If there is another war or terrorism shock of some kind, consumer confidence will also react badly. 2. Oil prices could spike up

As it is, oil prices are likely to edge up – not only because of the war risk premium built into oil prices but also because supply, demand and inventory levels suggest some rise in oil prices anyway. But if there is a substantial deterioration in the Middle East crisis, the risk premium in oil prices could shoot up. This would hurt global demand as business costs rise and consumer purchasing power and confidence fall.

3. Global economic imbalances remain worrying

US: Despite the recovery in economic activity, stability indicators in the US are deteriorating. (a) The current account deficit is likely to continue rising, perhaps well above 4% of GDP this year if the US recovers more strongly than the EU or Japan. Investors are clearly worried about how long such a deficit can be sustained. (b) In addition, the real estate boom has lasted a lot longer than most economists thought

possible. This has supported consumer spending in the US, which in turn allowed the US to escape lightly. There is a risk that the correction in real estate prices comes at an untimely moment in the recovery process.

Japan: The cyclical recovery is underway but it is likely to end up being relatively weak. It will not be long before business and consumers in Japan as well as the global investor are reminded that Japan's structural problems – bad debts making many banks shaky, a fiscal time bomb, deflation – continue to constrain Japan. Despite the recent strengthening of the Yen and some better economic data, the risks of a shock from Japan remain high.

4. Global business spending on IT may sputter, not recover strongly

Asia is highly dependent on exports of IT-related equipment and components. Recovery in the broad US economy has so far only led to a tepid recovery in IT spending, outside rebuilding of inventories. For the recovery to take hold in Asia, IT spending has to recover more convincingly. This is a risk as US firms for instance are cautious about how quickly they restore IT budgets.

REGION'S RESILIENCE TO EXTERNAL SHOCKS HAS IMPROVED

The global economy has experienced a series of major shocks in the past 18 months. The tech bubble burst, deflating demand for Asia's biggest export products. The Sep 11th attack pushed the US economy over the brink into recession, bringing a good part of the global economy with it. A series of large bankruptcies in the US, EU and Japan shook confidence further. Argentina's currency peg, economy and political leaders collapsed in the worst manner imaginable.

Yet, Asia's economies experienced only a mild recession – mild in terms of the contraction in incomes as well as in terms of the duration of the recession. There are a number of reasons for this:

- First, the psychology of contagion has been broken unlike in 1997-98. Global investors are distinguishing Asian risk clearly from Latin American risk, unlike before. Asian assets are seen as already depressed in valuation and not requiring further correction. More than that,

large global investors appear to be much more confident about Asia's fundamentals than before. For instance, surveys of equity investors by investment banks suggest a much higher inclination to overweight Asian equities in global portfolios.

- Second, flexible exchange rates have helped. Take Korea and Thailand as examples. As signs of weakening global demand appeared, their currencies weakened. This boosted export competitiveness and so mitigated demand weakness. Depreciation also boosted local currency cashflows of exporting companies, leaving these companies in a better position to withstand the recession. Finally, the region's flexible exchange rates were seen as reflecting their true economic value and hence there was no incentive for speculation which might have disrupted local economies.
- Third, domestic demand was maintained. Fiscal policies helped to bolster demand. At the same time, an important structural change has been underway in many Asian economies which helps to boost consumption. Banks are now seeking out consumers to lend to while regulators have eased restrictions on consumer credit. Consumption to GDP ratios have risen materially – eg in Korea and Thailand.
- Fourth, a better-functioning financial system meant that an external shock was not aggravated by a malfunctioning banking system. Bank regulation has improved as have lending practices. New institutions have been established since the crisis to swiftly manage problems in financial institutions. Companies have also been more cautious in their borrowing – stronger balance sheets allowed them to cope better with an economic slowdown.

RESTRUCTURING IS THE KEY TO FUTURE GROWTH

Many observers have been critical of the slow pace of restructuring in Asia. Reforms and restructuring could certainly have been pressed more quickly. Nevertheless, the increased resilience of Asian economies described above shows that reforms of the policy regime and restructuring of financial sectors have made real progress.

More restructuring on the way

We believe more restructuring is likely.

- Policy authorities are now more confident and better-resourced to clear the remaining detritus of the financial crisis. Thus, more asset disposals and restructuring of financial institutions.
- The increase in competition from China and elsewhere has forced governments and businesses to conclude that they have little choice but to reform if they are not to fall by the wayside.

Top down – the economic models are changing

First, governments continue to review old economic models and make changes. For example,

- Singapore

The Economic Review Committee is likely to make its final report in August. We are looking for ground-breaking policy changes in the savings regime, the role of government-linked companies, the establishment of a more extensive social safety net and substantial deregulation. In many cases, long-standing taboos are being broken. Already, there has been a substantial deregulation of restrictions on the internationalisation of the Singapore Dollar, significant liberalisation of key sectors and wide-ranging tax reform.

- Thailand

Economic planners have identified 16 major sectors and are aiming for sustainable, quality growth rather than just high growth as in the pre-crisis period.

- Malaysia

There is clearly a greater commitment now to trying updated methods of combining economic growth with equitable distribution among different communities.

Bottom up – companies are stepping up the pace of restructuring

Second, companies are restructuring. The initial corporate restructuring was focused on financial restructuring – improving balance sheets by reducing debt, raising equity. Now shifting to operational restructuring – slimming down bloated workforces, selling off low yielding assets, adopting new technologies and management systems, exploiting new product areas. We are seeing Southeast Asian companies for example (a) able to lower costs by sourcing for cheaper components; and (b) coming out with cheaper models that can take on Chinese goods.

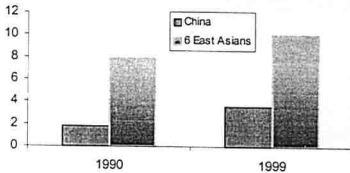
CONCLUSION

The result will be:

1. Other Asian countries will be able to find niches of their own, even in a more competitive global environment.

Chart1: China and Other Asian Economies

Chinese market share has not risen at expense of other East Asians



Source: CEIC data

2. Growth rates can be maintained at reasonably good levels except where there are political crises. Cyclical recovery will be followed by supply side driven growth.

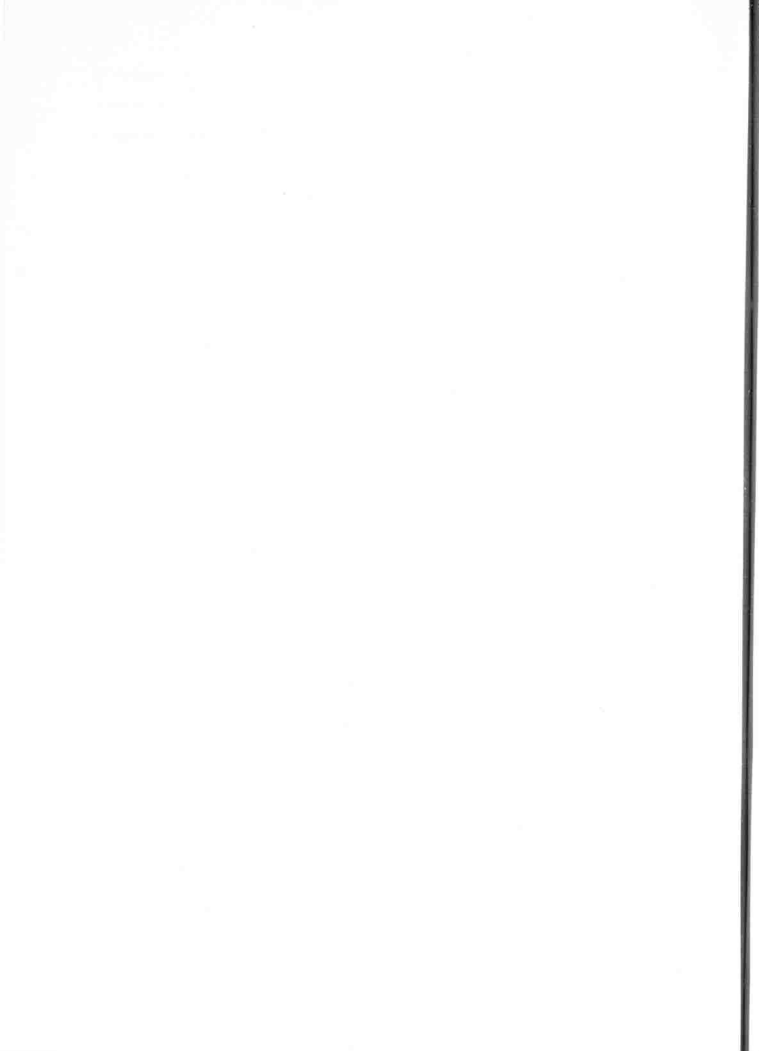
APPENDIX: GROWTH FORECASTS

GDP Growth	2001	2002	2003
Global	1.0	2.3	3.5
US	1.2	2.7	3.7
Eurozone	1.6	1.5	3.2
Japan	-0.4	0.1	-0.3
China	7.3	7.8	7.5
Hong Kong	0.1	1.5	4.3
South Korea	3.0	6.2	6.0
Indonesia	3.3	3.5	4.0
Malaysia	0.4	4.3	5.7
Philippines	3.4	4.0	4.2
Singapore	-2.1	4.9	5.7
Thailand	1.8	3.7	4.5

Source: Centennial Group

MANU BHASKARAN

4 JUNE 2002





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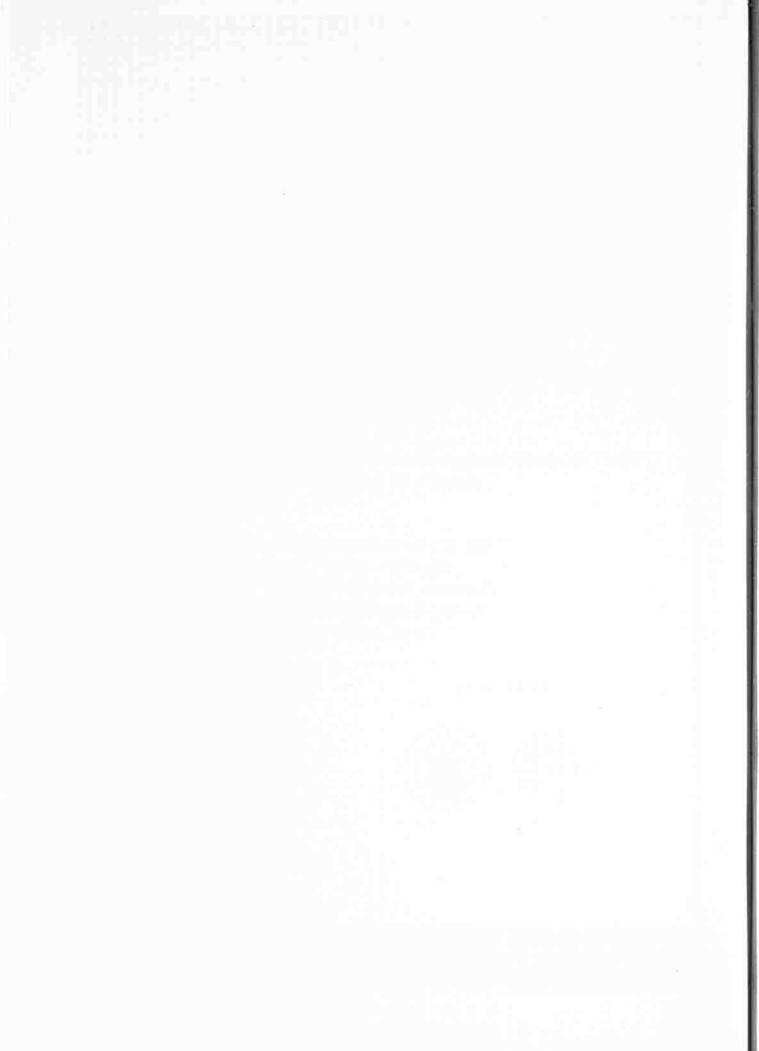


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The changes in the Japanese Economy and its Implications for Security in East Asia

June 2002, in Kuala Lumpur
Kiyohiko Fukushima
Chief Economist
Nomura Research Institute Ltd.
Tokyo, Japan

Synopsis

Japan's population is poised to decrease fast. Since the main source of Japan's economic strength, i.e. the mechanism of high saving and high investment, remains intact, Japan is still making enormous investment for the future. The major thrust of Japanese investment is used for upgrading the quality of life and linkage with the Chinese economy. The linkage with China brings mixed results for Japan. The negative side of linkage with China is that it brings prolonged deflation. Deflation dampens Japan's import capacity from the rest of Asia except from China. The outcome is the rise of North East Asia and the relative decline of South East Asia. The deepening economic linkage and continuing political disharmony between Japan and China is becoming difficult to sustain. Based on the changing economic power balance in Asia, we need to further the process of APT (ASEAN Plus Three) cooperation and engage in political dialogue among the APT member countries.

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 - 3) US-led security framework in Asia
 - 4) APT cooperation and dialogue

1. The impact of dwindling population

Population is one of the most important factors in a nation's economy. It is important to elaborate on the drastic demographic changes in Japan.

1) supply side constraints

Exhibit 1 is a projection of the Japanese population made by the Japanese government.

The population is aging and decreasing at a very fast speed. According to the Japanese government statistics, the working age population, that is between age 15 and 60, has already peaked out at 67.9 millions in 1997 and since then the number of working age people is declining. The total population itself is going to decrease after 2007, that is 5 years from now.

Exhibit 2 is the graph of the projection.

What does the projection mean? The economic production of a country is created by the domestic working population.

The decrease in working population means less capacity for production. It will weaken the country's capacity to supply goods and services at home.

Exhibit 3 shows the working hours.

On top of the decrease in the number of workers, the average working hours per worker is also decreasing. The Exhibit 3 shows the average annual working hours of Japan. Only 12 years ago in 1990, it was 2,053 hours, longest among the OECD member countries. Two years ago in 2000, it shrank by 10% from the 1990 level to 1,848 hours; this is only the 6th longest working hours among the OECD members. The myth of Japan's too hard and too long work is now an anecdote of the past.

What are the economic implications of the less workers and less working hours? Economic output is, by definition, the multiplication of A) the amount of Labour Input and B) Labour Productivity, when the capital

input remains the same. When Labour Input begins to fall precipitously, it is extremely difficult to increase Output by raising the Labour Productivity indefinitely. Therefore, we must conclude that Japan's production capacity at home has largely peaked out 5 years ago in 1997. Japan has reached the supply side constraints in growth.

2) coping with the diminishing Population

How Japan is coping with the inherent economic force for low growth caused by the dwindling working population and less working hours?

Exhibit 4 shows Japan's life expectancy. It was less than 60 some 50 years ago and at that time coercive retirement age was 55. Now in 1997 Japanese men live till the age 77 on the average. Though currently, retirement age is 60 for most companies, people are quite healthy at 60, and can reasonably expect to live for another 17 years after retirement.

Hence, to extend the retirement age or to hire people over age 60 can be sensible ideas to supplement the dwindling work force. Several proposals were already made along that line and some of them were adopted as the Exhibit 4 shows.

Another way of dealing with the labour shrinkage is to let more women work. Exhibit 5 shows the percentage of women at work by each age cohort. The M shaped graph shows that most women leave work from age 25 to 35 to bear and raise children but come back to work after around age 40. The M shaped curve has edged up over the past 10 years. It could be edged up a little higher.

However, there seem to exist certain limits to the approach of moving up the curve higher indefinitely.

Still another way for dealing with the labour shortage is

to import foreign workers. Exhibit 6 shows the number of foreign workers in Japan. Official statistics shows that the number of foreign workers has increased by 8.2% in 2000 to 210,000, against the background of rising unemployment for native Japanese workers in the same period.

To summarize this part on supply side constraints, there are 3 ways that Japan has been trying to increase the supply of workers at home: older people, women and foreigners. Flexible working system can also work.

However, the effects of those three or four approaches seem to be limited because the pace of aging and dwindling of the Japanese population is at such a high speed.

Then what else can Japan do? Obviously, one remedy is to produce less at home and import from abroad. Exhibit 7 shows that this remedial measure has already been taken. The share of the imported manufactured products in the total Japanese imports has risen from 50% in 1990 to 61% in 1999, rising by 11% points. This increase in manufactured imports helped alleviate the potential labour shortage.

Rather than trying to produce everything at home, the strategy of letting the Japanese system of production move overseas to Asia and importing the final products from Asia seems to be a rational solution. Exhibit 8 corroborates the idea.

Japan's trade with Asia, (trade means the total sum of imports and exports) was 42% of Japan's trade in 2000, whilst the total trade with US and EU combined was a mere 39%. Japan's trade has drastically shifted to Asia. The basic trade pattern is that Japan exports capital, technology and essential parts to Asia and build

factories there. The final products made in factories in Asia by Japanese technology are imported back to Japan or exported to Europe and America. This enables Japan to concentrate on the high value added part of the production chain.

The Asia shift of Japan's trade is one of those Japanese efforts for tackling the dwindling population while maintaining the same high level of income. This is the conclusion from the supply side constraints.

3) demand side constraints

What are the conditions on the demand side?

The size of the domestic market is ultimately determined by the number of people living in that country. In the Japanese economy, personal consumption is about 60% of the domestic spending.

Personal Consumption is by far the most important component in Japan's economy, or for any country's economy for the matter. Dwindling total population means less personal consumption, resulting in smaller domestic market. The peak out of Japan's population is forecast to come in 2007. It means that Japan's domestic demand will still start to decrease after 2007, other things being unchanged.

From the demand side, the implication of the demographic change is that Japan's economy will stop growing after several years from now, unless per capita consumption starts increasing fast.

4) outlook and implications

To summarize this section on demographic changes, Exhibit 9 is shown. Japan has reached the supply side constraints in 1997 and on the whole, Japan's production capacity has been diminishing since then. The demand side constraints will be coming shortly, about 5 years from now. The result is: low growth.

- Because of the dwindling and aging population, Japan's economic growth rate has largely already peaked out. 1 to 2% growth can be a reasonable notion for economic growth in Japan. 1% coming from the trend in productivity growth and another 1% from the IT is possible.

The White Paper on the Japanese Economy published by the Prime Minister's Office in November 2001 also concludes that the growth rate for Japan's economy for the medium term is between 1 to 2% annually.

For reasons explained above, we must accept and understand Japan's low growth as natural, not as a policy failure nor an inability to reform.

2. Preserving the high saving/investment mechanism for the better quality of life
 - 1) high saving

In order to keep growing and investing for the future, a country's economy must have a sustainable source for financing the investment. The domestic saving is the natural source for financing the investment for any country.

As Exhibit 10 shows, Japan's wage earners' average annual saving rate was 28.7% in 2000. Though the saving rate in the normal month without bonus is 15.4%, which is not particularly high, it is the semi-annual bonus payment that pushes up the annual saving rate to nearly 29%. Over the years, this high saving rate has created a tremendous financial asset for an average household.

Exhibit 11 shows why the Japanese people do not complain too much about low growth in recent years. The average household in Japan has a financial asset of more than 14 million yen, or 130,000 US dollars, which is tantamount to 2.9 years of the average Japanese

income. It means, at least in a mathematical sense, the average Japanese can live without any income for almost 3 years. On top of the social welfare provided by the public sector, the Japanese have earned a strong safety net by their own saving built over the years. No other country has such a strong safety net earned by individuals, not provided by the government.

In 2001, as Exhibit 11 shows, the average household saving decreased slightly because of the rising unemployment and reduced bonus payment. The decrease shows the depth of the recession. But it also shows the effectiveness of the past saving as a social safety net.

2) high investment

Sustained by the abundant supply of domestic saving, Japan's investment has remained high even in the most recent years of low growth. Exhibit 12 shows Japan's equipment investment by the private sector has been around 15 to 16% of the GDE (Gross Domestic Expenditure), which is the highest level among the developed countries.

What is unique about Japan's private sector investment is its very high level of R&D (Research and Development) expenditure. In 2000, Japan's R&D expenditure was 3.2% of the GDP (gross domestic product), again the highest level among the developed countries (Exhibit 13). Much of Japan's investment is used for developing the new product and service of the future, rather than increasing the production based on the existing technology. The investment is aiming at creating new technologies for a better quality of life.

3) examples in specific sector

The key word describing the future of Japan is the ubiquitous network society. It means in the near future, small computers will be installed in every household gadgets, home appliances, and audiovisual products;

those small computers will be coordinated by the main server at home.

Because of the innovation, a personal computer, a telephone and a television set are already becoming one product. For the transmission of data and contents, the telephone line will move up from the ADSL (Asymmetric Digital Subscriber Line) to the FTTH (Fiber to the Home), while the mobile transmission will be upgraded from the current third generation to the fourth generation in the next several years. These are the ongoing changes in computer and communications in Japan, enabled by the high level of saving and investment in Japan.

Another major change is coming in the automobile sector. The hybrid engine cars, which can use either or both of the traditional gasoline engine and the electric motor for the driving force, have been widely introduced in Japan since 5 years ago. The battery is automatically charged while the gasoline engine is used. This new hybrid car substantially reduces air pollution and saves energy.

The next challenge for Japanese automakers is the introduction of the new generation of cars using the fuel-cell battery without using any gasoline at all. The prototypes have been already made. The successful commercial introduction of these gasoline-free cars, which is anticipated in the next few years, will improve the quality of life substantially.

With the arrival of the era of low growth, Japan is using its built-in high saving/high investment mechanism for bringing about a better quality of life, instead of achieving higher growth and expanding the size of its economy.

3. Japan-China economic linkage and its limitations

1) linkage in macro figures

Japan's high saving/investment mechanism is also used

in enhancing the economic linkage with China.

China has an abundant supply of highly skilled, educated, low cost and young workforce, which is a rapidly decreasing category in Japan. Japan in the 21st century, with rapidly aging and dwindling population can establish a mutually beneficial economic relation with China.

The Japan-China economic relations is in a way an extension of Japan's economic relations with Asia but the nature and the degree of the ongoing changes in the bilateral economic relations is completely different from the rest of Asia.

As Exhibit 14 shows, in the 6 months started in April 2001, China's export to Japan rose by 15% and imports by 11%, against the background of overall negative economic growth in Japan. Among the numerous items imported from China to Japan, the biggest one was machinery, with 29% of the total, followed by textile, 27%. For the first time in Japan-China trade, machinery became China's biggest export item.

This change augurs a lot of things. First and foremost, China has established some comparative advantage in machinery production and has successfully joined the competition in the manufacturing of machinery and high tech products among the developed countries, albeit in a limited way at this moment. China is the only country in the world that has succeeded in establishing a healthy trade surplus in machinery products with Japan. This is the most significant change in the Japan-China economic relations.

At the same time, China remains extremely competitive in the export of apparel and textile, the traditional domain of exports for the developing countries.

China's competitiveness is not limited to manufacturing. Exhibit 15 shows some of the deflationary impacts and economic benefits the China trade is bringing to Japan. Japan imports 750 thousand tons of vegetables from China. Some Japanese convenience stores have built organic farms in China in order to use the vegetables into the lunch box, obento, sold in those stores in Japan. Vegetables and fish prices are falling in Japan due to the cheap and quality imports from China. According to a casual observation, the average lunch box prices in Japan have fallen by some 100 yen (15%) in the past few years, bringing benefits to office workers. But it has dealt a blow to the numerous Japanese farmers' income.

The deflationary impact on the Japanese economy coming from China trade will be long lasting. From food, apparel to high tech products, prices in Japan will face falling pressures until the price levels of the two countries reach some kind of equilibrium after many years.

On top of the low growth triggered by the diminishing population, the long lasting deflationary impact from China will depress the profitability of Japanese corporations. The Japanese economy has entered into a long transition period of low growth and low profitability. However, for Japan as a whole, China trade is bringing unprecedented benefits. According to the World Bank, Japan's benefit by China's entry into the WTO will be \$61 bn. by 2005, much larger than that of North America which is \$38 bn. Japan is the largest beneficiary as China opens up its door wider on her accession to the WTO.

2) examples in specific companies

Apart from the broad macro picture, shedding lights on to some specific examples is needed. A Japanese clothing manufacturer and retailer with the name of First Retailing, manufactures everything in China and

sells in Japan. The company, First Retailing designs the product in Japan, runs factories in China, carefully supervises and instructs the cutting and sewing processes in every minor details in China according to the Japanese specification. Exhibit 16 shows the results. First Retailing uses Uniqlo as their brand name. The business started only several years ago but the First Retailing has now 550 stores in Japan and became the second biggest profit-making retailer in Japan in 2001. Riding on the success in Japan, Uniqlo has opened 3 stores even in London in October 2001.

Exhibit 17 is an example of an electric motor company with the name Mabuchi Motor. It is the largest mini motor maker in the world, supplying motors for running the tiny fan for cooling or driving the hard disk and floppy disk in lap top computers. What is unique about Mabuchi is that it does not run factories in Japan and built almost all of its factories in China.

The reason is, not only cheap labor but also the high quality of the workers and engineers available in China.

A much bigger company than Mabuchi is adopting a similar strategy. Hitachi has announced that it will invest about \$1 bn. in China between 2001 and 2005. China's share in Hitachi's global production of \$40 bn will be 25%, the largest production share outside Japan 4 years from now. The highest level technology hardware and software of Hitachi are to be manufactured and developed in China. Hitachi has built a research lab for ubiquitous network technology in Beijing. The ubiquitous network is the state of the art technology today.

All the other major electronic companies in Japan such as Panasonic, Sony and Toshiba are adopting similar strategies to Hitachi. For instance, the Panasonic

Corporation runs more than 40 companies for production in China. China could become the high tech center of Asia, with Japanese companies playing an important part in it.

3) changes caused by linkage

With this rapid merger of the two economies, tremendous changes are occurring. As Exhibit 18 shows, Japan imposed safe guards against three agricultural products from China in early June 2001. China retaliated by raising tariff on certain Japanese industrial products. The dispute lingered for some 7 months.

The final outcome of this trade friction was a tacit orderly marketing agreement under the table. Though the muddy compromise may not be welcomed by free traders, the general trend is solid and indisputable. From shiitake mushroom to the ubiquitous network software, the Japanese economy and the Chinese economy are merging in an inexorable way. From the lowest tech to the highest tech sector, the economies of the two countries match and marry so well. The merger is creating a new type of economic power in the world. This unprecedented phenomenon can be named as Japan-China linkage. This linkage can well be the most important change in the world economic history.

Japan is already the largest trading partner for China and the second largest foreign direct investment country in China, with the exception of Taiwan and Hong Kong. Although for Japan, the United States is by far the largest trading partner due to Japan's big export to the US for now, the trend shows that China could surpass the importance of America and become the largest trading partner for Japan in the near future. During the 12 months that ended in March 2002, Japan's import from China was 715 bn yen (14% rise from a year ago) while import from the US was 744 bn yen (7% decrease).

4) limitations to the linkage

The immediate result of the Japan-China economic linkage has been the deflation in Japan. The domestic producers' sales volume and profit margin have been reduced by the falling prices. The result is low profitability for corporations. The Japanese companies have less capacity for new investment and employment at home; many producers have to cut back production and lay off their employees, thereby reducing Japan's economic growth rate.

As a result of the deflation largely caused by the economic linkage with China, Japan's import capacity from the rest of Asia except from China has also been curtailed in recent years. The rest of Asia has been left out on the sideline while the Japan-China economic linkage has been carried on.

In Japan, protectionist sentiment is rising against imports from China. Even after the compromise on three products, onion, rush (a plant used for making tatami mat) and shiitake mushroom, has been reached, still more trade frictions are likely to occur (Exhibit 18).

Though the economic forces that enhance economic linkage between the two countries are strong, there are already signs that Japan's capacity for further economic linkage with China is showing its limitations, due to a number of economic, political and social factors.

4. Implications for security in East Asia

1) rise of North East Asia and decline of South East Asia

As a result of the demographic change in Japan, high tech shift and Chinese economic linkage, in an economic sense, the importance of North East Asia has risen, while that of South East Asia has fallen. Because the changes in the relative economic importance of the two regions seem to be long lasting, the changes could result in changes in political and military power balance in East Asia. It could create the rise of tensions in East Asia.

2) economic linkage and political disharmony

Even between Japan and China, one important issue remains unresolved: the tension caused by the strong economic linkage and the continuing political disharmony. How long can the two countries let this asymmetry keep growing unattended?

3) US-led security framework

Clearly, Asia needs to maintain the current security framework established and maintained by the United States. China's restoration of its political and military strength is a natural and inevitable result of its economic development. Instead of trying to resist those changes accompanied by the economic rise of China, confirmation and strengthening of the US-led security framework reflecting the new conditions in international security in East Asia seems to be called for.

4) furthering the APT

On the economic front, the economic cooperation of the APT (ASEAN Plus Three) framework needs to be further pursued for promoting peace and prosperity in East Asia.



List of Exhibits

The changes in the Japanese Economy and
its Implications for Security in East Asia

by Mr. Kiyohiko Fukushima
June 2002 at KL

- Exhibit 1 Changes in Population toward 2050
- Exhibit 2 Dwindling Population towards 2100
- Exhibit 3 Less Working Hours Each Year
- Exhibit 4 Working in Elderly Years
- Exhibit 5 M Shaped Curve to move up Higher
- Exhibit 6 Where are the Foreign Workers From?
- Exhibit 7 Produce less at Home & Import More
- Exhibit 8 Trade in FY 2000
- Exhibit 9 Two Constraints make Low Growth
- Exhibit 10 Saving Rate will remain High
- Exhibit 11 Nibbling at some of the Past Saving
- Exhibit 12 Investment will remain High as well
- Exhibit 13 R&D Expenditure as Percentage of GDP
- Exhibit 14 Trade with China
- Exhibit 15 China brings Deflation and Benefit
- Exhibit 16 Success of Uniqlo
- Exhibit 17 Linkage in Electronics
- Exhibit 18 Japan China Trade Dispute

Exhibit 1

Changes in Population toward 2050

Year	Total	Working Age	Over 65	Share
1995	125.6 mil	66.7 mil	18.3 %	14.6 %
Peak	127.8 mil	67.9 mil	-	-
	yr 2007	yr 1997	-	-
2025	121 mil	*60 mil	33.1 %	27.4 %
2050	101 mil	*50 mil	32.5 %	32.3 %

Source: MHLW, MPMHAPT

* is author's guess.

Exhibit 2

Dwindling Population towards 2100

Source: MHLW, MoF & Fukushima

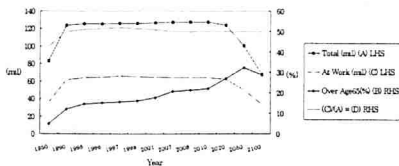


Exhibit 3

Less Working Hours Each Year

Total Working Hours

1956	2,385.00	
1960	2,425.50	
1970	2,251.40	
1980	2,104.30	
1990	2,052.80	- longest among OECD
1995	1,912.80	
1999	1,848.00	
2000	1,842.00	- 6th in the world
Korea	2,474	- longest
Czec	2,092	- 2nd
US	1,978	- 3rd

Source: MHLW, ILO, Nihon Keizai Shinbun 2001-9-7

Exhibit 4

Working in Elderly Years

Life Expectancy

1950 - 52	59.52
1960	65.32
1970	69.31
1980	73.35
1990	75.92
1997	77.19 (Women 83.82)

UK 74.06, US 72.40, Russia 58.27 (Source: MHLW)

- Proposed Retirement Ages
till age 65 (MHLW) till age 67 (Prof. Yashiro) till age 70 (Koizumi's study council)
- Measures taken:
 - Extending Retirement Age
 - Working Flexibly
 - Reemployment After Retirement

Exhibit 5

M Shaped Curve to move up Higher

Active Women

Source <http://www.mhlw.go.jp/wp/hakuuho/jesse/00/gaiyoi.html>

40% share in market: 49% participation rate

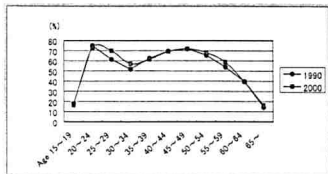


Exhibit 6

Where are the Foreign Workers From?

officially 210 thousand in 2000; increase by 8.2% in 1 year

60% in Mfg, 24% in Service; 48% fm Latin America, 27% East Asia

Source:MHLW

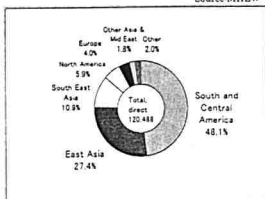


Exhibit 7

Produce less at Home & Import More

Mfg Imports / Total Imports

1956	18.6%
60	22.7
70	29.5
80	23.1
90	49.8
99	61.4
00	61.1

Source:METI

In relation to GDP, 1% rise tends to replace 500,000 workers.

Exhibit 8

Trade in FY 2000

Asia Shift of Japan's Trade: 1. Asia > EU + US
 2. Export parts to & Import finished products from Asia
 (Source: MoF)

	Exp	Imp	Ex - Imp	Ex + Imp
Total	520,498	424,406	96,090	944,906
CFPY	7.2	16.4	-20.9	
share	100	100	100	100
US	155,390	79,992	75,309	235,382
CFPY	5.2	8.0	2.3	
share	29.8	18.8	78.4	24.9
EU	84,534	52,108	32,427	136,642
CFPY	-0.2	6.5	-9.4	
share	16.2	12.3	33.7	14.5
Asia	214,694	178,075	36,619	392,769
CFPY	15.5	21.1	-5.7	
share	41.2	42.0	38.1	41.6

Exhibit 9

Two Constraints make Low Growth

1. Supply Side: Less Working Population since 1997
 Less Production Capacity
2. Demand Side: Less Total Population after 2007
 Less Consumption Capacity
3. Results: Low Growth

Exhibit 10

Saving Rate will remain High

	Saving Rate	comment	Wage Index
Excluding bonus months	15.4%		
Annual Average	23.7%	- monthly average -	100.6
January	13.4%		87.5
February	24.9%		80.3
March	10.2%		85.9
April	12.4%		82.6
May	3.1%	- golden week -	81.1
June	50.8%	- bonus month -	137.4
July	36.1%	- bonus payments month -	122.4
August	22.5%		87.6
September	13.6%		80.5
October	19.1%		80.9
November	14.1%		84.7
December	56.9%	- bonus payments month -	190.1

Source: Saving rate is from the Ministry of Public Management, Home Affairs, Post and Telecommunications

Wage index is from Sept. 2000 to Oct. 2001 with 1995 = 100

Gross Saving (GDP base) - Household 11-12%, Corporate 8-9%, Social Security 8%, Total 27 ~ 28%

Exhibit 11

Nibbling at some of the Past Saving

The Decrease in average Household Financial Asset
decrease by 90,000 yen

Sept. 2001 ¥ 14,390,000

(2.88 year income, £ 84,647)

2000 ¥ 14,480,000

(2.90 year income, £ 85,176)

Source: Bank of Japan

Nihon Keizai Shinbun 2001-9-12

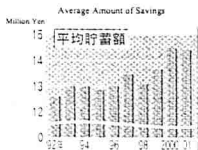


Exhibit 12

Investment will remain High as well

- Private: 16 % EI + 5 % Hse = 21 %
Housing Starts: 5 % of GDP (1.2 mil / yr)
Equipment Investment 15~16 % of GDP



- Public: 6 % (To be reduced)
- Total Investment: Private 21+ Public 6 = 27

Source: council on Economic and Fiscal Policy plus author's estimate

Exhibit 13

R&D Expenditure as Percentage of GDP



R&D / GDP	%
Japan	3.3
US	2.5
OECD	2.2
UK	2.1
EU	1.9
Italy	1.1
Spain	0.8

Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications

In the most recent data available
Source: OECD, STA (Japan) and Rameo Prod, Europe as / see it, 2000

Exhibit 14

Trade with China

(source: Jetro)

April - Sept 2001		CFPHY: change from 1 year before
Exp	\$ 15,539.7 mil	
CF1YB	15.3 %	
Imp	\$ 28,110.8 mil	
CF1YB	11.3 %	
Imp - Ex	\$ 12,571.1 mil	
CF1YB	10.3 %	
Ex - Im	\$ 43,650.5 mil	
CF1YB	12.7 %	
		Imported Items fm China:
		1. machinery 29.3 %
		2. textile 26.9 %
	
		outlook: 100 bil trade
		30 bil deficit

Exhibit 15

China brings Deflation and Benefit

(Nihon Keizai Shinbun 2001-11-8,9)

1. Deflation

Vegetables: 1/10 of Japanese price.

Imports doubled in 5 yrs to 750,000 tons in 2001.

Lunch box prices are falling.

Clothes: Prices have fallen by 30 - 50% triggered by Uniqlo.

2. Benefit: By 2005, benefits of China's WTO membership is

Japan: \$ 61 bil. US + Canada + Mex: \$ 38 bil

Japan is the largest beneficiary

(World Bank *China 2020*)

Exhibit 16

Success of Uniqlo

Biggest Profit Making Retailers

Source: Nihon Keizai Shinbun 2001-4-18

glossary

Co: convenience store, S: super market, D: department store, Ch: chain store

Rank	Type	Profit Before Tax billion Yen	change in PY (%)	
1.	7-11 Japan	Co	147.2	5
2.	First Retailing	Ch	104.0	72
3.	Ito Yoka Do	S	42.1	-18
4.	Lawson	Co	39.5	4
5.	Family Mart	Co	26.2	-12
10.	Mitsukoshi	D	14.2	5
13.	Isetan	D	13.0	79

Exhibit 17

Linkage in Electronics

Source: Nikkei Business 2001-11-9

Mabuchi Motors



Hitachi

- will invest ¥100 bil (\$1 bil) in China between 2001-05
- builds 'ubiquitous IT Lab' jointly with Qin Hwa U.

	2001	2005
production	\$ 520 m bil	\$ 4 bil
share	7%	25%
procurement	\$ 580 m bil	\$ 3.7 bil

Nihon Keizai Shinbun 2001-10-23

Exhibit 18

Japan China Trade Dispute

1. Japan resorted to safe guards in Shiitake, onion & carpet plant fm June 8 - Nov 8
China imposed tariff on auto, mobile phone & air conditioner
2. Necktie, Towel and Eel could follow suits.
3. Japan is already China's largest trading partner.

	Imports fm	Mfg Imports fm	Exports to
JAPAN	18%	25%	20%
North America	12%	17% (US)	-
EU	18%	13%	-

Source: Nihon Keizai Shinbun 2001 - 11-9, 6-20 etc.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 4(a)

CONCURRENT SESSION FOUR
Tuesday, 4 June 2002, 1600 –1730 hrs

THE KOREAN PENINSULA: LATEST KEY ISSUES

“Latest Key Issues in the Korean Peninsula: A South Korean
Perspective”

by

Prof. Jung-Hoon Lee
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**Concurrent Session IV
Latest Key Issues in the Korean Peninsula:
A South Korean Perspective**

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Paper presented at the 16th Asia-Pacific Roundtable on "Confidence Building and Conflict Reduction" organized by the ISIS-Malaysia, ASEAN-ISIS, and CIDA in Kuala Lumpur Hotel Nikko Kuala Lumpur, 2-5 June 2002.

I. The Issues

South Korea stands at an important juncture of its post-independence history as the nation faces both old and new challenges that could have significant political as well as security implications. In the least, South Korea can be said to be in a transitional phase as the nation gropes to come to terms with somewhat of a 'mid-life crisis' as manifested in the debate between the "conservatives" and the "liberals" over a wide spectrum of issues. This debate, immeasurably significant in terms of the future direction of South Korea, has affected the presidential election, and to a lesser extent, the local elections. The outcome of the elections, and therefore possibly of the debate, will make a large difference in the way South Korea pursues its relations with North Korea and the United States. Against this background, some of the key issues facing South Korea today are as follows: 1) the continuing struggle to bring about progress in inter-Korean relations amidst growing criticism of the government's 'sunshine policy'; 2) the challenges of growing anti-American sentiments in the management of the traditional alliance with the United States; 3) the successful co-hosting of the World Cup with Japan and its positive contribution to a genuine reconciliation between the two countries; and 4) coming to terms with multi-faceted domestic division – ideological, regional, "class", etc. – within the context of the presidential election.

II. North Korea and Inter-Korean Relations

The current South Korean government, through the medium of its 'sunshine policy', embarked from the outset on an open-ended policy of engagement by voluntarily granting healthy dosage of compromise and reconciliation. The big question, however, has always been, "where's reciprocity?" It should be added that the much-maligned four-party talks on top of the KEDO negotiations have done little to redress the problem at hand. The short honeymoon that began with the inter-Korean summit meeting in June 2000, followed by a series of family reunions, ministerial meetings, and various economic package talks, has hit a snag since the early part of 2001. Some relate this impasse to the George W. Bush government's hardline stance. But a better explanation for Pyongyang's rather sudden cold shoulder may be that it is second-guessing the South Korean government's ability to deliver on various "promises" ranging from transfer of electrical power, expansion of tourism, and broader investments in specialized zones. So long as such doubts remain North Korea is not likely to respond positively to South Korean government's repeated love-calls. Alternatively, the impasse may be a case of the limits of what the North Korean regime can do without jeopardizing the regime's chances for continued survival. North Korea can be said to be in a classic 'catch-22' situation.

There is of course no danger in engaging the North. In fact, engaging the North is quite welcome. The problem is, it is not quite as "risk-free" as the advocates of the sunshine policy have been claiming. As pointed out earlier by James Baker in assessing Clinton's engagement policy toward North Korea, "appeasement", as it was referred to, falls into the trap of rewarding without merit, while encouraging bolder and more aggressive demands and behavior from the North.

Does the sunshine policy then ensure an acceptable outcome in the end? Perhaps it remains to be seen as the policy is conceived of as a long-term process. The better question to be raised here instead is: "Is North Korea any less of a military threat today after years of engagement efforts and investments from the South?" The answer of course is "not really". What is more, efforts to revive the December 1991 Basic Agreement between the two Koreas have not been successful. Any further unilateral concession appears futile under the circumstances. Having said that, one should not be led to believe

that North Korea is incapable of making compromises. It can. As shown in December 1991, North Korea, when concerted external pressures are applied, will opt for reconciliation instead of turning hostile as many erroneously suspect. The best policy for the United States, Japan, and South Korea may, therefore, be to sit tightly together and wait patiently until North Korea tires of its own growls and asks for support, instead of demanding for it.

III. Anti-Americanism and U.S.-South Korean Relations

Anti-Americanism is certainly not a new phenomena. Wherever there's U.S. military presence, there's going to be some degree of anti-American sentiments, be it in Japan, Germany, or South Korea. South Korea has had its share of anti-American sentiments expressed during the course of U.S.-South Korean relations in the post-Korean War period. But what has transpired since the inter-Korean summit merits a bit of caution as subsequent expressions of anti-Americanism have been systematic, harsh, and growing. Increasingly, the United States is looked at less as a patron of South Korean security, but more as an obstacle in the progress of inter-Korean relations. Civic groups have dwelled on the environmental damages caused by U.S. bases in South Korea, while much public attention have been paid to Nogunri investigations as well as Maehyangri civil law suit concerning civilian damages caused by U.S. firing range. Raw emotions hit new heights this year with President Bush's "Axis of Evil" speech, the sale of F-15s under alleged U.S. pressure, and the Salt Lake City Winter Olympics incident involving a Korean skater being stripped of his gold medal. However uncanny the logic of these issues having direct causal link with anti-Americanism in South Korea may seem, the fact remains that the alliance is being grilled and put to a test as never before. The alliance management amidst apparent adversities resulting from the generational change in views and perceptions of, in particular, the alliance and North Korea will be a major challenge to be worked out between the two governments.

It suffices to say that South Korea's security future is best ensured by the continuation of close alliance with the United States. But with the coming decades likely to be dominated increasingly by economic, rather than political or military frictions, keeping

the United States militarily committed to the region is not as simple as some make it out to be. For now, as indicated by 1995 Pentagon directorate, "U.S. Security Strategy for the East Asia-Pacific Region", Washington seems committed to the maintenance of the existing U.S. alliance structure and military presence of about 100,000 " as a foundation of regional stability and a means of promoting American influence on key Asian issues". Proponents of U.S. military presence know fully well, however, that greater economic constraints and domestic isolationist pressure can change the situation rather quickly. The Nixon Doctrine and Carter's troop withdrawal proposal are cases in point. Even George Bush in April 1990 proposed the incremental reduction of the overall U.S. military presence in East Asia. By the year 2000 the report suggested that South Korea should be ready to take the lead role in its own defence. The plan was of course suspended in the face of North Korea's nuclear weapons program, but one can safely assume that we have not seen the end of the forces reduction issue.

Perhaps it is out of this need to sustain U.S. military presence that South Korea has made the extraordinary concessions concerning the United States' nuclear deal with North Korea in 1994. Even still, South Korea's confidence in the United States is sometimes shaken by faulty signals from Washington, as was the case with Secretary of State Warren Christopher's initial comments made on North Korea's submarine incursion into the South in September 1996. By admonishing "all parties" to show restraint, Christopher inadvertently implied that both parties were at fault for the crisis situation. The interesting thing about it is that the "faulty signals" are still coming, but for the right reasons now. In other words, the George W. Bush government's hardline rhetoric in dealing with North Korea has helped to serve as an effective check on the Kim Dae Jung government's zealous and highly personalized policy toward the North that has lost much of its initial popularity.

Another interesting question may be what if North Korea was more engaging and constructive in dealing with the United States, all the while remaining aloof towards the South? Where would this leave South Korea vis-a-vis the United States? Should South Korea welcome an improved U.S.-North Korea relations despite Pyongyang's continued hardline position on the South? Alternatively, can South Korea afford to push ahead with a soft policy toward North Korea despite strong opposition from the United States? Bill Clinton and Kim Dae Jung seemed to converge on both what the goal was and how they

would go about achieving it. This is no longer the case. The ultimate goal of peninsular peace may be intact but how they would go about achieving this goal is markedly different.

Unlike the previous administration, the Bush administration is dwelling on the question of reciprocity. 'Reciprocity' and 'verification' are in fact standard references to the new approach toward North Korea. Detecting a much less conciliatory stance from the Bush administration as made quite apparent from the March 2001 summit between George W. Bush and Kim Dae Jung, North Korea cancelled meetings with the South Korean counterpart in an obvious effort to express its displeasure with the new developments.

For the South Korean government, this is bad news considering that inter-Korean reconciliation is Kim Dae Jung's top policy priority. Will President Kim or his party risk a rift in U.S.-Korea alliance by staying the course in spite of fundamental changes in U.S. position on North Korea? Also interestingly, will the new 'get tough' attitude from Washington arouse the 'silent majority' in South Korea to speak out against the government on a policy that has reached its limit? The question here as raised by the conservative elements in South Korea is 'what lies beyond the redundant political symbolism'? As U.S. policy on North Korea unfolds in a more concrete form some major changes can be expected with significant implications for the Korean peninsula. For what it's worth, the Bush administration has not abandoned the engagement policy altogether. This is the politically correct thing to do. But, with the pursuit of the missile defense shield – the primary reason for which being the missile threat from rogue states like North Korea – the Bush administration is most likely to continue to target North Korea as a hostile force. With North Korea unlikely to compromise nor reciprocate in the way the Bush administration wants, the current state of stalemate is likely to continue in spite of North Korea's expected brinkmanship, especially as we head toward 2003 when the questions over missile moratorium and nuclear site inspections will loom large. In the long-run, the choices for the Bush administration will basically come down to two: one, avoid headache by re-engaging North Korea and be satisfied with the maintenance of the status quo; or two, keep steady pressure on North Korea to reciprocate, thereby possibly bringing about a genuine change in a society that has effectively defied the outside world with military threats and bluffs. Clinton opted for the former and the easier choice. Bush

suggested an inclination towards the latter, but his ultimate choice remains to be seen with the unfolding of the U.S.-North Korea negotiations.

Concerning U.S.-South Korea alliance, the growing anti-American sentiments as well as the apparent "policy gap" ranging from the perception of North Korean military threat to who would lead the conventional weapons reduction talks, suggest a difficult task ahead, that is unless the next administration approaches these matters in a different light.

IV. THE WORLD CUP AND SOUTH KOREAN-JAPANESE RELATIONS

The question of why South Korea cannot fully rely on Japan is academic. For those even remotely familiar with the history of the two nations' long, yet intertwined, relationship will admit to the seeming impossibility of genuine reconciliation. Fundamental to the problem is the discrepancy in the interpretation of the past, particularly concerning the colonial period. It is this discrepancy which enlarged Japan's Gulf War debate to be more an Asia-wide, rather than a mere domestic, controversy. From Korea to the Philippines, the common fear among the Asian nations was that the Gulf crisis might be used by Japan as a springboard for its further involvement in international security and political matters, gradually necessitating its re-emergence as a military power.

As to where the Japanese people stand on the question of their nation's latent militarism is rather unclear. On this issue, alarmists point to two sources of concern: one, the increasing capability of the Japanese Self Defence Forces; and two, the continuing rightist undercurrent in the Japanese society. It is believed in many quarters throughout Asia that Japan's somewhat of a 'self-doubt' stems in many ways from its failure to come to terms with its past. If Japan is to play a healthy and acceptable role in the international community, it is argued, it must confront the 'past issue' in a more genuine and convincing manner. The textbook controversy, the Asukuni visits by the Prime Minister, and lingering questions over the comfort women issue, however, do not bode well for a better future.

Despite domestic political fragility and the resurgence of ultra-rightist forces, it is very unlikely for Japan to take the path to remilitarization. The most likely option for Japan will be the combination of maintaining *status quo* and multilateral security cooperation in the near future. Nevertheless, there will be great need for Japan's increased international and regional leadership role in the security arena. Thus, the

balancing act of playing a more active international role without raising the spectre of Japanese militarism was then and is still the most significant challenge Japan is likely to face into the next century.

South Korea's attitude on Japan has fluctuated significantly in recent years. First, President Kim Dae Jung's state visit to Japan on 7-10 October 1998 paved way for a new chapter in bilateral relations. In their meeting President Kim and Prime Minister Obuchi Keizo agreed to initiate an 'Action Plan' for South Korea-Japan Partnership. Some of the main features of the plan were: 1) to prod North Korea to abide by the non-nuclear proliferation pact and to avoid the use of chemical weapons; 2) to hold regular consultative meetings on security policy as well as strengthening the exchange of defense experts at various levels; 3) to jointly push for the establishment of a multilateral security forum; and 4) to strengthen policy consultation on North Korea in order to ensure peace and stability on the Korean peninsula. Earlier in September 1998, South Korean Defense Minister Ch'un Yong-taek met with his counterpart, Nukaga Fukushima, in Tokyo to reach an agreement on joint efforts – in both policy and intelligence areas – to counter North Korea's missile program. With a commonly perceived threat from North Korea, especially following North Korea's firing of a long-range missile above and beyond the northern part of Japan on 31 August 1998, the need for close security cooperation was one of the main topics discussed between the two leaders. As a result, some of the old issues such as both sides' territorial claim over *Tokdo* (in Japanese) and Japanese militarism were set aside, at least temporarily. In the maritime area where common interests intersect – sea-lines of communications, intelligence sharing, maritime interdiction, search and rescue, etc. – emphasis was being placed on greater security cooperation, in spite of the existing limitations on operational exchanges. Maritime cooperation was in fact in line with the U.S.-Japan Defense Guidelines that implicitly called for specific missions that required some degree of Japan-South Korea coordination.

The subsequent military exchanges between South Korea and Japan have been active, particularly in 1999 and 2000. Besides the regular meetings in information exchange and other military/security related issues, emergency contact channels were established in 1999 between South Korea's Defense Department and Japan's Defense Agency, South Korea's Navy and Japan's MSDF, and between South Korea's Air Force

and Japan's ASDF. In August 1999, the naval forces of the two countries held for the first time joint search and rescue exercise for peaceful purposes off Cheju Island. In May 2000 defense ministers of the two countries agreed to regularize the visits at the Joint Chief-of-Staff level and also agreed to have South Korean officers of all three forces sent to Japan's Defense College.

But the Kim-Obuchi joint statement notwithstanding, the recent row over the textbook controversy, Prime Minister Koizumi's Yasukuni Shrine visit, and the fishery dispute off the Northern territories has rapidly pulled the bilateral relations to new lows in the post-1965 period. The textbook controversy, in particular, has had the effect of arousing raw emotions in South Korea. And this is playing right into the hands of media sensationalism and, more significantly, domestic politics. Not that the policy choices the Koizumi government has made should in any way be excused, the internalization of the controversy for South Korean domestic political consumption may result in the prolongation of the bilateral squabble. So caught up in the vengeful mood, the common threat that saw to the earlier cooperation – North Korea – no longer seemed pertinent.

For now, the co-hosting of the FIFA World Cup 2002 has dampened the negative effects. Both sides are focused on successfully staging this magnificent sporting event. The occasion has also provided venues to stage cultural events that could expose the two peoples to each other without the colonial stigma. The best outcome could be the increase in the appreciation of the other's culture, thereby reducing prejudice and discrimination. Whether these effects will take place, and indeed whether they will have a positive spillover in the broader bilateral relations will be a test of the level of maturity of each country's adoption of genuine democratic principles.

V. THE PRESIDENTIAL ELECTION

For the first time in South Korea's political history, primaries were held to choose the presidential candidates. The outcome has been surprising, to say the least. The primaries have allowed for an interesting phenomenon to take the political center-stage – the "Roh Moo-hyun Wind". Hardly considered as a *bona fide* presidential material, Roh,

a labor lawyer turned politician, overturned all earlier predictions by sweeping across the primaries to win the ruling party nomination. Playing to his populist image as a reformer, commoner, and a representative of generational change in South Korea, his popularity, especially amongst those in the 20s and the 30s, soared to clip in the polls his opposition candidate, Lee Hoe-ch'ang, by well-over 20 % at some points. Although the gap has closed to single digit in recent weeks, Roh's stellar popularity – never mind its longevity – has warranted socio-political analysis to explain why this was happening.

Roh has been very clever to create a political platform that targeted as its supporters those who have become disillusioned with the so-called "establishment", mainstream, or the ruling elites. As someone in the mid-50s, he also played himself as the only viable alternative to the "three-Kim" era that has spanned over four decades. He appeared different, genuine, and fresh. But as his popularity grew, and the likelihood of him becoming the president increased, his ideas and positions have come to be scrutinized. And increasingly, he's been found to be "too radical" and his ideology too leftist. The interesting thing is that such criticism has engendered a national debate on ideological roots and identity of South Korea, touching on practically all the important issues including the U.S. military troops in South Korea, the National Security Law, management-labor relations, privatization of state-run corporation, etc.

With a sense of urgency ushered in, the "conservative" elements have been awakened to resist the political inroads as made by the "leftist" elements in a society that has traditionally been conservative, which was in a large part a reflection of South Korea's anti-communist identity. The end result is that South Korea, as it heads off towards the presidential election, finds itself divided not only regionally, but arguably ideologically as well. Also to be noted is the generational divide between the two main candidates with Roh commanding greater support amongst those under 40 and Lee amongst those over 40. The mix of factors that will determine the outcome of the presidential election is indeed intriguing. What may be even more intriguing is the thought that the outcome, i.e., depending on who wins, could very well result in the emergence a widely different South Korea.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

CS 4(b)

CONCURRENT SESSION FOUR
Tuesday, 4 June 2002, 1600 –1730 hrs

THE KOREAN PENINSULA: LATEST KEY ISSUES

“Fundamental Approach to Security Issue on the Korean Peninsula”

by

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the 1990s, the number of people who have been employed in the public sector has increased in all countries. The increase has been particularly large in the United Kingdom, where the public sector has grown from 12.5% of the economy in 1970 to 20.5% in 1995.

There are a number of reasons for this increase. One is the growth of the welfare state, which has led to an increase in the number of people employed in the public sector. Another is the growth of the public sector in the services industry, which has led to an increase in the number of people employed in the public sector.

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FUNDAMENTAL APPROACH TO SECURITY ISSUE ON THE KOREAN PENINSULA

(Mr. Kim Tong Je. Senior Researcher.

Institute for Disarmament and Peace. D.P.R.K)

Greatest changes took place, which had been unimaginable in the inter-Korean relations, in the last two years since the historic inter-Korean Summit Meeting was held in June, 2000 and the June 15 North-South Joint Declaration declared in Pyongyang.

It has been highlighted by on-going inter-Korean multifarious talks such as ministerial-level talks, Red Cross talks and military talks and reciprocal visits of separated families and relatives, exchanges and cooperation in various fields of society, the economy and culture.

Contrary to the heightened north-south relations, the security situation on the Korean peninsula remains so unstable that nobody can predict what may happen in whatever time.

Having brought the DPRK-US talks to a rupture by the hard-line hostile policy against the DPRK, the present US administration listed our Republic as a part of the "Axis of Evil" and broke down even the fundamental basis for talks by rebuffing our system and pulling up over even the supreme headquarters.

At the same time, the US, after designating the DPRK for the target of its pre-emptive nuclear attack, is coming with its pronounced military threat against us while launching all kinds of large-scale military exercises and augmenting force of arms in south Korea and around the Korean peninsula.

The US hard-line policy to stifle the DPRK put, in the long run, the brake on the north-south talks.

All the facts show that lasting peace and security on the Korean peninsula hinges entirely on the solution of the fundamental question.

Peace and security on the Korean peninsula is the unanimous desire of all the Korean people.

The security issue on the Korean peninsula is an important one related to peace and stability of the world, not to speak of the Asia-Pacific region in view of the geo-political place taken by the Korean peninsula.

What is the fundamental solution for achieving lasting peace and security on the Korean peninsula?

1. In order to achieve lasting peace and security on the Korean peninsula, it is imperative to pose reunification as an immediate task and speed up its realization.

Division of our country into the north and the south by outside forces gave rise to the security issue on the Korean peninsula.

Hence, the solution of security issue on the Korean peninsula to the roots necessitates reunification.

It is impossible to solve the security issue on the Korean peninsula to the roots by the instrumental exchange and cooperation; even if the security affairs improves to certain extent, this might have changed for the worse at any time by small impact from the outside.

Such instances were taken in the past north-south relations, which was true in case of other countries.

For the sake of your better understanding, we can compare this with the medical treatment.

In order to cure a disease, it is necessary to correctly diagnose and cure the cause of illness. Dissipating the syndrome will be vain to cure the disease.

For instance, a patient with stomach cancer; if he takes pain-killers to relieve of pain and digestives for indigestion, without performing surgical operation, he can not be cured of the disease and finally dies of this.

The solution of the security issue on the Korean peninsula is likened to on how to cure a person of a disease.

That is why, I believe that the reunification is a prerequisite to lasting peace and stability on the Korean peninsula.

Thus comes the question of whether reunification is possibly achieved immediately on the Korean peninsula, to which I reply it is quite possible.

This is because:

- Reunification is the uppermost cherished desire of the entire Korean people
- The north and the south of Korea have the most fair and aboveboard, realistic principles and solutions for national reunification – the July 4 North-South Joint Statement and the June 15 North-South Joint Declaration.

□ The principle of national reunification is the three principles – independence, peaceful reunification and great national unity.

In May, 1972, the great leader President Kim Il Sung met the south Korean representatives on a visit to Pyongyang to attend the north-south high-level political talks and laid down the three principles of national reunification, which was declared by the north and south to the world in the North-South Joint Statement on July 4, 1972.

The three principles of national reunification were reassured at the inter-Korean summit meeting in June, 2000.

I wish to confine myself to explaining why it is so important to stick to the principle of national independence.

This is because:

- The Korean nation is the master of reunifying the divided country
- The Korea's reunification is for the Korean nation from A to Z and those who will live in the reunified Korea are the Korean people.
- Korean people pooling the strength of the Korean people cherishing the desire for national reunification renders it

possible to realize national reunification in line with the interests and desire of the Korean nation

- Independent reunification of the Korean peninsula is able to providing interests of neighboring countries on an equal basis and ensure lasting peace and security on the Korean peninsula

Half-a-century-long history of partition substantiates that the intervention of outside forces in the reunification issue creates difficulties and complexity in materializing the reunification cause.

Therefore, the Article 1 of the historic June 15 North-South Joint Declaration stipulates: "The north and the south agreed to solve the question of country's reunification independently, by the concerted efforts of the Korean nation responsible for it."

□ Next, I would like to tell about the proposal of founding a reunified state of federal form.

In October, 1980, the great leader President **Kim Il Sung** set forth the "Proposal for Founding the Democratic Federal Republic of Koryo", a federal reunification that the country should be reunited by founding a Federal Republic through the establishment of a united national government on the condition that the north and the south recognize and tolerate each other's ideas and social systems, a government in which the two sides are represented on an equal footing and under which they exercise regional autonomy with equal rights and duties.

President **Kim Il Sung** later further elaborated the reunification proposal in the idea of completing on a step by step basis the federal reunification proposal in such a way as to endow more rights to regional autonomous governments under the federal government on a provisional basis and enhance the function of the latter in the future.

The proposal is the most fair and aboveboard, rational and realistic one.

This is because:

First, this reflects most correctly the reality in which there are different systems in the north and south,

In case national reunification is realized through the federal formula, the regional governments can exercise independent politics respectively with equal rights and duties.

As a result, the difference in the idea and system can not be problem at all, which enables us to maintain the principle of co-existence of neither side conquering or being conquered by the other side.

When we go for reunification through federation, it is possible to make political, legal and systematic arrangements under which the two systems can co-exist legally in the framework of a reunified state.

The problem of military guarantee in securing peace is resolved for itself.

Second, this proposal incorporates most fairly the interests of the north and the south.

This proposal defined it as the principle of organization and composition of the federal state to found a unified national government represented equally by the north and the south and laid it down as the function of the federal state to respect and defend the interests of the whole nation alike.

The principle of impartiality is embodied in the operation of the federal state and rights and duties of the federal government and regional governments are stipulated on the principle of impartiality.

Thus it will not encroach upon or jeopardize interests of any class, strata or political parties in the north and the south in the federal state.

Third, the reunification proposal through the federal system is conformed to the interests of the neighboring countries and the rest of the world as well as to the desire of the world peace-loving people.

Since the regional governments of the north and the south exercise independent policies under the guidance of the federal

government, the neighboring countries can maintain intact many respects of what they have now in the north and the south.

Article 2 of the historic June 15 North-South Joint Declaration stipulates that "The north and the south, recognizing the low-level federation proposed by the north and the commonwealth system proposed by the south for the reunification of the country have similarity, agreed to work together for reunification in this direction in the future."

The low-level federation established in the North-South Joint Declaration is based on the great principle of one state, one nation, two systems and two governments, under which the two regional governments are entitled to maintain intact the present functions and rights including the political, military and diplomatic ones, on top of which a national united mechanism is organized to coordinate the common national interests.

The common denominator of the low-level federation and the commonwealth system is for the north and the south to complete reunification step by step while keeping intact the present respective authority and rights.

If reunification is realized in the form of federal formula, our country will be an independent and neutral one.

After all, it means that the institutional arrangement is solidly made to ensure lasting peace on the Korean peninsula.

What calls into question is what approach and attitude both sides will take in making efforts for the realization of reunification.

The respected General Kim Jong Il has worked heart and soul to achieve national reunification at an early date, true to President Kim Il Sung's lifetime intention.

On August 4, 1997, he made public the works titled "Let us thoroughly implement the lifetime teachings of the great leader Comrade Kim Il Sung on national reunification", in which he defined "the Three Principles of National Reunification", "the Proposal for Founding the Democratic Federal Republic of Koryo", and "the 10-Point Programme

for the Great Unity of the Whole Nation for Reunification of the Country” put forward by the great leader President **Kim Il Sung** as the Three Charters for National Reunification and clarified the broad-minded and magnanimous position to work together with anybody who turn out for national reunification with national conscience.

On April 18, 1998, he published the works titled “Let Us Achieve the Independent and Peaceful Reunification of the Country through the Great Unity of the Whole Nation”, in which he laid down the Five-Point Policy of Great National Unity, and reiterated the position to unite with the south Korean ruling circles, personages of the government and opposition parties, big capitalists and military generals under the banner of great national unity, if they value the national common interests and desire national reunification.

Thanks to the respected General's idea of national independence and patriotic bold decision, on April 8, 2000, they saw the historic North-South Agreement on holding the North-South Summit Talks on the basis of reconfirmation of the Three Principles of National Reunification, which resulted in the historic Pyongyang meeting on June 13, 2000, and subsequently the adoption of the historic North-South Joint Declaration, the great programme of national reunification on June 15: This has opened a bright prospect for improving North-South relations and realizing national reunification by the Koreans themselves.

If Korea is reunified through federation formula, the issue of security on the Korean peninsula will be drastically resolved.

2. If durable peace and security is to be achieved on the Korean peninsula, it is imperative for the U.S. to renounce its anachronistic hostile policy against the DPRK and withdraw its forces from south Korea.

Despite the improved North-South relations since the publication of the North-South Joint Declaration, the security situation on the Korean peninsula remains still unstable, the main reason of which is the U.S. hostile policy against the DPRK.

Therefore, if a decisive turn is to be made in resolving the issue of security on the Korean peninsula, the U.S. must give up its anachronistic hostile policy against the DPRK and move towards improving relations with the DPRK.

Withdrawal of the US forces from south Korea is a pressing issue in the DPRK- US relations.

It' s all due to US troops stationed in south Korea that our nation is divided, suffering a tragedy of fratricidal war, not reunified over half a century and the Korean peninsula remains the world' s hottest spot fraught with the biggest danger of war.

□ The US forces stationed in south Korea is the force of war hindering the Korean reunification and threatening our Republic by force of arms.

When the beginning of the 90s witnessed the inter-Korean dialogue going on a full scale and the North-South Agreement brought about a decisive phase of reunification, the US resumed the suspended joint military exercises "Team Spirit" to break the North-South dialogue and rendered it impossible to implement the North-South Agreement.

Even after the announcement of the June 15 North-South Joint Declaration, the US staged large-scale military exercises in succession under various names such as the "Reception, Staging, Onward Movement and Integration" exercises and "Fowl Eagle" exercises with the mobilization of US troops stationed in south Korea to cool the favorably developing North-South relations for reconciliation and unity and reunification.

Only in the last decade alone, the US forces stationed in south Korea perpetrated military acts against the DPRK on more than 438,000 occasions.

The US made south Korea a logistics base by constantly shipping into south Korea all kinds of modern armaments and aggravating arms race in and around the Korean peninsula.

Though the US is describing its troops stationed in south Korean as a "deterrent of war", fussing about our "military threat", it is a far-fetchedness, in the light of the reality of the North-South relations today.

All facts clearly prove that the US troops stationed in south Korea is none other than armed forces supporting the US hard-line policy to suffocate the DPRK by dint of strength and a main factor keying up the situation on the Korean peninsula and in the region.

□ The withdrawal of the US forces is a duty that the US should implement without condition.

- It is a principle approved by international laws to put an end to hostile relations between the belligerent parties and withdraw their forces to normalize the relationship after war.

All the other countries who entered the last Korean War under the name of the "UN Forces" have already withdrawn their armed forces from south Korea.

- The stationing of the US forces in south Korea also contradicts the Armistice Agreement envisaging pullback of all foreign forces from the Korean peninsula.
- This conflicts with the resolution of the UN General Assembly.

The 30th session of UN General Assembly adopted the resolution No.3390B sponsored by the DPRK . calling for disbanding the "UN Command" in south Korea and withdrawing all foreign troops therefrom.

The resolution No. 3390A sponsored by the US side predicts that the US forces are withdrawn after the arrangements are made for securing peace.

We can say that the arrangements are fully provided with the adoption and the coming into force of the "Agreement on Reconciliation, Non-aggression and Cooperation and Interchange between the North and the South" in February 1992, the adoption of the DPRK-US Agreed Framework on October 21, 1994 and the publication

of the historic North-South Joint Declaration in June 2000.

- The stationing of the US forces in south Korea is the product of the Cold War, which should be resolved with the demise of the Cold War.

□ The US forces' pullout is the core in confidence-building which stands in favor of the improvement of the DPRK-US relationship.

The DPRK and the US are still in the hostile belligerent relationship.

Without putting an end to this belligerent relationship, it is impossible to achieve durable peace and security on the Korean peninsula.

When the US forces withdraw from south Korea, a peace agreement will be concluded and the belligerent relations lasting for half a century terminated, and all the pending problems existing between the two countries boil down to be resolved.

Nowadays in south Korea, the voices of demanding the US forces' withdrawal are mounting higher and the voices of recognizing the validity of the US troops' withdrawal are aired also in America.

The US should create favorable situation for reunification and security of the Korean peninsula by withdrawing its troops from south Korea.

This will also favor the interests of the US strategy.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 5(a)

CONCURRENT SESSION FIVE
Tuesday, 4 June 2002, 1600 –1730 hrs

**“U.S. SECURITY POLICY POST-911 IN THE ASIA PACIFIC
REGION”**

“United States Security Policy Towards Northeast Asia After 9/11”

by

Dr. Ronald Montaperto
Dean of Academics
Asia Pacific Center for Security Studies
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United States Security Policy Towards Northeast Asia After 9/11

Ronald N. Montaperto
Dean of Academics
Asia-Pacific Center for Security Studies*

for
Concurrent Session V on "U.S. Security Post 911 in the Asia Pacific Region"
16th Asia-Pacific Roundtable
Kuala Lumpur, Malaysia June 2-6, 2002

INTRODUCTION

This paper begins with a discussion of United States security policies with respect to Northeast Asia prior to the events of September 11, 2001 (9/11). Examples are drawn from the record of specific relations with China, Japan, the Democratic People's Republic of Korea (DPRK), the Republic of Korea (ROK), and to a lesser extent, Taiwan. Analysis then turns to assessing the impact of the events of 9/11 on those patterns of relations. The essay concludes with an effort to identify trends that might be expected to persist over the next three to five years or so.

THE UNITED STATES APPROACH

Washington's pre-9/11 security policies for the region, and, indeed its security policies generally, are better understood if they are viewed against a backdrop of continuing discussion, debate, and competition within the administration. The internal debate involved, and arguably continues to involve, competing, divergent positions on basic assumptions about desired ends and appropriate means. Because no one side is able to prevail over the other, United States regional policies contain elements drawn from the positions of both sides. The result is that U.S. policy often reflects an apparent mix of approaches and measures that can make it difficult for regional security analysts to assess Washington's intentions, particularly in the longer term.

The sources of this debate are well known and do not require great elaboration here. At the risk of oversimplification, one approach emphasizes the importance of alliances and friends as the foundation of a regional security architecture that benefits the region as a whole. Following from this assumption, proponents of this view hold that United States interests are best served by managing differences between the U.S. and its allies and friends in ways that strengthen the cohesiveness of key bilateral ties. Multilateralism is viewed with skepticism. Although coalitions are acknowledged as desirable, and even essential under certain circumstances, their success or failure is judged to be directly related to the health and vigor of the individual sets of bilateral ties on which they are based.

*The views expressed in this article are those of the author and do not reflect the official policy or position of the Asia-Pacific Center for Security Studies, USCINCPAC, the U.S. Department of Defense, or the U.S. government.

An alternative view downplays the utility of alliance approaches and assigns greater weight to developing the capabilities that will make it possible for the United States to meet and master, alone if necessary, any challenge to its vital national interests. Allies and friends are to be cultivated and acknowledged. However, given the great and growing disparity between American capabilities and those of any allies or potential allies, ultimately U.S. security is best guaranteed by using America's overwhelming power to structure an environment in which it remains unassailable. Allies and friends may contribute as they can and are entitled to maximum security benefits from their association with Washington, but in the end the United States will bear the major burden on its own shoulders.

UNITED STATES POLICIES PRIOR TO 9/11

China

Competing policy interests aside, immediately on assuming office, the Bush administration indicated a strong determination to put distance between itself and Beijing. Citing China's proliferation behavior, its human rights record, and its stand towards Taiwan, as providing a the basis for its actions, the United States evinced considerable skepticism about Beijing's long-run intentions for relations with the U.S. Washington also made it known that, unlike the previous administration, the U.S. government would henceforth reduce the significance of China in the American security calculus and instead treat America's traditional Northeast Asian alliance partners, Japan and the Republic of Korea, as the focal points of its approach to Northeast Asia. Third, the administration implemented a series of policy changes designed to rectify what was judged to be a major imbalance in the level of attention and support directed towards Taiwan. Finally, Washington signaled its view that trade could provide a basis for future bilateral developments and seemed prepared to trade "strategic partnerships" for more developed economic ties.

It is worth noting, however, that at the same time, there was within the administration a more or less continuous counterpoint, exacerbated by the EP-3 incident, that was far more critical of Chinese behavior and which advocated a stern posture relative to Beijing. Nonetheless, on the eve of the 9/11 events, the broad outlines of Washington's goals for Beijing were relatively clear.

The DPRK

Washington's relations with Pyongyang reflected a broadly held belief that the previous administration had been far too accommodating in relations with North Korea and that despite food and energy aid the North was not responding with measures to reduce the conventional threat. There was, accordingly, a concomitant determination to arrest what was considered to be a disturbing trend. Engagement with the North was made contingent upon movement on issues of importance to Washington: an end to Pyongyang's proliferation policies, conventional threat reduction, and a willingness to talk directly with Seoul. The objective of U.S. policy was to present Pyongyang with a choice: either accept American concerns and do what is necessary to justify continued engagement by the United States or face continuing isolation and, by logical inference, new levels of opposition.

United States objectives for relations with Japan received much attention during the run up to the election and immediately afterwards. Initially, the outline contained in the "Armitage Report" seemed to set the trajectory for the future. The importance of the alliance was to be increased greatly, Japan was to assume new and expanded roles and missions, and Tokyo would also develop new capabilities. Although later political and economic developments in Japan itself caused a partial retreat from the objectives first announced in the Report, these were largely a matter of degree. Accordingly, expectations about pace, scope, and intensity were revised downwards, while the ultimate vision remained largely unchanged.

Reflecting the determination to offset concerns about U.S. relations with Beijing, restore Japanese confidence in the durability of the U.S./Japan connection, and reaffirm the centrality of the United States/Japan Mutual Security Treaty in the U.S. strategic approach to the region, U.S. policies were intended to encourage Tokyo to enhance its security role throughout the Asia Pacific. This included both the enhancement of existing capabilities and the acquisition of new ones as well. Japan and the alliance were seen as invaluable tools in maintaining deterrence on the Korean Peninsula and as an integral element of a developing hedge against China and the goals of U.S. policy were to bring this about.

The Republic of Korea

Prior to 9/11 United States relations with the ROK were focused on arresting what appeared from Washington's perspective to be a dangerous and risky approach by Seoul to the North. Politically, the U.S. wanted to shift the ROK away from a policy Washington judged to be all together too conciliatory. Arguably, the objective was not to sabotage the Sunshine Policy but rather to impose upon Seoul a degree of discipline and realism that Washington felt to be lacking. However, in the event, the result of Washington's action was to place a major obstruction in President Kim's path and effectively arrest movement towards the North.

There was also a strategic and military component to Washington's policy approach. Stated simply, the U.S. was concerned that in their planning for future contingencies and force structures, ROK strategists were ignoring the continuing and even increasing severity of the North Korean conventional threat in favor of creating a military force that would be effective in securing a regional role for a united Korea. In the view of the Bush administration, the ROK government was engaged in a premature and untimely effort to redefine the security alliance away from deterring and defeating a North Korean military attack and towards securing for a new Korean nation a broad role in sustaining regional stability. The issue was not that the administration was necessarily against such a course at an appropriate time in the future but rather that in focusing on the future, the ROK was working against its own best security interests as well as those of the United States.

THE IMPACT OF THE EVENTS OF 9/11 ON US POLICY IN NORTHEAST ASIA

The events of 9/11 affected United States policies in the sub-region in two important ways. First, the automatic determination to react in a united manner to the terrorist attacks immediately negated, at least temporarily, any tendencies towards disagreement within the administration. Debate over such issues as China, military transformation, the role of alliances,

and missile defense immediately ceased as Washington mobilized for the "Global War Against Terrorism." Cooperation and coalition building became the order of day.

Second, although the increase in Northeast Asia was not as great as in the South and Southeast Asian sub-regions, U.S. leverage with respect to all of the actors of Northeast Asia increased significantly. Washington found itself in an advantageous position as China, Japan, the Republic of Korea, and Taiwan immediately identified themselves with the anti-terrorist forces. Even the DPRK sought to distance itself from and preempt any effort to identify it with global terrorism.

China

Washington's relations with Beijing remain essentially unchanged. United States policy continues to reflect the pre-9/11 pattern of general skepticism about Beijing's intentions in the long run and a desire for ties based mainly on trade rather than on "strategic" cooperation. At the same time, the negative counterpoint, manifested mainly by a greatly constricted set of military-to-military relations continues. Clearly, the expectation expressed in some quarters that the "Global War Against Terrorism" would provide a basis for redefining and restructuring the relationship did not materialize.

In fact, if the US relationship with China is competitive in nature, then the events of 9/11 have enabled Washington to gain some strategic advantage over Beijing whose position relative to the United States has declined. For example, the United States is now present militarily in Central Asia; the Shanghai Cooperation Organization – China's major vehicle for contact with the nations of the region and its major instrument of influence – has been sidelined for the time being; Washington has strengthened its ties with China's south Asian "all-weather friend," Pakistan and is simultaneously constructing a relationship with India that does not necessarily augur well for future Sino Indian relations. Finally, the United States relationship with Russia has expanded dramatically. Clearly, Moscow has decided that its interests are better served by a broad and deep relationship with the United States.

The DPRK

In the wake of the events of 9/11 United States relations with the DPRK hit a new low. The effect of the "axis of evil" connection enunciated in President Bush's State of the Union Address was to firmly link global terrorism with North Korea's wmd proliferation activities. The administration flatly rejected Pyongyang's effort to preempt potential U.S. actions by distancing itself from the attacks on the World Trade Center and deploring terrorism in general and in doing so laid the groundwork for increasingly confrontational measures should the U.S. consider them to be appropriate.

Clearly, engagement with the North by Washington has been rendered more difficult. Also, the U.S. response to the North in the aftermath of 9/11 makes it extremely unlikely that any further progress in Seoul's efforts to engage with the North can be achieved until after the upcoming election. More to the point, the U.S. reaction probably encourages anti-engagement forces within the Republic of Korea and may even be a major factor in efforts by a successor government to end the process entirely.

At first glance, Tokyo's policies in the immediate aftermath of the events of 9/11 seemed to suggest success for Washington's policy of encouraging Japan to expand its role in the security affairs of the region. Tokyo's response was swift and in many ways exceeded the expectations of even the most optimistic practitioners and scholars. Tokyo dispatched elements of the Maritime Self Defense Force to the Indian Ocean and at the same time undertook to expand and rationalize the role of the Self Defense Force as a whole to act at home in the case of major emergencies. The Japanese also actively sought a role in the reconstruction of Afghanistan and, in like manner, seemed determined to use the need to meet the requirements of fighting terrorism as a rationale for achieving even deeper levels of involvement. In a sense, the United States had reason to be pleased and held justifiably positive hopes for the future.

These hopes have yet to materialize fully, however. The reasons are not difficult to identify and spring directly from the well-acknowledged faults in the structure of Japanese political and economic institutions. Japan's political leadership is unable, and in the view of many analysts unwilling to take the steps necessary to mobilize political opinion in support of measures designed to restore Japan to economic health; similar difficulties exist with respect to efforts by Tokyo to emplace the political and legal measures required to meet the expectations for greater involvement in regional security affairs. Hence, in the case of Japan, the impact of the events of 9/11, despite some progress, has not been dramatic enough to overcome long-standing obstacles to change. As a result, U.S. officials are likely to face continued frustration as they seek to achieve their objectives.

The Republic of Korea

United States relations with Korea are in a suspended state. Engagement with the North was the defining feature of the Kim Daejong government and as argued above, the U.S. linkage of Pyongyang with global terrorism makes it extremely difficult to achieve any permanent gains. The impending presidential election, in which relations with the North are shaping up to be a major issue, has a similar effect. The future course of US relations with the ROK will be greatly influenced by the result of that election.

LOOKING AHEAD

The United States

September 11, 2001 was for the United States a defining experience. Years will pass before the impact of that day on American society and on the United States policy process is understood fully. However, it is possible to hazard one or two generalizations.

First, it seems clear that the differences within the administration over ways and means are likely to persist. The differences between alliance advocates and those who favor more unilateral approaches have yet to be worked out. Arguably, prior to September 11, that working out process was well underway, but not yet nearing conclusion and, although the need to prosecute a war against a new kind of enemy forced a halt to the internal competition, that halt was only temporary. The competition will continue. Hence for another year or so, U.S. policies in Northeast Asia and elsewhere are likely to continue to reflect elements of the preferences of both sides of the issue.

Second, terrorism, despite its power as a force for focusing the energies of the American people and their elected officials, has not removed any previously extant issues from the United States security agenda. More specifically, making common cause against terrorism will not prevent Washington and Beijing from continuing to disagree over Taiwan, proliferation, and human rights. Similarly, as has been argued, in the case of the Korean peninsula terrorism is likely to continue to be a complicating factor in U.S. relations with both Pyongyang and Seoul. Further, from the U.S. perspective, the complications will not be resolved until the North makes some movement on threat reduction, wmd proliferation, and on meaningful engagement with the ROK.

Nonetheless, counter terrorism will continue to be a defining feature of U.S. policy in the sub region. And, to the extent that it remains so, as in Korea, Washington runs a risk of separating itself partially from the nations of Northeast Asia. This is not to suggest that Chinese, Japanese, or Korean officials are in any way insensitive to American concerns or that they will not cooperate fully in the counter-terrorism effort. It is, rather to suggest, that officials in Northeast Asia – and in the region as a whole – do not focus as intensely on the issue as their American counterparts. That too is likely to be a source of tension for the next few years.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 5(b)

CONCURRENT SESSION FIVE
Tuesday, 4 June 2002, 1600 –1730 hrs

U.S. SECURITY POLICY POST-911 IN THE ASIA PACIFIC REGION

“United States Security Policy Toward the Subcontinent After 9/11”

by

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the 1990s, the number of people with a disability in the United States has increased by 25% (U.S. Census Bureau, 2000). The number of people with a disability in the United States is expected to increase to 35% by the year 2010 (U.S. Census Bureau, 2000).

As the number of people with a disability increases, the need for accessible information and services also increases. The Americans with Disabilities Act (ADA) of 1990 (Public Law 101-354) is the first federal law that prohibits discrimination against people with disabilities. The ADA requires that people with disabilities have the same opportunities as people without disabilities. The ADA also requires that people with disabilities have the same access to information and services as people without disabilities. The ADA is a landmark law that has helped to improve the lives of people with disabilities. The ADA has helped to ensure that people with disabilities have the same opportunities as people without disabilities. The ADA has helped to ensure that people with disabilities have the same access to information and services as people without disabilities.

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United States Security Policy Toward the Subcontinent After 9/11

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for

Concurrent Session V on "U.S. Security Policy Post 9/11 in the Asia Pacific Region"

16th Asia-Pacific Roundtable

Kuala Lumpur, Malaysia June 2-June 6, 2002

Introduction

The subcontinent is back on the United States' policy agenda. During the first decade after the Cold War's end, India and Pakistan were largely left to fend for themselves, and the United States was pre-occupied with cataclysmic changes in the then Soviet Union and Eastern Europe. At the end of that decade, however, India and Pakistan asserted new claims to American attention. India, then Pakistan, exploded several nuclear devices in May 1998. A war between the two antagonists the next summer further ratcheted up tensions. A bloodless military coup in Pakistan in October 1999 completed an especially tumultuous period even by the subcontinent's standards. In April 2000, then President Bill Clinton visited the two countries, albeit for only a few hours in Pakistan. The U.S. re-engagement with the region was not only a nod to these disturbing proximate developments however. Underlying it were three broad considerations, including the role of China in the subcontinent specifically and Asia generally, concerns about the future viability of Pakistan, and more positive perceptions about India, including the prospects for relations with that country.

In this mix of U.S. policy considerations about the subcontinent the Bush Administration took office. A number of planned policy initiatives by the new republican administration appeared to augur increased attention to the subcontinent. The stated hallmark of this attention was to be a "transformed" United States-India relationship. It was in this context of U.S.-Subcontinent relations that terrorists attacked New York and Washington, D.C. on September 11, 2001.

This brief paper addresses U.S. policy in the subcontinent on the eve of the 9/11 attacks, the impact of the attacks on U.S. policy towards India and Pakistan, and finally the challenges and outlook for U.S. policy in this region.

The U.S. & The Subcontinent Prior to 9/11: Where We Were

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The Bush administration promised more attention to South Asia than in the past. Specifically, it took office committed to what U.S. ambassador to New Delhi Robert Blackwill has called a “big idea”; namely, “transforming” American relations with India.¹ The administration made known its intentions to relax sanctions imposed on India after its nuclear tests, revive defense cooperation including possible military equipment sales, expand economic ties, and “intensify collaboration with India on the whole range of issues that currently confront the international community write large.”²

Officials in the administration made clear, however, that Pakistan would not be ignored entirely. On July 10, 2001, the Commander-in-Chief U.S. Pacific Command (CINCPAC) Admiral Blair stated that US “military relations with India will not take place at the expense of relations with Pakistan. We do not intend to shift from being seen as a friend of Pakistan to being seen as friend of India.” And in late August, Assistant Secretary Rodman was quoted as saying “Our relationship with Pakistan is valuable to us. And I don’t think this administration is going to lose sight of that.” **Despite these qualifications, the predominant emphasis of the administration’s policy was improving ties with India, not Pakistan.**

Another feature of the Bush administration’s approach towards the subcontinent, closely related to the first priority of enhancing relations with India, was a move away from U.S. censure and demands for nonproliferation “milestones” India (and Pakistan) must meet (e.g., signing the Comprehensive Test Ban Treaty or CTBT) to discussion of President Bush’s proposed “new strategic framework”, including national missile defense. India’s response to President Bush’s May 1, 2001 speech on missile defense was extraordinary in its swiftness and seeming receptiveness. However, in the astonishment abroad (and controversy within India) that attended Delhi’s response, the ambiguities of India’s actual position towards key elements of President Bush’s plan, including abrogation of the Anti-Ballistic Missile Treaty of 1972 (ABM) and deployment of national missile defense (NMD) were glossed over. In fact, India opposed US unilateral abrogation and did not explicitly comment on NMD deployment. Still, Washington received India’s comment that it “believes that there is a strategic and technological inevitability in stepping away from a world that is held hostage by the doctrine of MAD to a cooperative, defensive transition that is underpinned by further cuts and a de-alert of nuclear forces” enthusiastically. The Bush Administration dispatched Deputy Secretary of State Richard Armitage to New Delhi for further consultations, making India one of a select handful of “friends and allies” with which the Administration discussed its intentions. Late in the year, when the Bush Administration formally announced its decision to abrogate the ABM, there was nary a whisper from New Delhi despite its earlier, explicit objection to such a move.

¹ See the several speeches by Robert D. Blackwill including “Bush Administration Foreign Policy” (September 4, 2001), “The Future of US-India Relations” (September 6, 2001), and “The Transformation of US-India Relations: A Status Report” (February 26, 2002).

² Robert D. Blackwill, “The Future of US-India Relations” (September 6, 2001), p.2. For an analysis of this effort and its status as of the end of 2001 see Satu P. Limaye, “U.S.-India Relations: Visible to the Naked Eye,” *Comparative Connections*, 4th Quarter 2001.

How much the character of the nuclear dialogue between India and Pakistan had changed is also evident from US Ambassador Robert Blackwill's first major address on US-India relations in September. Embedding nuclear weapons issues in the middle of his speech (the sixth of twelve subheadings), the only thing he had to say about US views of India's nuclear weapons was that the US "has an equal interest in the shape and substance of India's nuclear policy. This mutual preoccupation by our two countries seems entirely natural since each capital wants to be sure that the other takes no steps in the nuclear arena that could destabilize strategic and regional instability." The statement implied no question of India possessing nuclear weapons and acceded India's right to have an "equal interest" in US nuclear weapons policies. The remainder of Ambassador Blackwill's comments on nuclear weapons focused on US-India points of agreement regarding President Bush's "new strategic framework" proposal.

CINCPAC Admiral Dennis Blair couched the US move away from censure of and demands on India, as well as a de facto acceptance of India's nuclear weapons status, in more "operational" terms. Saying that the US has "some pretty strong views on the steps that India can take *now that India has developed nuclear weapons* [italics added] in terms of nonproliferation and safety of weapons and nuclear doctrine and so on," Admiral Blair suggested that the "US can work with India to keep those terrible weapons in as safe a conditions as they can." Blair also emphasized a cooperative approach to achieving US goals: "I think the goals have remained the same for a high nuclear threshold and no counter proliferation, and responsible attitudes towards the weapons themselves...But I think you'll see those goals reached by more cooperation with India rather than less."

A final key element of the Bush Administration's approach was to revive defense ties with India. Under Secretary of State Thomas Pickering, of the former Clinton Administration, it may be recalled, stated in April 2000 "We also cannot and will not be able to concentrate on military issues until there is substantial progress on non-proliferation." The Bush Administration, on the other hand, made clear that part of its "big idea" for US-Indian relations was "an expanding, intensified, focused, and mutually beneficial military relationship."

To this end, there have been numerous exchanges of high-level defense officials, as well as meetings on peacekeeping operations, search and rescue, disaster relief, environmental security and even a joint exercise. An important milestone was the mid-July 2001 visit of Chairman of the Joint Chiefs of Staff General Henry Shelton to India. He became the highest ranking US military official to visit India since its nuclear tests, and the first chairman of the JCS to ever visit India. Of particular significance was the announcement to revive the meetings of the Defense Policy Group (DPG), the key institution providing overall direction to defense cooperation between the two countries. Two meetings of the DPG have now taken place and in addition to a joint exercise near Agra, the U.S. has sold radars to India and India has signed a General Security of Military Information Agreement (GSOMIA).

In essence, the centerpiece of the Bush Administration's pre 9/11 subcontinent policy was to substantively improve relations with India through removal of sanctions, a de-

emphasis of differences on nuclear weapons issues, and the building of military ties while retaining basic lines of communication with Pakistan. It was in this context that the September 11 attacks occurred.

Impacts of the Events of 9/11 on US Policy in the Subcontinent: Where We Are

The events of 9/11 had a number of *short-term* impacts. **The most obvious impact was the increase of U.S. attention and engagement with the region.**

First, India's unsolicited offer of "full support" for US counter-terrorism, including offers to make available Indian military facilities for U.S. use, and Pakistan's decision to cease support for the Taliban and support the United States created a situation in which for the first time since their independence India and Pakistan both offered military and other assistance to a major U.S. strategic objective. This was not a smooth process. India's overtures to the U.S. did not receive an immediate U.S. response. The U.S. worked actively, and successfully to soothe Indian sensitivities during Prime Minister Vajpayee's visit to Washington. **In the end, the events of September 11 buttressed the Administration's efforts to improve relations with India not only in the general context of counter-terrorism—especially given New Delhi's fulsome offer of support, but also in part to assure India that the new relationship between Washington and Islamabad would not be allowed to interrupt or derail the progress in improving bilateral relations.**

Second, the U.S. immediately engaged Pakistan far more robustly and swiftly than would have occurred absent the events of 9/11. Again, the process was not smooth and it is fair to say that both the U.S. and Pakistan were compelled to cooperate out of necessity. Aside from debt relief, the U.S. voted to permit international financial institutions to aid Pakistan, and paved the way for other U.S. friends and allies to re-engage politically and economically with Pakistan. This engagement in turn provided the U.S. with considerable influence and leverage vis-à-vis Pakistan on domestic as well as national and regional security issues.

Third, the events of 9/11 provided the Bush Administration (and a favorable Congress) with the momentum and justification to waive sanctions on India and Pakistan. Prior to 9/11, relaxation of sanctions on India would have been a slow and difficult venture. Relaxation of sanctions on Pakistan would have been next to impossible. Though the Administration had repeatedly stated its intention to relax sanctions, it still had to complete the inter-agency process as well as negotiate with Congress that had been the author of the sanctions in the first place. Moreover, the Bush Administration's initial focus on sanctions relaxation was India, not Pakistan. As the Administration prepared to complete negotiations with Congress on the matter, Deputy Secretary of State Richard Armitage cautioned that the pace of progress would be "at a speed visible to the naked eye." Constraints on swift removal of sanctions appear to have been both internal to the State Department (Armitage himself said that "State Department experts want the sanctions to erode incrementally over four or five months instead of

eliminating them in one big bang”) and congressional. Indeed, a late July 2001 newspaper report claimed that some senior Democrats on the Senate foreign relations committee were upset that Armitage was being explicit about timeframes for lifting sanctions on India. And in an August 24 letter, Senator Joseph Biden, chairman of the Senate Foreign Relations Committee, wrote President Bush agreeing that sanctions have “outlived their usefulness” but linked a permanent repeal of sanctions, as opposed to a waiver, to further nonproliferation steps. In the event, negotiations between the Administration and Congress on these “nonproliferation steps” were rendered moot when terrorists attacked the United States on September 11, 2001. Within 11 days of the terrorist attacks on the World Trade Center and the Pentagon, however, President Bush issued a *Presidential Determination* waiving (but not repealing) sanctions on India and Pakistan. **If 9/11 had not occurred, it is quite likely that the matter of lifting sanctions would still be a matter of continuing debate within the US (e.g., between Congress and the Administration) and between the US and India, and the US and Pakistan.** Indeed, as late as September 6, just two weeks before sanctions were waived, U.S. Ambassador to India Blackwill cautioned that the Congress would have to be consulted fully on the matter and that the Administration would act “to be sure that no step it takes with respect to India and sanctions undermines the global non-proliferation regime.”

The short-term impacts of 9/11 on U.S. policy towards the subcontinent were to solidify and speed up trends already underway—though none of this occurred smoothly. The main dramatic exception was the altered U.S.-Pakistan relationship. In this sense, U.S. security policy towards the subcontinent in the short-term had been substantively altered though as I argue below, it is not clear that the U.S.-Pakistan relationship has been sustainably changed.

However, the revival of U.S.-Pakistan ties, the rise in India-Pakistan tensions resulting from dramatic attacks on the legislative assembly building in Sringar on October 1 and India’s national parliament in New Delhi on December 13, India’s military mobilization and India’s perception of US responses to these events threatened to undercut the centerpiece of the Bush Administration’s pre 9/11 strategy for the subcontinent: improvement of relations with India. These developments have also placed considerable pressure on U.S.-Pakistan relations.

Several aspects of the US response irritated New Delhi. First, US calls for restraint were criticized in India with the retort that the US had not exercised such restraint after September 11. Second, US calls, echoing those of Pakistan, for India to share evidence of Pakistani complicity as India charged, were rejected. A member of India’s ruling BJP party, Vijay Malhotra, responded saying “Did the Americans share their evidence with the Taliban on Al-Qaeda?” A third, and broader Indian criticism was that the US has double standards on terrorism. This sentiment was implicit in the Indian Ministry of External Affairs’ response to President Bush’s statement marking the 100th day after September 11. Though thanking Bush for condemning the attacks on India, it added “the obligation of all nations to join this battle *without adopting a selective approach* [emphasis added].” A fourth Indian criticism emanated from the otherwise positive US step of naming the LET and JEM as FTOs. India strongly objected to Secretary Powell’s

statement that the two groups' terrorism was aimed at both India and Pakistan. Even more troubling to Indians was President Bush and other Administration officials referring to the LET and JEM as "stateless" terrorist organizations, seemingly taking Pakistan off the hook for its past support to Kashmiri militants. A fifth Indian criticism relates to Administration praise for General Musharraf's anti-terrorism steps and nudge to India to acknowledge those steps. President Bush, for example, said "I'm pleased to note that President Musharraf has announced the arrest of 50 extremists or terrorists. And I hope that India takes note of that, that the president is responding forcefully and actively to bring those who would harm others to justice." Responding the next day, Prime Minister Vajpayee, brushed off President Bush's request to "take note" and reiterated that Pakistan must put an end to cross-border terrorism. Sixth, the Indian government was cool to the idea of the US sending a special envoy to the region. In an especially barbed comment, India's EAM Jaswant Singh retorted "The United States of America has missions in New Delhi and Islamabad. Unless the missions are not up to the task, I don't see the need for a special envoy." Finally, India continued to resist US entreaties to hold talks with Pakistan. Since the May 14, 2002 attacks on an Indian army camp in Kashmir, the tensions between India and Pakistan have risen even higher, and Indian criticism of the U.S. has become even more barbed. However, Indians simultaneously appear to recognize the U.S. discussions with Pakistan on the importance of reducing cross-border terrorism.

As to longer-term U.S.-India ties, however, some narrowing of differences is visible. First, after years of back and forth on the issue, two major militant organizations are now on the US terrorism list. And second, the US has brought pressure to bear on Pakistan, publicly, to restrain militant groups and to show progress on arresting their members. Third, the issue of terrorism is now squarely on the agenda of the US-India dialogue about what is happening in Kashmir, even if it represents only one aspect of the situation in the troubled region.

The U.S. today has more influence and leverage in the subcontinent than perhaps at any time previously. Less positive, the U.S. is confronted with the management of India-Pakistan tensions that detract from broader objectives.

Observations & Outlook for U.S. Policy: Where We Might Be Going

Several observations may be made regarding the outlook for U.S. policy in the subcontinent.

- First, notwithstanding Pakistan's *volte-face* regarding the Taliban regime in Afghanistan and support for U.S. counter-terrorism operations as well as the considerable degree of praise heaped on President Pervez Musharraf by the Bush Administration, the new United States-Pakistan relationship will remain tactical related to the operations in Afghanistan rather than evolve into a strategic alliance relationship. In particular, it is quite unlikely that the United States will transfer significant, high technology weapons to Pakistan as during earlier phases of close

political and security cooperation. The U.S. will also provide some economic assistance and debt relief to Pakistan.

- Second, notwithstanding improved United States-India relations over the past few years, differences regarding Pakistan, Kashmir and terrorism will serve as powerful constraints on the bilateral relationship. Moreover, while U.S.-India relations have been improving steadily, there remain a number of other constraints to the relationship. Still, the long-term prospects for U.S.-India relations are favorable, and they will not be shaped by events in South Asia, but wider concerns in Asia.
- Third, the United States has never had more influence and leverage with India and Pakistan than as a result of the events of 9/11. Washington has taken the lead in gaining debt relief for Islamabad, reviving contacts with other donors, and assistance from international financial institutions. Without this support, Pakistan's position would be much graver indeed. Had Pakistan maintained its pre 9/11 posture vis-à-vis Afghanistan and the Taliban, the rupture in U.S.-Pakistan relations would have been extremely serious. In the case of India, the U.S. is vital to India fulfilling its economic, political, security and diplomatic aspirations. Moreover, in a departure from the past, India now seeks if not U.S. mediation then at least U.S. involvement in restraining Pakistan and militants in Kashmir.
- Fourth, past characterizations of U.S. policy towards India and Pakistan (i.e., balance, tilts, hyphens, onlys, firsts and "separate vectors") are inadequate but a new formulation will be difficult to devise. Long-term, structural imperatives favor a substantively improved relationship with India while maintaining a political, economic and diplomatic relationship with Pakistan that serves U.S. interests and reduces regional tensions. However, India-Pakistan tensions will continue to complicate the movement.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 5(c)

CONCURRENT SESSION FIVE
Tuesday, 4 June 2002, 1600 –1730 hrs

U.S. SECURITY POLICY POST-911 IN THE ASIA PACIFIC REGION

“United States Security Policy Towards Southeast Asia After 9/11”

by

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United States Security Policy Toward Southeast Asia After 9/11

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Concurrent Session V on “U.S. Security Policy Post 911 in the Asia Pacific Region”
16th Asia-Pacific Roundtable
Kuala Lumpur, Malaysia June 2-6, 2002

Introduction

The US conception of Southeast Asia vis-à-vis its national interest altered dramatically after the end of the Vietnam War, and by the end of the Cold War superpower competition in the region had drawn to a close. Southeast Asia had become secondary in importance to the US conception of security in East Asia – some would say the region fell off the radar screen. However, Southeast Asia has continued to be regarded as important to US interests (and global stability), not least of all because of its proximity to some of the world’s most important shipping lanes for trade and transportation – especially the movement of the US military. Thus domestic stability in Southeast Asia, especially in Indonesia, has long been identified as a desirable goal. General peace and stability in the region has also occupied attention in Washington, and actively expressed through involvement in Cambodia and East Timor.

¹ The views expressed in this article are those of the author and do not reflect the official policy or position of the Asia-Pacific Center for Security Studies, USCINCPAC, the U.S. Department of Defense, or the U.S. government.

The terrorist attacks on the US mainland on September 11 2001 dramatically altered the focal points of interest for US foreign policy. It is the nature of foreign policy to make assumptions of priority in dealing with national interest and/or threats to security. It is obvious to all that the "war on terror" has assumed that prominence for the Bush Administration. And for reasons that will be expanded on below, Southeast Asia figures in Washington's calculations – whether it be concern over the course of domestic politics in Indonesia, the introduction of military advisors to the Philippines to root out Abu Sayyaf, or a complete about face in relations with Malaysia. Singapore and Malaysia have uncovered cells said to be linked to Al-Qaeda (a position accepted as such by the US and its allies), thus revealing that the problem of global terrorism has found its way into Southeast Asia. At the same time, however, while September 11 may have altered Washington's global priorities, the same cannot be said for the states of Southeast Asia, which take the terrorist problem seriously (to greater or lesser degrees) but at the same time have other foreign policy priorities.

Before September 11

Relations between the US and Southeast Asia vary greatly from formal alliances and/or close partnerships to non-alignment and/or distance. While the Philippines and Singapore have been generally accommodating to a US presence in the region, other relationships have been more rocky. Indonesia, considered close the US during the Soeharto years (albeit non-aligned), has had a very troubled relationship with the US since the turbulent events in East Timor in 1999 (although the origin of this problem goes further back). Thus there are an array of relationships reflecting each ASEAN member's concerns and domestic make-up. Yet, if a generalization can be made, it is that the members of ASEAN are accepting, if not openly encouraging, of a US presence in the Asia/Pacific. Support for a US presence ranges from the overt to the implicit, but is generally there. This is not to say that US relations with individual states are not without difficulties. But even Vietnam has made tentative steps towards strengthening the US-

Vietnam relationship, even in the security field – and it is not inconceivable that somewhere down the line the US Navy may be able to make port visits in that country.

It is taken as a given amongst analysts that the importance of Southeast Asia to US policy focuses on open sea lanes, as much of the world's trade passes through the Malacca Straits² and Southeast Asia is an important staging post for the movement of the US military presence in the Western Pacific and the Indian Ocean. Since the closure of US bases in the Philippines in 1992, the US has sought "places not bases" throughout Southeast Asia to enable a presence in the region. Illustrative of this approach have been the use of port facilities throughout Southeast Asia for around 300 ship visits a year as well as the signing of the 1999 Visiting Forces Agreement (VFA) with the Philippines which allows for bilateral training exercises on Philippine soil.

However, interest in Southeast Asia goes beyond this. The United States has maintained support for the role of ASEAN and in general peace and stability within the region. As US foreign policy in the post-Cold War World has focused on a new array of smaller threats – national and transnational – so it is with Southeast Asia. The "Communist threat" in Southeast Asia has given way to concerns over domestic stability, transnational threats to security and, in some cases, democratization and the establishment of better human rights standards.

Since its inception, ASEAN, as a diplomatic community, has been lauded by the United States as an effective regional body to deal with regional problems. ASEAN's success in securing pacific relations is well recognized. However Southeast Asia has the potential to throw up situations of instability that may be of global interest. In the last decade two situations have dragged the international community (including the United States) into Southeast Asia: Cambodia and East Timor. Both cases are beset with historical

² Dependency on this sealanes is greatest for Northeast Asia (outside of Southeast Asia itself), however disruptions to, say, Japan's access to markets, including oil, would have a profound impact on the global economy.

controversy, including the role played by the United States.³ These two cases demonstrate the potential for instability in a given country in Southeast Asia to draw in outside actors.

In the case of East Timor, relations between the United States and Indonesia have been strained. Restrictions on military-to-military contact have been in place since the Dili Massacre of 1991, but a full embargo was in effect following the destruction of East Timor in 1999. The killing of UN workers in Atambua, West Timor (including one American) in 2000, with security forces looking on as militiamen perpetrated the violence, also placed barriers in the relationship. By late 2000, anti-American sentiment was on the rise in parts of Indonesia due to problems over East Timor and events in the Middle East, with extremist groups attempting to "sweep" American citizens out of Indonesia and threats being made to the US Embassy. The Clinton Administration judged that Indonesia's security forces, principally the military (TNI), were responsible for the chaos in East Timor, and probably guilty of atrocities elsewhere. According to the Leahy Law passed in Congress, the US cannot train with units who are deemed to have committed human rights abuses, and this remains an obstacle to restoring the military relationship. Furthermore, successive administrations in Jakarta have proved unable, or unwilling, to undertake a full and proper court proceedings over alleged TNI abuses in the territory. The Bush Administration has quietly undertaken steps to investigate ways to restore military-to-military contact, such as IMET and other training programmes, as a means of engagement.⁴ It seems to be the case that a number of policy makers feel that isolating the TNI has not worked to professionalize their ranks, and engaging them may bring about (in time) a more disciplined military, fully responsive to civilian control. The difficulty for the Bush Administration will be to push this through Congress, especially when there is still dissatisfaction over the light sentences in the Atambua case and

³ Documents recently released in the US and Australia demonstrate what many have suspected for some time: that both countries had prior knowledge of Indonesia's 1975 invasion of East Timor.

⁴ See for example "Testimony to Senate Armed Service Committee for Adm. Fargo's confirmation as PACOM", 26 April 2002, (<http://www.pacom.mil/speeches/sst2002/fargoconfirmation.pdf>)

Indonesia continues to make discouraging remarks and actions with regards to East Timor.⁵

In terms of democratization, perhaps it is fair to say that the Clinton Administration was far more vocal about this than the Bush Administration. The Clinton Administration articulated a policy of "Enlargement", in which enlarging the democratic sphere was viewed as a means to work towards global peace. It was Vice President Al Gore who made remarks about *reformasi* in a speech that extolled the virtues of democracy at the 1998 APEC Summit in Kuala Lumpur that drew the wrath of the Malaysian leadership. Indonesia was also considered by the Clinton administration as one of its test case democratization projects. Perhaps the most troublesome relationship for the US has been Myanmar, where despite its membership of ASEAN, relations are not normalized. It is also the case that the US has been openly critical of the ruling authority in Myanmar. The military junta's failure to hand power to Aung San Suu Kyi, the rightfully elected leader of Myanmar, has been the major stumbling block to normalization.⁶ The announcement of talks between the military government and the opposition may help to thaw relations in time, if these negotiations contain substance. The release of Aung San Suu Kyi and a number of other democracy activists has been welcomed by the United States (and many others in the international community).

In this sense, the promotion of ideals has been important to US foreign policy. Post September 11 there may be continuities, but in a sense the emphasis has changed.

⁵ This includes the failure to deal with the East Timorese refugee problem on the western side of the border, continued low level militia infiltration, failure to deal with the 1999 atrocities in a meaningful way in Indonesia's trial process, and difficulties over bilateral visits between the heads of state of Indonesia and East Timor.

⁶ Secretary of State Albright stated publicly when Aung San Suu Kyi was placed under house arrest in 2000 that: "This blatant, heavy-handed action is only the latest outrage committed against Aung San Suu Kyi and other party leaders by Burmese authorities. ... The United States holds the Burmese Government responsible for their safety and welfare and calls for the immediate restoration of their freedom of movement and access to others, including foreign diplomats." See "Albright condemns Burma crackdown", *BBC*, 22 September 2000.

After September 11

The terrorist attacks on September 11, 2001, as mentioned earlier, have occupied a leading place in US foreign policy ever since, and this is bound to shape relations with other countries. In Southeast Asia, this has impacted more on some nation/states than others. In fact, it is probably more relevant to the four countries of ASEAN where September 11 had some domestic impact: Indonesia, Singapore, the Philippines and Malaysia.

Singapore

Singapore has been wholly supportive of the United States in its response to the terrorist threat – generally in keeping with its very close ties with the US. Nonetheless, Singapore has viewed the Al-Qaeda threat as not just a threat to the US, or even the west, but as a threat to its own society. Authorities uncovered a cell of operatives, known as Jemaah Islamiyah (JI) with alleged links to Al-Qaeda at the same time as Malaysia in the aftermath of the September 11 attacks. Attempts to pursue a leading figure of this group, the cleric Abu Bakar Ba'asyir, into Indonesia saw a lack of cooperation from the Indonesian authorities. Given the paucity of evidence, or the desire to keep the evidence secret, the JI detainees have been arrested under Singapore's Internal Security Act (ISA). This has often been considered an instrument of authoritarian rule – and has been roundly criticized by a number of western governments, including the US, in the past. This time around the arrests have been seen as a positive development, with statements from a number of US officials that indicate that the Singaporean authorities are correct in their arrests. In a further twist, Indonesian officials have argued that they are unable to arrest Abu Bakar Ba'asyir due to a lack of evidence and the post-reformasi abolition of the Anti-Subversion Law that allowed for arrest without trial.

The Philippines

The government of President Gloria Macapagal-Arroyo has done rather well out of the post-September 11 environment. She enjoys the support of the US, and has received assistance in the long standing conflict in Mindanao. Conflict in Mindanao, or the

Muslim south, is centuries old and multi-faceted. Armed resistance to the state has been fragmented between resistance groups in the south – the MNLF, the MILF and the Abu Sayyaf groups. These groups do have nefarious connections to the Middle East, some of which stem from the Afghanistan war. Al-Qaeda operatives are known to have been present in the Philippines at various times in the past. The United States has introduced a small number of advisors for the purpose of training the Philippine army in counter-insurgency. Abu Sayyaf has been publicly mentioned as the target of these operations for their alleged links to bin Laden, however even *The Economist* magazine (a proponent of Washington's war on terrorism) has questioned whether this is a valid assessment.⁷ Abu Sayyaf, rather than being international terrorists, appear more as pirates, kidnapers and/or mercenaries who are interested in personal gain. Nonetheless, the post-September 11 environment has provided some impetus to enter the southern Philippines. Many commentators consider that the continued holding of a US missionary couple, the Burnhams also remains a powerful drive behind the operation.

Indonesia

The relationship with Indonesia has been further tested after September 11. President Megawati Sukarnoputri visited the US soon after the terrorist attacks. The images of the leader of the largest Muslim country coming to the US and condemning terrorism, was, doubtless, a leading reason as to why the already scheduled visit was not postponed in the aftermath of the attacks. Megawati condemned the terrorist attacks and was rewarded with a new round of aid monies. However, once the US counterattack occurred Megawati condemned the US response. This demonstrated how vulnerable Megawati is to domestic public opinion, especially to the Muslim constituency. Although it is almost certainly the case that Indonesians, Muslim or otherwise, were horrified by the attacks on the US, responses to the US counter were noteworthy. It seems that a strong vein of public opinion refused, for a long time, to accept that Osama bin Laden was guilty. When this became more evident, many opinion leaders expressed the view that war in Afghanistan was not the answer to the problem – fearing both loss of life that might equal the September 11 attacks and another western incursion into Muslim lands – and that an

⁷ "Another kind of enemy: Americans go after the kidnapers", *The Economist*, 2 February 2002.

international court would be more appropriate. It was this sentiment that swayed Megawati, causing some disappointment within policy making circles that Megawati may, as a voice of moderate Islam, would support US policy in Central Asia.

Anti-American sentiment became obvious to all, as the Islamic Defenders' Front (FPI) and others demonstrated outside the US Embassy, even threatening American citizens as well as the embassy itself. The Indonesian Council of Ulama even declared Jihad against the United States. A tense stand-off developed in which American officials accused the Indonesian government of not taking the threat seriously.

In all this have been the aforementioned attempts to consider the renewal of military-to-military ties. This is continuous with policy pre-September 11, but there is now an added impetus to restore links so that the TNI can respond to communal/sectarian violence. Ambon has been of ongoing concern, with allegations that the security forces have failed to check the conflict, in particular the movements of Laskar Jihad and its small army of volunteers who have wreaked havoc on the island. It is not really possible that the United States could (or even would want to) place troops on Indonesian territory in a similar fashion to the Philippine operation. Nonetheless, options have been explored, including ways and means of assisting the TNI in dealing with the Ambon problem – recently it was reported that this may involve funding.⁸

Malaysia

While the post-September 11 environment has probably altered a number of key relationships in Southeast Asia, none may be more dramatic than the Malaysia relationship. Like Singapore, Malaysia has arrested individuals allegedly linked to Al-Qaeda. Prior to September 11, Malaysia's arrest of opponents under its version of the ISA (ref. Singapore) sometimes brought criticism – especially over the Anwar Ibrahim case. Once criticized for 'heavy handed tactics', Dr Mahathir has been applauded for his stand against "radical Islam". In the eyes of the world, and perhaps to many in Malaysia too, the government's main opposition party, PAS, probably did its credibility a

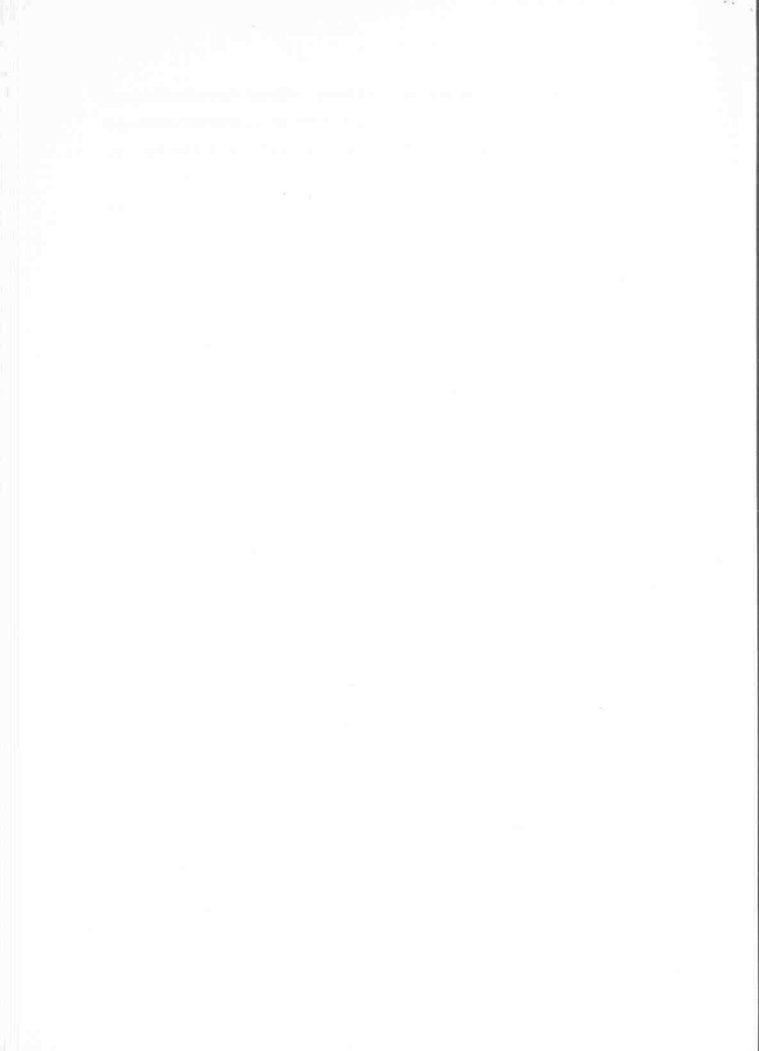
⁸ See Marianne Kearney, 'US may fund Jakarta troops policing Maluku's', *Straits Times*, 25 May 2002.

disservice when it declared a Jihad against the United States. Although once a rhetorical opponent of the west, Dr Mahathir now enjoys a reputation as being a moderate leader – a marked change from pre-September 11 days and certainly a marked change from the Clinton administration's public criticism of the Malaysian ruling authorities.

Conclusion: Continuities and discontinuities

The main interests of the United States in Southeast Asia remain continuous – open channels of sea communication and a peaceful region. Within Southeast Asia, the security dynamics remain largely unchanged by September 11. Issues like the South China Sea, currently the subject of discussion between China and ASEAN, continue to remain of interest to Southeast Asia. For the US, the threat of global terrorism has risen to the top of the list of global priorities and this has had some impact on Southeast Asia. Most notably this has seen the introduction of military advisors into Mindanao. Cooperation has been enhanced or renewed with Singapore, Malaysia and Indonesia – although public concern has been expressed about the commitment of the Indonesian authorities to seriously investigate claims of Al-Qaeda infiltration. Looking ahead to the future, terrorism will continue to loom large in US dealings with Southeast Asia. CINCPAC Admiral Fargo, recently stated in his written testimony to Congress that: “There is real concern that Southeast Asia could become a haven for international terrorists as they are forced out of their current locations.”⁹ This gives some insight into the concern that Washington has for Southeast Asia. That said, intra-state conflict, even that of an ethno-religious character, should not be seen entirely through the lens of September 11. Conflicts like Mindanao, Ambon and Aceh have long histories, complex origins, and their own local characteristics. Nonetheless, it is clear that the US policy makers are concerned that Southeast Asia is a potential area of refuge for terrorist groups (albeit harboured unwittingly by the governments in question). The quality of relationships with ASEAN, notably the countries of maritime Southeast Asia, may well be coloured by how well Washington perceives cooperation on the issue of checking international terrorism.

⁹ <http://www.pacom.mil/speeches/sst2002/fargoconfirmation.pdf>





16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

CS 5(d)

CONCURRENT SESSION FIVE
Tuesday, 4 June 2002, 1600 – 1730 hrs

U.S. SECURITY POLICY POST-911 IN THE ASIA PACIFIC REGION

“From ‘Containment’ to ‘Integration’ – Challenges in Asia”

by

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US SECURITY POLICY POST 9/11 IN THE ASIA-PACIFIC REGION

“From ‘Containment’ to ‘Integration’ – Challenges in Asia”

Good morning. After three excellent presentations any further attempt to amplify may sound churlish. Especially, if one is unable to disagree on any major issue. I refer particularly to the excellent paper on South Asia by Satu Limaye, with which I agree on almost all aspects. I am also not surprised. I have followed his analysis and study of South Asia over the last decade and am impressed by its high quality.

The era that began with the terrorist strike on 9/11 is yet to find a name. Colin Powell has described it, quite inadequately I think, as the post-Post Cold War era. The jury is still out regarding a new name. Will it be for example, a “clash of cultures”, or say “the hidden war”, or, “the end of nationalism”? Perhaps a name will emerge over time and one which will define the era.

What is clear though is that the decade of the post cold war, characterised by uncertainty and transition, of failed states and disintegration, and attempts to cope with their consequences, ended on 9/11. With it also ended what in some view has been described as a decade of American complacency, and a debate within the US of the value of global engagement. 9/11 ended that complacency and has begun a process of deepening engagement of Washington with the globe. This seems likely to continue. For regions like South Asia, what it has meant in practice is emergence from the periphery to the centre of US concern. An interest that is likely to last longer this time and be deeper. The duration of the war on terror will be measured in decades rather than years.

To understand its implications and impact on US policies particularly in the long term, it is necessary to put this in the context of the emerging ‘foreign policy’ doctrine of the US. In a recent speech in Washington, Richard Haass, the Director Policy Planning Staff of the State Department said that from a doctrine of ‘containment’, the new doctrine is to be what he termed as one of ‘integration’. Jusuf Wanandi mentioned this yesterday, let me amplify. By integration Haass meant persuading more and more governments to share

common values and interests with the US. This then will allow dealing collectively with both traditional challenges of maintaining peace as well as deal with transnational threats such as international terrorism. Haass goes on to say that 'integration' is already being practiced even though the term itself is not in wider use.

Integration is with values and ideas, and these are not entirely American. It is about the non-negotiable demands of human dignity, rule of law, limits on the power of the state, respect for women, private property, equal justice and religious tolerance. The goal is to integrate states that share these values, obviously those that do not, will pose the major challenges in the coming era.

If this doctrine does indeed become the cornerstone of US foreign policy, then the contours of its security policy in Asia are also likely to be clear. We should hear more about this officially soon. It is necessary to contextualise this in relation to South Asia.

Satu Limaye has captured very well in his paper all recent developments in US relations with India and Pakistan both before and after 9/11. He brings out clearly that relations with India developed positively prior to 9/11. With Pakistan it was resumed after a break of a decade only to deal with the situation after 9/11. What he has done somewhat less is explain it. Some points need to be made.

- US relations with Pakistan is tactical, focusing on cooperation in fighting Al Qaeda. The possibility of military cooperation is somewhat limited and is likely to last till this network has been destroyed. Engagement with Islamabad would continue for much longer for a variety of reasons. This will be to prevent resurgence of religious extremism and ensure a degree of stability in Islamabad. It will be limited mainly to these issues and not have the same salience as the strategic alignment of the Cold War or the overwhelming support as in the war against the Soviet Union in Afghanistan. There is and will be great disappointment in Pakistan over this and which might grow. As a major country in a strategic sensitive region, Pakistan will remain important to the USA and India too must appreciate and accept this.

- Relations with India will be strategic, long term and based more on a relationship of what I may define broadly as one of cooperative partnership. This had been India's hope for many years, particularly after the end of the Cold War. The intense engagement between the two countries in the last few months have been quite remarkable by any standards and I see the possibilities expand over time. Its nature too is changing and is now more comprehensive. Besides military it will include over time issues of trade, investment, technology transfer, human resource exchange and others. India will truly be a part of the US policy in all of Asia.
- Next, another positive development in my perception is the decoupling of India and Pakistan in US Policy towards South Asia. No longer will it be a zero sum game. New Delhi will need to accept and understand this. This has happened for the first time since independence and is to be welcomed for two reasons. First, it will allow Washington to improve relations with both countries simultaneously. Second, it will allow India a wider role in Asia, should it wish to follow that course.
- Next, a common issue that will dominate US relations with both countries will be their adoption of values of 'integration'. While this will be easier for India, as it has always adopted these values in principle if not always in its execution, it will not be the same for Pakistan. A fundamental challenge to any regime in Pakistan will in my view remain for some time, how it adjusts to these realities. President Musharraf's personal commitment is indeed welcome, but whether he actually means it, or is able to execute it, are issues that will concern not just the US or India, but perhaps more widely other countries of Asia.

Finally, increasing US commitment to the region as indeed in the rest of the world will not come without costs. The present military stand-off is a case in point. If the Jammu and Kashmir issue is not to be resolved through exploding violence, the US and the international community will have to play a role. In a sense the US is already doing that, through direct diplomatic involvement and behind the scenes effort in collaboration with others. A solution has to be found now on this issue on a more permanent basis.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 6(a)

CONCURRENT SESSION SIX
Tuesday, 4 June 2002, 1600 -1730 hrs

“JAPANESE DEFENCE POLICY: NEW DIRECTIONS?”

“Japan’s Defense Policy: New Directions?”

by

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Japan's Defense Policy: New Directions?

Paper Prepared for the 16th Asia Pacific Roundtable
4 June 2002, Kuala Lumpur, Malaysia

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Japan in East Asia

Japan's defense policy has attracted a lot of attention or concern from the neighboring countries in East Asia for long. There are at least two reasons for this concern.

The one is that Japan has been the economic superpower in the region. As Japan's national power has been outstanding, it is rather natural for the countries in the region to have interest on how Japan would use this power toward the region. In spite of the fact that Japanese economy has been in deep trouble for more than ten years while other countries in the region have developed fast, the volume of Japan's GDP is still 2.3 times larger than that of the combined GDP of other member countries of ASEAN + 3 in 2000. The same attention is paid to a rising China now.

Table 1. National Income of ASEAN + 3

Country Area	GDP nominal (US\$Million		Per capita GDP US\$	
	1995	2000	1995	2000
Japan	5,338,360	4,823,635	42,558	38,026
China	688,831	1,079,906	564	782 99
South Korea	487,917	455,043	10,821	9,626
Indonesia	183,964	147,148	945	699
Singapore	85,677	92,252	24,271	28,922
Thailand	165,543	120,782	2,787	1,938
Philippines	76,169	78,998	1,084	1,035
Malaysia	84,689	81,793	4,097	3,516
Brunai	5,217	4,638	17,624	13,705
Vietnam	20,780	30,601	281	362 99

Source: IMF, IFS

The other reason for the concern with Japan's defense policy is the historical legacy coming from the experiences during the Second World War. This legacy has made Japan's defense policy delicate issue for the region.

To start with, let me talk about what is the regional environment surrounding Japan. This is because the regional environment is an important factor in discussing the direction of Japan's defense policy.

Simply speaking, it is very favorable to Japan in comparison with the

one before the Second World War. In the pre-war era, all the countries in the region except Japan and Thailand were under the colonial or semi-colonial rule. However, they all achieved independence after the war. With the remarkable economic development in recent years, which was temporarily interrupted by the financial crisis in 1997, many countries in the region are in the process of democratization.

Moreover, the pre-war international economic system was block economy based on colonialism. After the war, however, the international economic system turned into free trade under the Breton-Woods accords. As well known, this international free trade system made it possible for Japan to recover and develop very fast. Now in this region the free trade zone is going to be realized to spur further economic development. This economic situation is very favorable to Japan.

Therefore, Japan can be defined as a *status quo-plus* country concerning the regional order. "Plus" means that it is Japan's interest not to just maintain the present situation, but to promote the regional stability and prosperity further. When the countries in this region think of Japan's defense policy, they have to start from understanding this.

Change in Japan's Defense Policy

"Defense" had long meant for Japan the defense of Japan's homeland. After the war, Japan had sought to avoid being dragged into the political and security problems in the region, by keeping distance from them. However, Japan gradually came to be requested to contribute to the regional stability and world peace.

During the Cold War, Japan became the largest donor of the official development assistance (ODA) and cooperated with the many countries in the region for their economic development, which has been one of the key factors in establishing regional stability and peace. As the Cold War ended, Japan felt it had to make its contribution visible not only in terms of financial aid but also in terms of its personnel working in the field for the international society. This was

vividly illustrated by the Gulf War in 1990-91 and Japan's responses to the war.

In the Gulf War, there was strong domestic opposition to sending Self-Defense Forces for supporting the Coalition forces, even if it had been a "rear support." Therefore, Japan's contribution in the war was limited to economic one. It was only after the war that Japan finally sent the minesweeping unit of the Maritime Self-Defense Force to the Persian Gulf. Japan's economic contribution to the Gulf War amounted to the huge sum of thirteen billion US dollars. When the Government of Kuwait listed the names of the countries in order to appreciate their support for its recovery of independence, Japan was not included. This was very shocking and humiliating for the Japanese and left them strong psychological trauma.

With this experience in the Gulf War, the Japanese came to understand how necessary it is to broaden the scope of its international cooperation to the security field. In 1992, Japan dispatched the units of the Self-Defense Forces to the United Nation peacekeeping operation to assist the restoration of Cambodia for one year. This was the first case in which the Self-Defense Forces participated in the UN peacekeeping operations.

Table 2. International Peace Cooperation Activities, International Emergency Assistance Operations, etc., by the Self-Defense Forces

*September 1992- October 1993	The United Nations Transitional Authority in Cambodia (UNTAC)
*May 1993-February 1995	The United Nations Operation in Mozambique (ONUMOZ)
*September 1994- December 1994	International peace cooperation work in the form of relief for Rwandan refugees
*February 1996-	International peace cooperation operations in the Golan Heights
November 1998- December 1998	SDF units dispatched to Honduras with Japan Disaster Relief Team
September 1999- November 1999	Implement the transportation of necessary resources for international disaster relief operations in the Republic of Turkey
*November 1999- February 2000	East Timor Refugees Support International Peace Cooperation Activities
February 2001	International Emergency Assistance Operation after the Indian Earthquake

Note: * indicate international peace cooperation activities. Others indicate

international emergency assistance operations
 Source: *Defense of Japan 2001*

When the National Defense Program Outline (NDPO) was revised in November 1995, "the contribution to creation of more stable security environment" was added to the list of roles that the Self-Defense Forces are assigned to perform. In accordance with this new NDPO, Japan has been actively participating in international peace cooperation activities, promoting security dialogue and exchanges with other countries and cooperating in the areas of arms control and disarmament.

In the Joint Declaration on Security of April 1996, Japan and the United States reconfirmed that their security relationship remained the cornerstone for maintaining a stable and prosperous environment for the Asia-Pacific region as they entered the twenty-first century. As a follow-up, both governments agreed on the guidelines for the rear area support of the Self-Defense Forces to the US Armed Forces operating in the situations in the areas surrounding Japan that would have important influence on Japan's peace and security.

After the Gulf War, Japan's defense policy has become to have a broader perspective.

Table 3. Defense Chronology

Date	Year	Remarks
17 September	1992	SDF units dispatched to the United Nations Transitional Authority in Cambodia (UNTAC)(through 26 September 1993)
28 November	1995	Security Council of Japan and Cabinet adopt National Defense Program Outline for the period from FY1996
17 April	1996	Japan-U.S. Joint Declaration on Security issued
23 September	1997	New Japan-U.S. defense cooperation Security Consultative Committee
24 March	1999	Maritime security operations ordered in response to two suspicious boats discovered off the Noto Peninsula on 23 March
16 August	1999	Exchange of official documents and the signing of the Memorandum of Understanding between the Governments of Japan and the U.S. of

			Japan-U.S. Cooperative Research on Ballistic Missile Defense(BMD)
25	August	1999	The Law Concerning Measures to Ensure the Peace and Security of Japan in Situations in Areas Surrounding Japan comes into force

Source: *DEFENSE OF JAPAN 2001*

Major Moves in Japan's Defense Policy at Present

There are three major moves in Japan's defense policy at this moment. The first one is that the Japanese National Diet is now in the midst of deliberation of the emergency bills to cope with the armed attack on Japan. There are no emergency laws on how the government control the situation when Japanese homeland is directly attacked by outside forces. Unlike other defense and security issues concerning Japan, its neighboring countries seem not to pay much attention to this deliberation in the Japanese Diet. They may think that it is natural that independent countries prepare the legal systems applied to national emergency situations.

The second major move is that the vessels of the Maritime Self-Defense Force are carrying out refueling in the Indian Ocean to those of the United States and others, which are participating in anti-terrorism military operations. It is reported that the Japanese vessels conducted the refueling service 74 times to the US and British naval vessels as of the middle of last month.

The third major move is that 680 personnel of the Ground Self-Defense Force are participating in the UN peacekeeping operations in East Timor from last April.

Shown in these cases, the overseas activities of the Self-Defense Forces are rather limited.

The support to the anti-terrorism campaigns by the Maritime Self-Defense Force in the Indian Ocean is conducted from the rear area separated from combat operations. The Japanese unit is prohibited to be involved in direct combat. And the main mission of the Ground Defense Self-Force in East Timor is road repair. The limitation of the overseas activities of the Self-Defense Forces is coming from the interpretation of the Japanese Constitution.

Discussions on the Relationship between the Constitution and Defense Policy

As well known, the Japanese Constitution sets forth the renunciation of war and non-possession of war potential in its article 9. Japanese government, however, believes that as long as Japan remains an independent and sovereign state, the inherent right of self-defense that Japan is entitled to maintain as a sovereign state is not denied and also that Japan is allowed to possess the minimum level of armed strength for self-defense. Under this interpretation of the Constitution, Japan cannot deploy the Self-Defense Forces overseas with the purpose of using force. Japan also cannot use the right of collective defense, which is the right to use actual force to stop an armed attack on a foreign country with which it has closer relations, even when the state itself is not under direct attack.

As long as the Japanese government maintains this interpretation of the Constitution, the overseas operations of the Self-Defense Forces remains limited even if their dispatch increases.

On the other hand, the people, who think that Japan should play a security role corresponding to Japan's national power, argue that international cooperation should be separated from the concept of the collective defense right, the present interpretation of the Constitution should be revised, or the Constitution itself should be revised.

A report on the US-Japan relations published in the fall of 2000 provoked discussions on the Constitution.* This report is called the Armitage-Nye Report as Mr. Armitage, who is now Deputy Secretary of State, and Prof. Nye of Harvard University participated in the making of this report. This report attracted a great deal of attention in Japan because this report said definitely, "Japan's prohibition against collective self-defense is a constraint on alliance cooperation," emphasizing the importance of the US-Japan Alliance.

With this report and the advent of the Koizumi administration, the relationship between the Constitution and the defense policy has become argued in earnest in the Japanese Diet. As such discussions just started,

however, we are not sure what kind of consensus will emerge.

At present, it's new that the discussion on the Constitution started in the Diet, but it is correct that question mark is attached to "New Directions" in the title, which was given for my presentation.

* INSS Special Report, *The United States and Japan: Advancing Toward a Mature Partnership*, October 11, 2000, Institute for National Strategic Studies, National Defense University, United States
(http://www.ndu.edu/ndu/SR_JAPAN.HTM)

THE CONSTITUTION OF JAPAN
(THE PREAMBLE AND CHAPTER II)

We, the Japanese people, acting through our duly elected representatives in the National Diet, determined that we shall secure for ourselves and our posterity the fruits of peaceful cooperation with all nations and the blessings of liberty throughout this land, and resolved that never again shall we be visited with the horrors of war through the action of government, do proclaim that sovereign power resides with the people and do firmly establish this Constitution. Government is a sacred trust of the people, the authority for which is derived from the people, the powers of which are exercised by the representative of the people, and the benefits of which are enjoyed by the people. This is a universal principle of mankind upon which this Constitution is founded. We reject and revoke all constitutions, laws, ordinances and rescripts in conflict herewith.

We, the Japanese people, desire peace for all time and are deeply conscious of the high ideals controlling human relationship, and we have determined to preserve our security, and existence, trusting in the justice and faith of the peace-loving peoples of the world. We desire to occupy an honored place in an international society striving for the preservation of peace, and the banishment of tyranny and slavery, oppression and intolerance for all time from the earth. We recognize that all peoples of the world have the right to live in peace, free from fear and want.

We believe that no nation is responsible to itself alone, but that laws of political morality are universal; and that obedience to such laws is incumbent upon all nations who would sustain their own sovereignty and justify their sovereign relationship with other nations.

We, the Japanese people, pledge our national honor to accomplish these high ideals and purposes with all our resources.

CHAPTER II. RENUNCIATION OF WAR

Article 9.

Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.

In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

From Defense of Japan 2001

Constitution and Right of Self-Defense

After World War II, Japan has resolved to ensure that the horrors of war will never be repeated and has since made tenacious efforts to establish itself as a peace-loving nation. The establishment of eternal peace is a sincere wish shared by the Japanese people. The Constitution, upholding pacifism, sets forth in Article 9 the renunciation of war, non-possession of war potential and denial of the right of belligerency of the state. As long as Japan is a sovereign state, it is recognized beyond doubt that the provision in the article does not deny the inherent right of self-defense that Japan is entitled to maintain as a sovereign nation.

Since the self-defense right is not denied, the government remains firm in the belief that the Constitution does not prohibit the possession of the minimum level of armed strength necessary to exercise that right. On the basis of such understanding, the government has adopted an exclusively defense-oriented policy as its basic policy of national defense, has maintained the Self-Defense Forces as an armed organization and has taken steps to improve their capabilities and ensure their efficient operations. These measures do not present any constitutional problem.

Government View on Purport of Article 9 of Constitution

A. Self-Defense Capability Permitted to Be Possessed.

The self-defense capability that Japan is permitted to possess is limited to the minimum necessary by the constitutional limitations.

The specific limit of the minimum necessary level of armed strength for self-defense varies depending on the prevailing international situation, the standards of military technology and various other conditions. However, whether or not the said armed strength corresponds to "war potential" stipulated in paragraph 2 of Article 9 of the Constitution is an issue regarding the total strength that Japan possesses. Accordingly, whether the SDF are allowed to possess some specific armaments depends on the judgment whether its total strength will or will not exceed constitutional limitations by possessing such armaments.

But in any case in Japan, it is unconstitutional to possess what is referred to as offensive weapons that, from their performance, are to be used exclusively for total destruction of other countries, since it immediately exceeds the limit of the minimum necessary level of self-defense. Therefore, for instance, the SDF is not allowed to possess ICBMs, long-range strategic bombers or offensive aircraft carriers.

B. Conditions for Exercise of Right of Self-Defense.

The exercise of the right of self-defense is restricted to the following so-called three requisite conditions:

- (i) there is an imminent and illegitimate act of aggression against Japan;
- (ii) there is no appropriate means to deal with this aggression other than resort to the right of self-defense; and
- (iii) the use of armed strength is confined to the minimum necessary level.

C. Geographical Scope of Exercise of Right of Self-Defense.

The use of minimum necessary force to defend Japan as employed in the execution of its self-defense is not necessarily confined to the geographic scope of Japanese territorial land, sea and airspace. Generally speaking, however, it is difficult to make a wholesale definition of exactly how far this geographic area stretches because it would vary with separate individual situations.

Nevertheless, the government believes that the Constitution does not permit it to dispatch armed forces to foreign territorial land, sea and airspace for the purpose of using force, because such an overseas deployment of troops generally exceeds the limit of minimum necessary level of self-defense.

D. Right of Collective Self-Defense.

Under international law, it is understood that a state has the right of collective self-defense, that is, the right to use force to stop armed attack on a foreign country with which it has close relations, even when the state itself is not under direct attack. It is beyond doubt that as a sovereign state, Japan has the right of collective self-defense under existing international law. The government, however, is of the view that the exercise of the right of self-defense as permissible under Article 9 of the Constitution is authorized only when the act of self-defense is within the limit of the minimum necessary level for the defense of the nation. The government, therefore, believes that the exercise of the right of collective self-defense exceeds that limit and is constitutionally not permissible.

E. Right of Belligerency.

Paragraph 2 of Article 9 of the Constitution provides that "the right of belligerency of the state will not be recognized." As already mentioned, however, it is recognized as a matter of course that Japan can make use of the minimum force necessary for self-defense and that the use of such force is quite different from exercising the right of belligerency.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 6(b)

CONCURRENT SESSION SIX
Tuesday, 4 June 2002, 1600 -1730 hrs

JAPANESE DEFENCE POLICY: NEW DIRECTIONS?

“Japan’s Defense Policy: New Directions?”

by

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Japan's Defense Policy: New Directions?

(Draft Presented to the 16th Asia Pacific Roundtable by Prof. Xu Jian, Senior Fellow of China Institute of International Studies)

Japan's defense policy is a key factor affecting the security situation in the Asia Pacific. Since the September 11th terrorist attack, fresh signs and trends out of Japan's defense's policy have heightened concerns of Japan's neighbors about the future role of Japan in regional and international security. This paper is intended to analyze the recent development of Japanese defense policy and evaluate its implications for regional security cooperation in the Asia Pacific.

1. A Shift in the Direction of Japan's Defense Policy?

The terrorist attack on September 11 has prompted Japan to take a series of initiatives to substantiate its role in international security. There is no doubt that Japan has made considerable contributions to the international solidarity against terrorism. For instance, the Government of Japan has taken measures to freeze assets of the Taliban and Osama bin Laden and persons and groups related to them and terrorism. Japan has provided relief supplies to Afghan refugees, and extended emergency aid to several countries in Central Asia and South Asia, and

contributed both diplomatically and financially to peace and reconstruction in Afghanistan.

That said, however, all these efforts just tell part of the story. Beyond this, the measures taken by Japan have provided much food for thought about Japan's long-term role in international security. With the Anti-Terrorism Special Measures Law and other two Acts concerning the activities of the Self-Defense Forces on land and at the sea passed by the Diet after 9-11, Japan has effectively gone beyond the limitations of its security policy set up in the post-war period. Taking advantage of the urgent situation after 9-11, Japan has made a breakthrough in at least four aspects of its defense policy: 1) Japan can dispatch military forces abroad in a time when a war is still on the going; 2) the places where Japanese armed forces can be posted go beyond peripheral regions surrounding Japan; 3) Japan's armed forces can take part in collective defense or defend other nations rather than just concentrate on self defense; 4) the ratification process over the dispatching of Japanese military forces is simplified, first the cabinet then the Diet.

As regards the constraints on Japanese security role stipulated by Article 9 of Japan's Constitution, these changes mark a significant breakthrough. This has heightened the concerns of

neighboring countries about the shifting direction of Japan's defense policy. The reason is not just because Japan's policy is projecting a new questionable image to the outside world over its role in international security, but also out of the fact that Japan still has much to clarify and sort out to other concerned nations concerning its security policy changes.

2. The Drives of Japan's New Defense Policy

The recent moves in Japan's overseas security policy are motivated by many elements. The most pronounced reasons are related to factors in three categories: increasing domestic nationalistic sentiment and Japan's ambiguous perceptions about its war-time behavior, the encouragement from the United States, jitters over uncertainties in the readjustment of regional and international order.

Nationalism has played a key role in driving Japan to seek a more prominent place in international security. This can be illustrated by the approval rating gained by some far rightist Japanese politicians. According to a recent report of *Newsweek*, the approval rating for Tokyo's xenophobic governor, Shintaro Ishihara, for instance, is 78 percent, far more popular than his French counterpart Jean-Marie Le Pen. Ishihara blames foreigners for crime and has used pejorative terms when talking

of Chinese and Koreans. This situation indicates the dynamism of Japan's nationalistic sentiment. The rising of this sentiment is one of the side effects of Japan's decade-long economic stagnation. For more than ten years since 1990, with near-zero growth, Japan's economy has lost its luster. Up to now, Japan is still burdened with mounting public debt as high as 130 percent of GDP, constrained by an ailing banking system and stifling bureaucracy. At the same time, Japan's average incomes remain among the highest in the world; unemployment rate is still relatively low; and most people live quite comfortably off the current system. Reflected on social psychological state, a twist of such a stagnant prosperity is confused perceptions in Japan about domestic and international situation and consequent jittery over Japan's fading role in the world, which is often played into the hands of the extreme nationalists. Nationalistic sentiment adds to problems in Japan's attitude toward its wartime behavior. Prime Minister Koizumi's recent visit to Yasukuni Shrine was perhaps in part attempted to win more votes for his party in elections.

The shift in Japan's defense policy would have been unthinkable without the support of the United States. Given the diverse sources of challenges facing the sole superpower, the

U.S. can be easily overstretched. To complement the shortfalls of its resources, since the end of the cold war, the U.S. has quietly but consistently encouraged Japan to pay more and do more in the arena of international security. Making Japan an Asia's Britain is in the interest of the U.S. and in tune with Japan's domestic nationalistic aspirations. That is why Japan has sometimes even outperformed Britain in echoing the United States' management of some delicate international security issues, as suggested by Japan's attitude towards the likely American military assault on Iraq sometime late this year.

The last but not least factor accounting for the shift of Japan's international security strategy goes to the influence of the transformation of international order. In this respect, the impact of the September 11 event cannot be over-emphasized, if only because most recent important moves in Japan's defense policy have all been taken, at least nominally, in response to the need of forming an international anti-terrorism coalition. Japan's concerns about the precarious situation on the Korean Peninsula and Japan's perceptions of other confused signs in regional security also appear to have driven Japan to go beyond the limitations of the Constitution over its defense policy.

3. The Dilemma of Japan's Role in International

Security

With the driving force of all the above-mentioned factors, would the recent shift in Japan's defense policy lead to a smooth way for shaping Japan's future role in regional and international security? Unless Japan can rid itself of certain stumbling barriers, Japan is likely to be locked in the following security dilemma.

First of all, Japan's security dilemma has something to do with tension between the ascending nationalistic sentiment and the long lasting controversy both at home and abroad over Japanese leaders' attitude toward the brutality of imperial Japan. Now, many Japanese politicians are still locked in an impasse of continuing to worship the spirits of the war dead, including those of Class A war criminals, on the one hand, and trying to stave off criticism from neighboring nations, especially from China and Korea, on the other. The dilemma of this approach is that Japan cannot pay homage to its imperial past without stirring up strong reactions from victim nations of that dreadful history. Any ignorance of this dilemma would always have a price to come with it for Japanese relations with neighboring states. For example, the decision by Prime Minister Koizumi to shift his visit to Yasukuni Shrine from the 15th of August to the 21st of April did little in deflecting fierce criticism and protest from

China and Korea, which eventually forced Mr. Koizumi to make a fence-mending trip to the two countries. To rid Japan of this dilemma, Japanese politicians should realize that a convincing no-war pledge would never square with the homage paid to war criminals. Now the problem is that the gap between the two ends of this contradiction remains wide. For neighboring nations who suffered so much with Japan's wartime behavior, Japanese leaders have yet to atone for imperial Japan's bloody war records. For certain Japanese in the far rightist wing, in contrast, the dark side of history is something forgettable and crimes committed by earlier generations in the past would fade with time.

The dilemma in Japan's international security role could also come from potential misperceptions about Japan's special relationship with the United States. In any case, Japan is not Britain. And it would find nowhere to go but come to terms with the long shared history, cultures and other socio-economic ingredients of East Asia. The formulation of Japan's relationship with the United States, however special and important, is enigmatic without adequately considering Japan's Asian background.

The last possible source of the dilemma likely to be faced by Japan in seeking its role in international security may result from

miscalculations of the features of transitional regional and international order. The terrorist attack on the 11th of September has indeed highlighted the real threat facing the whole world. The emergence of a common enemy should be availed to ameliorate rather than strengthen mutual suspicions among nations in the world and particularly in this region, where nations can do more to sort out delicate potential conflicts by enhancing their mutual cooperation and dialogue. In this regard, it is important for every nation not to let the other countries feel that it is using anti-terrorism as a camouflage to gain security advantage over the others. The question with Japan's initiatives after the 11th of September is not about their significance for fighting terrorism, but rather lies with their influence on Japan's long-term attitude towards the country's own constitutional and policy commitment to self-defense.

4. The Ways out of the Dilemma

The suggested dilemma does not imply that the role of Japan in international security is doomed. Instead, for Japan, many ways are up for grabs to ward off the above problems. What are essential amongst them, however, are three things: winning more trust by other nations, seeking closer cooperation with neighboring countries, and searching for more thoughtful

arrangement of Japan's resources.

Trust won't be won without going back to Japan's attitude towards the wartime history. In this regard, Germany is a good example to seek insights. The courage to say 'no' to one's own tarnished past help increase rather than reduce one's present and future prestige.

Closer cooperation with neighboring states is up for grabs if Japan can opt for a more balanced approach to its relations with Asia and the United States. Japan can do more in helping coordinate the interests of the United States with those of other Asian countries. Japan can find more potential to cultivate in its cooperation with neighboring Asian countries through existing venues, such as the '10 plus 3' mechanism.

A better arrangement of Japan's resources in international cooperation calls for more realistic evaluation of Japan's comparative advantages, both in economic and political fields. The campaign of fighting and eradicating terrorism is relied on comprehensive rather than sheer military means and strategy. Japan's advantage is on the non-military fields and Japan can find a greater role to play in international security if it can keep itself tuned up to meet the multi-faceted demands of regional and international security.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 8(a)

PLENARY SESSION EIGHT
Wednesday, 5 June 2002, 0900 – 1030 hrs

THE ROLE OF THE MEDIA: FREEDOM OF THE PRESS VS NATIONAL AND INTERNATIONAL SECURITY

by

Mr. Patrick Smith
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Bloomberg News
USA

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“THE ROLE OF THE MEDIA: FREEDOM OF THE PRESS VS. DOMESTIC AND INTERNATIONAL SECURITY,”

***ASEAN ASIA-PACIFIC ROUNDTABLE,
KUALA LUMPUR, JUNE 5, 2002.***

It's a special honor to speak here today as a Western journalist. I have reported and commented on Asia for 21 years and lived in numerous of the region's cities. And after all these years it would appear from my presence here that someone, somewhere, has concluded that I might have actually learned something.

Our subject this morning is an interesting one, and I will keep my remarks brief and precisely to the points I consider important. “The role of the Media: Freedom of the Press

VS. National and International Security”: This is out title, and to begin at the beginning, I respectfully suggest that we question the very formulation. Press freedom vs. security. Press freedom on one hand and on the other domestic and global security. Choose an apple or choose an orange, but you can’t choose both. To go to the core of my remarks straightaway, I propose just the opposite: Press freedom AND security: You can’t have the latter in our world without cultivating—indeed, embracing—the former.

ASIA HAS MANY challenges before it, and press freedom must be put into the mix. This must begin, it seems to me, with the region giving itself credit where credit is due. It has achieved a pace and degree of development that is the world’s envy and wonder. It is time Asia drew more confidence from this than it has to date. And it must

recognize that all development—all successful development—is one” It is cultural and social and political as well as economic. WHAT is accomplished cannot be separated from HOW it is accomplished.

WHAT IS THE TRUE BASIS of security? This is part of our question. And here, as an American, perhaps, let me distinguish between a powerful nation and a strong one. A nation can be one and not the other, and we can all supply our own examples, I’m sure. So with this distinction in mind, let me suggest that security comes from within—it comes from a stable society. It’s found necessarily in a strong nation but not necessarily in a powerful nation. And a stable society, a strong nation, is one that provides outlets of expression for the maximum points of view.

WHAT ABOUT THE DANGER some see in an irresponsible press, however one may wish to define this idea?

Again, the answer lies in development. The development of a mature press with high professional, universally accepted standards—standards having to do with detachment, objectivity so far as this can be achieved, and with the cultivation of the critical, skeptical spirit. It can't be accomplished overnight; but it will never be accomplished without the effort being made in an open environment.

LOOK AT THIS FROM another perspective. Asia, more than ever before, has a point of view all its own. It has ideas about development and society that are identifiably rooted in its own past and traditions. The community and

the place of the individual in it, the role of the corporation in society, the role of the state—in post-crisis Asia, as the region reinvents itself, these are all questions to be settled not by the imposition of an imported model, but by Asians listening to others and to themselves and then finding their own way. To do this, Asia needs to harness all the imaginative thinking it has at its disposal, and there is not a street in the region I can walk down without concluding that Asia's resources in this regard are plentiful but poorly tapped.

ASIA IS OPEN TO many influences—and this is to its credit. But it must now forge its own path—and by this I mean its own way to universal values as they are to be manifest in an Asian way. It is vital to advance this Asian

point of view in our current global context. And a free and open press is vital to this endeavor.

One finds various trends in the Asian press today. One is that the role of the press and its relationship to power is not a settled matter. Perhaps it never will be and its not meant to be—perhaps an eternal tension is the healthiest state of affairs. But there are problems aplenty in this regard: In Korea, in Taiwan, in Hong Kong, in Thailand—to name those I've read about just within the past year.

Second, there is a weakening of the regional press at the very moment it is needed most. Asiaweek is gone; the Review is now part of the Asian Wall Street Journal—and not, fair to say, what it used to be.

On the other hand, we see a lively, vital and even unruly local press emerging here and there around the region—in Thailand, Taiwan, Hong Kong, Indonesia, the Philippines, and even China.

Setting aside the matter of quality, which can be achieved only over time, this trend is to be applauded. One of the characteristics of our post-Cold War era is that prosperity and stability require that everyone must have a voice—political inclusion, if you like. Without going into detail, Latin America today is a perfect illustration of this reality.

A free press is an important part of this phenomenon, and to illustrate this we need look no further than Indonesia, where the press has blossomed since the fall of the Suharto government in 1998. From 79 newspapers that year, the

press has grown to 172. You may find in this a cacophony of voices, and you may be right. But it is a healthy cacophony. In my view, the opening of the press in Indonesia has played no small role in keeping the nation together these past years of difficulty and gradual reform.

We live in an important moment for ASEAN and Asia as a whole. The region now has an opportunity to mature beyond the era when success could be measured in terms of growth statistics and foreign direct investment. All that is important. But there is more to success than per capita GNP, and there is more than security—national and international—than the exercise of mere power. Strength is the issue, and a free press is essential to achieving it.

THANK YOU.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 8(c) (Amended)

PLENARY SESSION EIGHT

Wednesday, 5 June 2002, 0900 -1030 hrs

THE ROLE OF THE MEDIA: FREEDOM OF THE PRESS VS
NATIONAL AND INTERNATIONAL SECURITY

“Terrorism and Management of Information Flow”

by

Mr. Fikri Jufri
Publisher of TEMPO
Jakarta, Indonesia

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Security and Freedom of the Media

1. The current 'war on terrorism' is inevitably linked to a good management of information flow. Terrorist act finds the media a powerful means to convey the message it has to the world. In various cases of hostage taking, the hijackers read demands or statements, and TV, radio and newspapers would gladly publish them.
2. Yet it seems that the procedure has changed. On September 11, 2001, there was no announced demand or statement from the people who took over the two Boeing 767s and crashed them into the Twin Towers. Thanks to the media, the images of the attack have reached remote places in the world. But what the hijackers wanted was not precisely clear. They did not issue any demand, orally or otherwise.
3. The general conclusion, that the attack of Sept. 11 was a part of Al Qaeda and Osamah bin Ladin's operation, was largely an inference drawn from past acts of terrorism - but it is important to remember that the facts, information and conclusion were supplied largely by the US government. The 'evidence' as indicated by the video-taped conversation of Osamah bin Ladin came much later, that is, after the US attacks on the Taliban government of Afghanistan.
4. I am not trying to argue over the authenticity of the 'evidence'. What I'd like to point out is once again it is proven that the media are open to manipulation by different actors in the conflict. It is no surprise that Osamah sent his video-taped messages to Aljazeera TV station, just as it is no surprise that the Bush administration lured American TV stations to American join patriotic fervour. Terrorism needs an open stage, so does counter-terrorism..

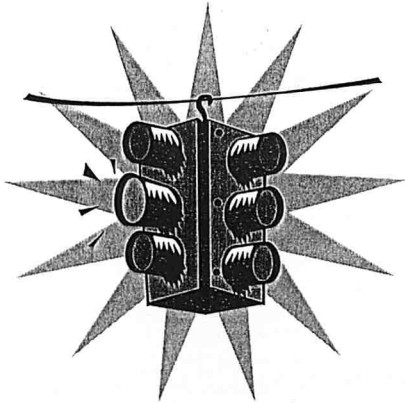
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5. The problem is that the media, in a time of war, is vulnerable for pressure to cancel parts of their freedom. Sometimes they cancel them voluntarily, out of patriotic sentiment. A good case in point is CBS anchor Dan Rather. On September 17's David Letterman show Rather proclaimed: "George Bush is the president, he makes the decisions." Speaking as "one American," the newsman added: "Wherever he wants me to line up, just tell me where. And he'll make the call." In my view, Rather's attitude is not far different from that of some Indonesian journalists during the East Timor's conflict: the Soeharto's regime made the call, and journalists followed step.
6. Blind patriotism willingly cancelling the free flow of information is not necessarily good for the society. Neither it is necessarily good for the state's security. I believe that if the abuses committed by the Indonesian Army in Aceh during Soeharto's time were well-reported and known to the Indonesian population, the Army would be forced to restrain itself, and there would be less violence in Aceh. As a result, there would be less motivation for the Acehnese to have their own country separated from Indonesia. Indonesia would have less security problems.
7. Another example was from a US history. Some American journalists knew that Kennedy Administration was about to launch the Bay of the Pigs operation against Cuba. The White House and the Pentagon appealed to them not to publish the plan before the landing took place. As it happened, the operation failed and the fiasco dealt a severe blow to the US foreign policy; it even made the 'enemy' (meaning Castro's Cuba) gain more prestige both in domestic and international arenas. David Halberstam in his book *The Powers*

That Be argued that if only the media leaked the plan to the world, US government would have to cancel it altogether – and the fiasco would never take place.

8. The current 'war' on terrorism should not justify censorship and other types of curtailment of freedom of information. Especially since this 'war' is different from the conventional war. It involves the whole network of any given society. Terrorism, waged by non-state agencies, makes the dividing line between 'war' and 'criminality' no longer clear. In other words, not only soldiers are involved. The war on terrorism often implies a more control of the population – and the state is tempted to violate civil liberties, including the freedom to get reliable information. If this goes unchecked, it will create a public with a reduced trust in information, including the one coming from the state. The public will tend to rely on rumour or all kinds of unverified report. What we will have is a society of distrust. If to counter terrorism implies the need to get a supportive public, a society of distrust will create problems to the war efforts.
9. In other words, as the common wisdom puts it, government is never free from the possibility of making (major) mistakes. A free press and a working democracy can reduce the damage. Security prevails not because of information control, but because of a good management of societal support system.***

Terrorism and Management of Information Flow



- The current 'war on terrorism' is inevitably linked to a good management of information flow. Terrorist act finds the media a powerful means to convey the message it has to the world. In various cases of hostage taking, the hijackers read demands or statements, and TV, radio and newspapers would gladly publish them.

September 11, 2001

The terrorists did not issue any demand



- On September 11, 2001, there was no announced demand or statement from the people who took over the two Boeing 767s and crashed them into the Twin Towers. Thanks to the media, the images of the attack have reached remote places in the world. But what the hijackers wanted was not precisely clear. They did not issue any demand, orally or otherwise.

Evidence Was US Supplied



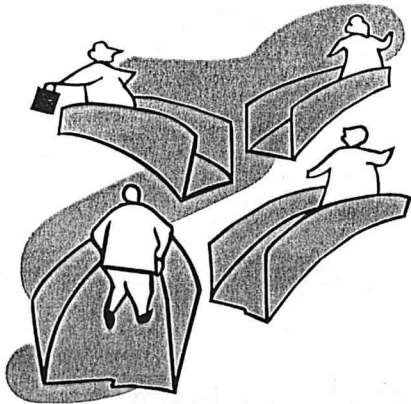
- The general conclusion, that the attack of Sept. 11 was a part of Al Qaeda and Osamah bin Ladin's operation, was largely an inference drawn from past acts of terrorism – but it is important to remember that the facts, information and conclusion were supplied largely by the US government. The 'evidence' as indicated by the video-taped conversation of Osamah bin Ladin came much later, that is, after the US attacks on the Taliban government of Afghanistan.

Media Are Open to Manipulation



- it is proven that the media are open to manipulation by different actors in the conflict. It is no surprise that Osamah sent his video-taped messages to Aljazeera TV station, just as it is no surprise that the Bush administration lured American TV stations to American join patriotic fervour

Media in Time of War



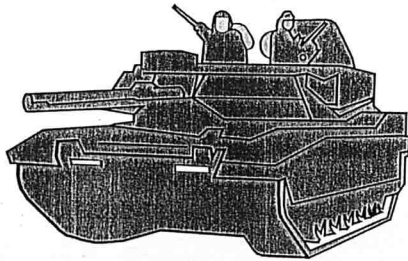
- The problem is that the media, in a time of war, is vulnerable for pressure to cancel parts of their freedom. Sometimes they cancel them voluntarily, out of patriotic sentiment

Censorship is not Justified



- The current 'war' on terrorism should not justify censorship and other types of curtailment of freedom of information. Especially since this 'war' is different from the conventional war. It involves the whole network of any given society. Terrorism, waged by non-state agencies, makes the dividing line between 'war' and 'criminality' no longer clear. In other words, not only soldiers are involved.

Government is not Mistakefree



- In other words, as the common wisdom puts it, government is never free from the possibility of making (major) mistakes. A free press and a working democracy can reduce the damage. Security prevails not because of information control, but because of a good management of societal support system



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 8(d)

PLENARY SESSION EIGHT

Wednesday, 5 June 2002, 0900 –1030 hrs

**THE ROLE OF THE MEDIA: FREEDOM OF THE PRESS VS
NATIONAL AND INTERNATIONAL SECURITY**

by

Tan Sri Abdullah Ahmad

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For Tan Sri Abdullah Ahmad delivered by Rahman Rashid, Associate Editor, NST

16th Asia-Pacific Roundtable, 2-5 June 2002
Nikko Hotel, Kuala Lumpur
Conference on Confidence Building and Conflict Reduction

The Role of the Media:
Freedom of the Press vs National and International Security
0900, Wednesday, 5 June 2002

Ladies & Gentlemen,

Thank you for the honour of this opportunity to speak to you this morning.

Indeed, it's remarkable that "The Role of the Media" and "Freedom of the Press" should still be such ripe subjects for discussion. This can only mean that many ambiguities continue to haunt the practice of journalism, not only in this country but worldwide.

Then again, when we consider the media's role in the conflicts, troubling our world today, it is obvious that something has gone seriously wrong with a profession that is in essence based upon some of the clearest and simplest principles imaginable.

So please forgive me, Ladies & Gentlemen, if what I have to say to you this morning sounds extremely basic. Clearly, however, the basics may have been ignored, or worse, forgotten.

Perhaps in examining why, we might understand more clearly the bearing of freedom of the Press on national and international security.

The role of the media, in a single word, is to inform. We do this with what has been facetiously described as "five wives and a husband" – the five Ws and one H: Who, What, Where, When, Why and How. What could be simpler than this? For any event or happenstance, all we need to do as reporters is answer these five or six simple questions.

They are the be-all of journalism, but of course they're not the end-all. They constitute a formula for the bedrock of fact-based reportage upon which the mighty edifice of journalism is built. Attention to the Five Ws alone does not ensure successful journalism, but in attention to them guarantees failure.

Nonetheless, the blueprint for the grand structure is still simplicity itself. Think of it as a three-step pyramid, with Reportage as the foundation. The next level would be Analysis, in which the content of reported facts is assembled into a wider context and given depth and breadth. The top level – the apex of the pyramid – would be Commentary, in which content and context are given perspective and spun into opinion.

As you will perceive, each ascending level of journalistic thinking incorporates and expands on those preceding, and would be hollow without them. I'm sure we all know the irritation of reading commentary based on half-baked opinions and meager analysis, uninformed by facts. This is one of the endemic deficiencies of journalism. I would sum it up as simple laziness, a disease easy to diagnose but not so easy to cure.

Given the clarity and simplicity of these basics, how and why is it that the role of the Press seems so intractably controversial? Perhaps for another simple reason. Having noted that journalism does in fact change the world through the very process of describing and recording it, there has arisen the misconception that the role of the Press is to change the world.

An argument can be made, and often is, in ringing and lofty terms, that the Press must shape agendas, influence thoughts, define history, reform and revolutionise. I am among those who disagree. I say the role of the Press is merely to do its job as I've described, and if you want a little more poetry in it: to reflect and represent accurately, honestly and fairly the society it serves and of which it is a part.

No doubt, if we do this basic job properly, all those grand world-changing effects may well follow as a natural consequence. The point is, however, that that is not the primary motivation for us as journalists, but an incidental effect of our professionalism.

This is why the noble notion of Freedom of the Press should be limited, in my opinion, to the freedom to do our jobs properly and well. I don't believe in censorship, but I do believe in the highest standards of fairness, accuracy and honesty.

There should not be the freedom to say anything you like, regardless of the facts. There should not be the freedom to incite violence, chaos and anarchy, notwithstanding whatever elaborate and disingenuous arguments can be made for their socio-political validity.

In short, to paraphrase the tagline of a popular movie of the moment: with freedom comes responsibility.

Ladies & Gentlemen, I'm sure non of these thoughts is novel to you. Why I think they bear repeating on this occasion is that these derelictions of our fundamental duties as journalists are the reason the role of the Press has such a profound bearing on national and international security. In this regard, if I may say so, Malaysia is perhaps uniquely a microcosm of the world as a whole – not as it is, but perhaps as it should be.

Our entire existence as a nation has been built on the careful management of conflicting impulses and diametrically opposed forces. As a result, we have developed an instinct for conciliation, compromise and consensus that should be a model for the world. Instead, we continue to suffer the sneers, the slings and arrows of those who dismiss our national mass media as controlled and subservient.

These critics deliberately ignore result of our caution and judiciousness, although that result stares everyone in the face everywhere you turn in this country.

Malaysia is a relatively successful, harmonious, prosperous and peaceful state, in a world where such conditions are becoming exceptionally rare.

We need make no apologies for the constraints within which we work. If anything, the Internet revolution of recent years has shown what the consequences of unbounded freedom of speech can be. In sum: half-baked, uninformed, ignorant, biased and inflammatory sentiment posing as journalism and, in my opinion, desecrating the very ideal of freedom of speech. Nonetheless, that ideal requires us to indulge and bear with such pseudo-journalism. The answer to bad reporting is not censorship, but good reporting. The counter to twisted words is not censorship, but straight talk.

I have a lot of faith in Malaysian news consumers' ability to make up their own minds, based on what they hear, learn and know. We don't have to tell anyone what to think, but we are obliged to provide them the material with which to form their own thoughts.

If something of this principle could be applied globally, I venture to suggest that the world would be freed of much of the violence and tension afflicting it. Knowledge is indeed power, but ignorance is far from bliss, unless we're referring to the bliss of the brain-dead.

The Press exists to shed light, not to cast shadows. We seek to reveal, not conceal; to clarify, not observe. Indeed to unite, not divide. We are the medium through which the many components of human society, nationally and internationally, engage and get to know each other.

That is our responsibility, and if ever we allow ourselves to degenerate into prejudice, ignorance and hostility, then we have abjectly failed.

To sum up, Ladies & Gentlemen: if ever a conflict arises between the ideal of freedom of the Press and the ideal of national and international security, that conflict would be eliminated by simply doing our job – conscientiously, compassionately, and well. That should be indeed the be-all and end-all of our existence, and our only agenda.

Thank you for your kind attention.

ENDS



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 7(a)

CONCURRENT SESSION SEVEN
Wednesday, 5 June 2002, 1045 -1215 hrs

HUMAN SECURITY: ADDRESSING THE PROBLEMS OF TRANSNATIONAL MIGRATION

by

Mr. Lowell Martin
Head of UNHCR Liaison Office
Malaysia

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Human Security: Addressing the Problem of Transnational Migration
16th Asia Pacific Roundtable, Session VII
5 June 2002 CS 7

Statement by Lowell Martin
Head UNHCR Liaison Office for Malaysia

1. I would like to begin by saying how pleased I am to be present at this roundtable. I would also like to express my gratitude to the organizers for providing me with an opportunity to present UNHCR's views on the increasingly important subject of migration. The fact that it is one of the subjects here at the roundtable is a clear reflection of the regional interest and commitment to addressing the many challenges associated with complex population movements.
2. Although UNHCR has been asked to speak on the subject of transnational migration, essentially, this topic is not about refugees. Migration is a much broader topic, of which, refugees are only a very small part. Despite the fact that the issue does not directly involve UNHCR's mandate, UNHCR, nonetheless, shares the concern of all states affected by this phenomenon.
3. I would like to begin with a brief overview of migration in the world today. As we all know more and more people are moving. They are not only moving from one country to another, but also from one continent to another. By some estimates there are now well over 150 million people living outside their own countries.
4. Long-distance movements are being prompted and facilitated by many factors, most of which relate to the broader process of globalisation. A short list of frequently cited causes includes:
 - growing disparities in the level of prosperity and human security;
 - improved transportation, and communications;
 - the expansion of social networks that extend across borders; and,
 - the emergence of commercial industries devoted to moving people.

5. It should be emphasised that much of the international migration currently taking place is not controversial, nor does it involve protection or human rights issues. As you would expect, these movements, include business and student travel, as well as the movement of skilled and contracted workers from one country to another.

6. States have long recognising the economic and social value of such migratory movements. Consequently, governments in several parts of the world have taken steps to abolish controls on the movement of people, and to even facilitate the process of intra-regional migration. This is the case in the European Union, West Africa and Central America.

7. States generally acknowledge the positive value of international migration - including organised refugee resettlement - when it takes place in a regulated and predictable manner. They are alarmed, however, by irregular migratory movements. Their citizens are particularly concerned when such movements involve the arrival of people who come from unfamiliar cultures and who bring little financial or social capital with them.

8. Part of the their concern lies in the widespread confusion as to who these people are and why they come. In general little effort is made to understand the difference between regular and irregular migrants, asylum-seekers, refugees and people in need of protection for humanitarian reasons. In some instances, confusion has been intentionally generated by politicians and pressure groups.

9. Throughout history, xenophobia has been a significant means of mobilising popular and electoral support. As we all know very well, in virtually every society in the world, migrants or those who seem foreign can play a important role as scapegoats for national economic or criminal problems.

10. In any discussion of migration, it is also fundamental from the outset to appreciate the difference between migration, which is chosen and movement that is brought about by events outside the control of the persons concerned. Causes of such forced movements often include internal conflicts along ethnic lines, gross violations of human rights, persecution of persons for their political views, or because they belong to a particular religion.

11. It is important to point out that both migrants and refugees have needs to be addressed and rights to be respected. Nevertheless, these needs and rights are different, and require separate responses. The measures taken by States to address the problem of illegal or unauthorised arrival, must respect these differences and in particular, the internationally recognised right for refugees to seek asylum.

13. Unfortunately, There is a temptation to resort to one set of responses for two different sets of problems. There is also a tendency to use the same terminology to describe them. The careless confusion of terms when talking about illegal migrants and refugee movements contributes to the problem.

14. One effect of this confusion has been the equating of refugees with criminals. In some countries, asylum seekers have been vilified in official statements and the press, rather than properly describing their plight in a way that fosters an understanding of their situation and encourages a positive response.

15. Regrettably, the international community has yet to approach the issue of international migration in a concerted, comprehensive and forward-looking manner. Instead, the emphasis has been on reinforcing national efforts to obstruct the arrival of people who are deemed to be of little economic or political interest to the states concerned.

16. I would like to underscore that governments have a legitimate interest and right to protect and regulate their borders. Furthermore, It is important that they do so.

Experience has shown that uncontrolled migration can lead to overreactions in trying to manage flows. This can prompt restrictions on entry and can also lead to harsh detention and deportations.

17. The blanket enforcement of measures designed to deter or prevent the movement of unwanted migrants makes it increasingly difficult for refugees and asylum-seekers to gain access to international protection. Such measures, particularly when they are introduced on a unilateral basis, may also obstruct international co-operation in resolving refugee and migration problems.

18. Let us not forget that states have certain specific responsibilities for this very vulnerable group of persons denied the protection of their own State, particularly women and children. These responsibilities are in part derived from international instruments to which States are party. They also have their origins, in general precepts of customary international law and basic principles of humanity. Unilateral measures which do not respect this fundamental understanding, and which shift responsibilities among States outside any agreed framework for co-operation, will not resolve the problem over the longer term.

19. At issue, of course, is how to address irregular migratory movements in the region, while at the same time ensuring that persons in need of international protection are properly identified and have effective access to this protection. This is a subject that leaves no country in this region untouched, and concerns us all. The fact that it is on the program today is proof of this.

20. More often than not, migratory movements can also become a source of tension between concerned countries. When prevention fails, there is a collective obligation to solve the problem. This, however, can only be done through a co-operative mechanism, in which each actor plays its part. This includes the country of origin, asylum, transit and resettlement as well as international organisations. This effort must be based on the principle of responsibility sharing and guided by

the fundamental humanitarian concern to protect, assist and resolve the problem of these persons.

21. UNHCR was encouraged by the general consensus that emerged among States at the recent Regional Ministerial Conference in Bali to address problems associated with irregular movements in a collaborative and comprehensive manner. At the conference, a number of delegations also recognised the importance of addressing root causes as well as avoiding the "criminalisation" of those in need of international protection.

22. The Asia-Pacific region has a long tradition of providing asylum to those in need of protection, even though it is often granted on an *ad hoc* basis. Recent history has also shown that the region is capable of carrying out comprehensive and collective solutions to seemingly intractable issues of asylum with due regard to refugee protection principles.

23. It is clear that the only way in which the problem of irregular migration can be effectively addressed is through comprehensive policies that encompass the entire continuum of population flows from their causes to their eventual solutions. Unilateral or bilateral measures, instead of burden and responsibility sharing, are unlikely to deter irregular migration in the long run.

24. UNHCR has always maintained that one of the best examples of the effectiveness of a concerted approach to the problem of mixed migration is the Comprehensive Plan of Action for Indochinese Refugees, or the CPA, which was established in this region. While present circumstances are different, we should not lose sight of the spirit of practical co-operation that drove the CPA. UNHCR believes that the precedent created by the CPA could serve to guide us in the present context.

25. I would like to conclude by saying that UNHCR stands ready to work with all actors in addressing this problem. By working together, in partnership, the Asia

Pacific Region could establish a framework or system that would make significant strides in dealing with the problems associated with uncontrolled migration. At the same time, it should be recognized that security is more than just the integrity of national borders. Clearly, the respect of human rights advances everyone's security.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 7(b)

CONCURRENT SESSION SEVEN
Wednesday, 5 June 2002, 1045 -1215 hrs

"HUMAN SECURITY: ADDRESSING THE PROBLEMS OF TRANSNATIONAL MIGRATION"

by

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**Human Security: Addressing the Problems of Transnational
Migration**

ALAN DUPONT

Paper prepared for Concurrent Session VII, 16th Asia-Pacific
Roundtable, Kuala Lumpur, Malaysia, 2-6 June 2002

Transnational migration, or more specifically unregulated population movements (UPMs), has become a defining political, social and security issue for the Asia-Pacific region.¹ The unprecedented number of refugees, asylum seekers, internally displaced people and illegal labour migrants on the move is challenging the authority of governments everywhere, widening internal political and social divides, levying heavy imposts on poorer countries and accentuating the permeability of borders.

Barely a day seems to pass without a refugee incident or story. In February this year, Malaysian police detained thousands of suspected illegal migrants from Indonesia and the Philippines living in Sabah.² Increasingly desperate North Koreans fleeing their famine ridden home country have begun to create serious political problems for neighbouring China. Some have sought asylum in foreign embassies in Beijing and other Chinese cities. In one notable case last month, Japan and China engaged in sharp rhetorical exchanges when Chinese police forcibly removed several North Korean asylum seekers from the grounds of the Japanese Consulate in Shenyang.³

But the problem of UPMs is not confined to the Asia-Pacific region. It is now a global issue. In recent months we have seen asylum seekers crossing into the UK from France via the cross channel tunnel, a continuing influx of boat people from Albania and other Balkan nations into Italy, and large numbers of dispossessed Afghans eking out a precarious living in Pakistani refugee camps or attempting the long and hazardous journey to far away Australia.

Ironically, in light of their current concerns about border security, Western governments have traditionally considered UPMs to be a matter of 'low politics'

(pertaining to the wealth and welfare of the citizens of the state) rather than 'high politics' (associated with security and the continued existence of the state).⁴ Asians, on the other hand, have been more sensitive to the national security ramifications of refugees and illegal migration for historical and cultural reasons - multi-ethnic Southeast Asia particularly so, because of endemic racial and religious tensions and the preoccupation of their governments with nation building.

COMMON MISCONCEPTIONS

The wave of new restrictions on migrants in Europe has yet to be emulated in Asia and the Pacific largely because many regional states already have strict citizenship requirements and narrowly defined refugee criteria. Only China, Japan, South Korea, Cambodia and the Philippines have signed the 1951 United Nations Convention on Refugees or its 1967 Protocol. Contrary to popular belief, asylum seekers and those defined as refugees under the restricted definition used by the UN constitute less than half the unsanctioned (by governments) movement of people in the region. Many people are internally displaced within the borders of their own countries as a result of persecution, civil war, environmental degradation and government fiat or indifference. Most contemporary UPMs, however, are the result of intra-regional economic and social disparities. Countries in the middle-range of development are largely responsible for the recent surge in illegal migration because it is their upwardly mobile citizens who are motivated to seek out greener economic pastures. In developing Asia an estimated 2 billion people are fast approaching this middle-range.⁵

Asia, as a whole, hosts more refugees and internally displaced people than any other region of the globe – 8.4 million out of a total of 22 million by the UN's reckoning.⁶ Troubled Afghanistan accounts for 3.6 million refugees and at least one million internally displaced people. But even in relatively prosperous and stable East Asia there are an estimated 2-3 million refugees and internally displaced people as well as 4-5 million undocumented labour migrants.⁷ These are substantial increases on the figures of twenty years ago. As a result, receiving countries are now more inclined to regard UPMs as a politico-security issue rather than a humanitarian or social concern – hence the inclusion of UPMs on national security agendas and the propensity to use military assets and coercive measures to stem the flow of asylum seekers and illegal migrants.

Growing acceptance of the link between UPMs and international security masks sharp differences of view over whose security is being threatened – those of the refugees, displaced people and undocumented migrants concerned or the receiving countries who host, care and provide for them. Receiving governments tend to regard UPMs as a potential security threat because of their capacity to foment conflict with neighbours or intensify internal ethnic and social divisions. Human rights activists and non government organisations are more likely to see these uprooted people as the innocent victims of state policy, persecution or economic inequality for whom flight may be the ultimate survival strategy.⁸

THE HISTORICAL RECORD

UPMs first began to intrude onto the regional security agenda following the end of the Vietnam War when nearly a million ethnic Chinese and Vietnamese sought haven and economic opportunity in other parts of Asia. Paralleling this exodus was a less visible but equally significant outflow of people from China in the wake of the 1979 economic reforms initiated by China's patriarch, Deng Xiaoping. Hundreds of thousands of Chinese have been smuggled by boat, plane and land to destinations in Asia and the West over the past two decades. There is a high probability that more and more undocumented Chinese migrants will seek employment opportunities closer to home in East Asia. If so, migration induced tensions between China and the rest of the region could reawaken latent historical animosities and fuel anxieties about China's ability to promote its political and strategic influence through its expanding diaspora.

Uncontrolled migration from China, both actual and hypothetical, is not the only migration issue of concern to its neighbours. No Asia-Pacific state has been able to immunise itself from the explosion in UPMs that has taken place in recent decades, a trend that shows no sign of being reversed any time soon. Thailand, for example, provides sanctuary to between 500-700,000 refugees and undocumented labour migrants from Myanmar, while worsening civil strife in Indonesia has forced many ethnic Chinese to flee and caused large-scale population displacements in Kalimantan, the Moluccas and Sulawesi. There are around half a million undocumented Indonesian workers in Malaysia, one million Vietnamese working illegally in Cambodia, and hundreds of thousands of illegal migrants in Japan and Taiwan from

other parts of the region and the Middle East. South Korean officials, who once made much of the threat posed by a hostile, nuclear capable North Korea now worry more about an influx of refugees from across the border in the event of the collapse of the Kim Jong-il regime. 24 nations convened in Seoul for computer war games in January 2002 based on a scenario that assumed a mass landing of refugees from North Korea.⁹

CAUSES AND CONSEQUENCES

It is important to understand that there is no single or simple explanation for the rapid increase in UPMs that has occurred since the mid-1970s, a trend which shows every sign of continuing in the decades ahead. While migration has been an enduring feature of the region's political and social development, enriching societies as well as destroying them, today's UPMs are far more numerous, of a qualitatively different order and the product of multiple and diverse drivers. Ethno-nationalist conflicts, identity struggles and repression are the main catalysts of refugee flows and internally displaced persons in the region. But demographic, environmental and economic forces are playing an increasingly influential role and are primarily responsible for the rise in undocumented labour migrants who are being moved and exploited by mainly Asian people smugglers.

Ethno-religious conflict

Although the level and frequency of ethnic and religious warfare globally has subsided after peaking in the mid-1990s, in Asia ethno-religious rebellions have spread and intensified in the wake of the economic crisis and a resurgence of political Islam.¹⁰ These conflicts have created large numbers of internally displaced people,

but they have also spilled over borders and affected relations between neighbouring states. Vietnam's border dispute with Cambodia, for example, has been complicated by ethnic tensions and the trans-border movement of minority groups. Serious outbreaks of fighting and blood-letting in Indonesia illustrate how ethnic rivalries, in concert with religious differences and misplaced government policies can inflame inter-communal tensions leading to violent conflict and internal displacement, sometimes on a large scale.

Moreover, ethnic minorities, forced to become refugees in neighbouring states because of political persecution commonly prosecute wars and political violence against their former governments fuelling tensions between their home and host states. Ethnic and religious violence in China's remote but strategically important western province of Xinjiang has compelled many indigenous ethnic Uighurs, the oldest Turkic people in the world, to flee into neighbouring Kazakhstan, Kyrgyzstan and Tajikistan.¹¹ The root of the problem is the Uighur belief that China is deliberately encouraging Han migration to the resource rich province in order to disempower and isolate the Muslim Uighurs who are already a minority in Xinjiang.

Government policies

Government policies have a large bearing on population flows and national decisions to control entry and egress are influenced as much by political and security considerations as economic logic or humanitarian concerns. The generally unsympathetic response by Southeast Asian governments to the unremitting stream of boat people exiting Vietnam in the two decades after 1975, largely reflected their fears that providing a permanent home for the Vietnamese could generate ethnic and

political conflict in their own countries. While states worry about population movements that are outside their control, governments themselves frequently determine their scale, direction and composition. Sometime this is a function of government weakness rather than deliberate policy. UPMs are commonly associated with politically weak or disrupted states; even relatively strong central governments may be incapable of controlling outlying regions where borders are either contested, porous or too long to effectively police.¹²

However, refugees and displaced communities are also manipulated and exploited by states to further foreign policy or strategic interests.¹³ Increasingly, the rights, welfare and security of refugees and illegal migrants are being ignored or subordinated to the perceived interests of the state. Ordinary people are commonly the targets and victims of state sanctioned population displacements.¹⁴ In multi-cultural states like Indonesia and Myanmar, politically dominant ethnic groups have persecuted minorities in the name of national security, creating the very insecurity they seek to guard against and stimulating waves of internal migration. In some instances, entire classes of people whose existence is considered to be inimical to the interests of the ruling elite have been relocated, expelled and eliminated.

People smuggling

People smuggling by transnational criminal organisations has become a major political and security issue for the region.¹⁵ Globally, more than 4 million people are being smuggled or trafficked across international borders every year – mostly from Asia and the Middle East - earning Transnational Criminal Organisations (TCOs) an estimated \$7-12 billion annually and rivalling the profitability of the drug trade.¹⁶

TCOs have capitalised on burgeoning intra-regional trade and travel to target Asia-Pacific states as end destinations for illegal migrants from China as well as using them as staging posts for onward destination to the West. Cambodia and Thailand are central to the trade, with a steady stream of Chinese illegal migrants entering by land, air and water, including along the Mekong River, assisted by a variety of trafficking and smuggling organisations.

Asian TCOs engaged in people smuggling range from small-time, local 'entrepreneurs' geared to making a quick dollar, to sophisticated international crime syndicates such as the Japanese yakuza and Chinese triads. Thriving in the comparatively free-wheeling political and economic milieu of contemporary China, Chinese criminal gangs regard people smuggling as core business and a lucrative complement to other forms of criminal enterprise. They have established elaborate global networks to facilitate the movement of illegal migrants which are also used for smuggling drugs and other illicit contraband. In recent years, political turmoil has stimulated a rise in undocumented migrants and asylum seekers from Afghanistan and the Middle East.

Undocumented labour migrants

Undocumented labour migrants form a growing proportion of UPMs in Asia and the Pacific, exceeding the number of refugees and internally displaced people.¹⁷ The steady growth of intra-regional labour migration has been a mixed blessing. There is a growing realisation that uncontrolled labour migration can upset the precarious social and ethnic balance of multi-cultural states and be a source of political tensions between sending and receiving states. The dilemma is that intra-regional labour

migration is inextricably linked with economic development, bringing tangible benefits for both receiving and sending states. The growth prospects of the more developed regional economies like Japan, Taiwan, South Korea, Singapore and Malaysia are already dependent, to varying degrees, on the availability of cheap foreign labour, because of structural imbalances in their own labour sectors and declining birth rates. Their reliance on foreign labour is set to increase as their economies mature and diversify.

Environmental refugees

East Asia's deteriorating environment is a relatively new contributor to the sustained rise in regional UPMs. Environmental change in the form of naturally occurring droughts, floods and pestilence has been a significant factor in forcing people to migrate since the beginning of recorded history. So has war related environmental destruction. However, demographic pressures, modern development practices and the rapid pace of social and economic change are giving rise to concerns that a new class of displaced people, or 'environmental refugees', is being created. Although Asia and the Pacific has been less affected than other regions, continuing population growth, high rates of urbanisation, pollution and climate change are likely to increase the overall numbers of environmental refugees.

DILEMMAS AND RESPONSES

It is clear from this analysis that the unregulated movement of people has become a leading source of domestic instability and interstate tension as well as posing a major social and humanitarian challenge for the region. However, it should not be forgotten

that people forced to flee as a result of war or persecution are also victims, as are those exploited by criminal gangs capitalising on the expanding trade in illegal migration. How to reconcile the needs of these itinerants with the obligation and right of governments to protect their territory, institutions and citizens poses moral and practical dilemmas not easily resolved.

Unlike past UPMs, which were episodic and driven by seminal events such as major war between states, those of the post-Cold War period have been sustained over longer periods of time and are being stimulated by economic opportunism and environmental decline as well as rising levels of intra-state violence. Transnational criminal organisations offer a ready and affordable means of escape from the drudgery and hardship of life at home. The new breed of economic migrants do not see migration merely as a desirable option but one of the few available courses of action to escape the consequences of overpopulation and diminishing employment opportunities. The future level of undocumented labour migration from China, rather than the Middle East, is the wild card in the regional migration pack. China's middle-class is leaving in record numbers seeking economic opportunity in more affluent parts of the globe. As incomes increase, emigration will become more affordable and living overseas a viable and much sought after option.

There is a pressing need for Asia-Pacific governments to cooperate more closely in finding solutions to the influx of refugees, displaced persons and illegal migrants that is straining the coping capacity of many states. On the whole, multilateral responses have been poorly coordinated and largely ineffective. Aside from cursory consideration in the ASEAN Regional Forum, the region's premier security forum,

there has been little attempt to develop an overarching framework for dealing with UPMs.

The Ministerial Meeting on People Smuggling, Trafficking in Persons and Related Transnational Crime that was held in Bali from 27-28 February was a rare but important exception. Co-hosted by Indonesia and Australia and attended by 53 countries and prominent non-government organisations, the Bali meeting was a watershed event because it recognised that UPMs have become a first order humanitarian and security issue for Asia and the Pacific.

For the first time, participating ministers agreed to a number of concrete measures aimed at combating people smuggling and illegal migration regionally. They include tighter visa restrictions; information exchanges on traffickers; more effective programs for returning illegal migrants; tougher legal sanctions for people smugglers; new laws to criminalise people smuggling; the commitment of additional human and financial resources; and improved cooperation between law enforcement, customs and intelligence agencies. Also canvassed were the links between terrorism and people smuggling.

While a welcome and long over-due initiative there is a great deal more that could be done to ameliorate the situation. Governments and NGOs must distinguish the plight of genuine refugees and displaced persons from illegal labour migrants and tailor their policies accordingly. The UPM issue needs to be de-sensitised politically. In the past, governments have been reluctant to discuss transnational migration for fear of upsetting neighbours or alienating minorities. What has to be recognised, however, is

that all countries are being adversely affected by the rise in people smuggling and illegal migration. There can be no enduring solution without effective regional cooperation.

A regional surveillance centre to track and provide information on UPMs, perhaps along the lines of the regional piracy centre in Kuala Lumpur, could provide useful early warning of potentially destabilising mass migrations and assist police to identify and apprehend criminal groups engaged in people smuggling. Information relevant to specific movements, including numbers, intended destinations and current locations (especially useful for tracking boat people) could be part of the centre's mandate.

Even if these measures and those agreed to at the Bali conference are fully implemented it is unlikely that regional unregulated population movements can be completely stemmed given the conflicts that currently afflict the region and the powerful economic and environmental drivers at work. However, in the absence of serious and sustained regional cooperation directed at eradicating or treating the root causes of UPMs, the human and security costs will almost certainly increase to the detriment of all concerned.

The reality is that the landmark 1951 UN Convention on Refugees was written for the political and social circumstances of post-war Europe, and is of limited utility and guidance in managing contemporary UPMs.¹⁸ This is not to argue that refugees no longer deserve our sympathy and protection. Tolerance and compassion are the mark of civilised societies. But governments have a responsibility to protect their borders and their citizens have rights too. So the new rules and architecture we devise for

dealing with UPMs must balance the interests of today's refugees and transnational migrants with those of the countries whose citizenship and protection they seek.

- 1 There are a variety of often confusing terms used in the migration lexicon, among which are asylum seekers, mass expulsion, ethnic cleansing, disaster-induced displacement, development-induced displacement, forced migration, internal displacement, population transfer, population exchange, involuntary repatriation and imposed return. UNHCR, *The State of the World's Refugees 1997-98: A Humanitarian Agenda*, <http://www.unhcr.ch/refworld/pub/state/97/ch3.htm>. I prefer to use the encompassing term unregulated population movements which may be defined as the forced or unsanctioned (by governments) movement of people across borders and within states for economic reasons, or as a consequence of war, persecution or environmental factors. Three distinct but related sub-categories of people - refugees, internally displaced persons and undocumented labour migrants - are subsumed within this definition.
- 2 Jasbant Singh, 'Thousands of Indonesians, Filipinos detained in massive Malaysian operation against illegals', *Associated Press*, 27 February 2002.
- 3 Brendan Pearson, 'Asylum-seeker row intensifies', *The Australian Financial Review*, 13 May 2002, p.10.
- 4 Also referred to as 'high' and 'low' policies. Edward Morse, 'The Transformation of Foreign Policies - Modernization, Interdependence and Externalization', *World Politics*, vol.22, 1969-1970, pp.371-372. See also Gerald E. Dirks, 'International Migration in the Nineties', *International Journal*, XLVIII, Spring 1993, p.191.
- 5 Jack A. Goldstone, 'A Tsunami on the Horizon? The Potential for International Migration from the People's Republic of China', in Paul J. Smith, (ed.), *Human Smuggling: Chinese Migrant Trafficking and the Challenge to America's Immigration Tradition*, (The Center for Strategic and International Studies, Washington, D.C., 1997), pp.48-49.
- 6 UNHCR Publications, 10 January 2002, and *Crisis in Afghanistan*, <http://www.unhcr.ch/cgi-bin/texis>.
- 7 Alan Dupont, *East Asia Imperilled: Transnational Challenges to Security* (Cambridge University Press, Cambridge, 2001), p.140.
- 8 UNHCR, *The State of the World's Refugees 1997-98: A Humanitarian Agenda*, <http://www.unhcr.ch/refworld/pub/state/97/ch3.htm>
- 9 '24 Nations to Take Part in Military Drill on Refugees', *Korea Times*, 8 January 2002, http://www.hk.co.kr/kt_nation/200201.htm.
- 10 Ted Gurr argues that there is evidence of a strategic shift away from ethnic confrontation towards accommodation. According to Gurr, the number of ethnic groups using violent tactics fell from 115 to 95 during the 1990s and many more conflicts were "de-escalating" rather than escalating. These figures must be treated with caution, however, as the review period is too short to extrapolate long-term trends and, as ethnic tensions in the Asia-Pacific demonstrate, global trends do not necessarily reflect regional realities. For an

elaboration of Gurr's thesis, see Ted Robert Gurr, 'Ethnic Warfare on the Wane', *Foreign Affairs*, May/June 2000, pp. 52-64.

11 The United Revolutionary National Front, a Uighur separatist movement, is based in Almaty, Kazakhstan. Andre Grabot, 'Ethnic Violence leaves 80 dead in China', *The Age*, 13 February 1997, p.A13.

12 For example, the Philippine government's inability to control the activities of the Abu Sayyaf separatist group in southern Mindanao contributed to a well publicised kidnapping of Western and Asian tourists from the nearby Malaysian resort island of Sipadan by Abu Sayyaf militants in mid-2000.

Kuala Lumpur feared that a Philippine military strike against the Abu Sayyaf would cause thousands of refugees to cross the Sulu Sea to avoid the fighting and seek refuge in Sabah, which is already home to half a million Filipinos.

Ian Stewart, 'Malaysia braces for IIs fleeing assault', *The South China Morning Post*, 18 September 2000, p.9.

13 Stateless people and long-term refugee communities have proved fertile recruiting grounds for 'freedom fighters' and terrorist groups which is why international refugee assistance is often seen as aiding groups that are intent on destabilising or overthrowing incumbent governments and regimes. Gil Loescher, 'Refugee Movements and International Security', Adelphi Paper no.268 (Brassey's for the IISS, London, Summer 1992), p.5.

14 Margaret E. Beare, 'Illegal Migration: Personal Tragedies, Social Problems, or National Security Threats?', *Transnational Crime*, vol.3, no.4, Winter 1997, p.15.

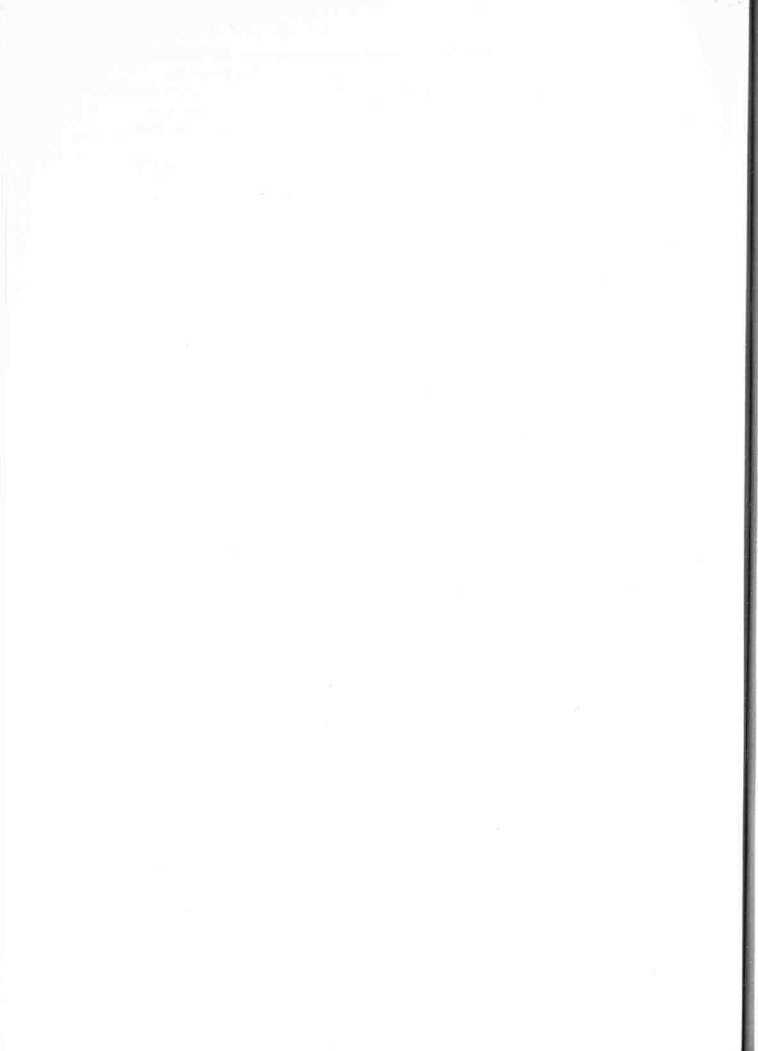
15 There is a clear legal distinction between people smuggling and human trafficking although in practical terms there is often little difference. In 1999, the Ad Hoc Committee on the Elaboration of a Convention against Transnational Crime defined trafficking in people as: "the recruitment, transportation, transfer, harbouring or receipt of persons, either by the threat or use of abduction, force, fraud, deception or coercion, or by the giving or receiving of unlawful payments or benefits to achieve the consent of a person having the control over another person." The Committee defined smuggling of migrants to mean: "the intentional procurement for profit for illegal entry of a person into and/or illegal residence in a State of which the person is not a national or a permanent resident." For a more comprehensive discussion of these definitions, see John Morrison, *The trafficking and smuggling of refugees: the end game in European asylum policy?*, pre-publication edition, July 2000, originally commissioned by the United Nation's High Commissioner for Refugee's Policy Research Unit, Centre for Documentation and Research, <http://www.unhcr.ch/evaluate/reports/traffick.pdf>

16 These figures are based on estimates by the International Organisation of Migration, Europol and the British Home Office's Immigration and Nationality Directorate and are at the conservative end of the spectrum. 'The Last Frontier', *The Economist*, 26 June 2000,

<http://www.economist.com/editorial/freeforall/current/br5088.html>; and Sally Jackson, 'Army of misery conscripts 30m', *The Australian*, 8 July 1999, p.3.

17 Maolo Abella, 'Asian Labour Migration: Past, Present, and Future', *ASEAN Economic Bulletin*, vol. 12, no. 2, November 1995, p.125.

18 On this point see Paul Kelly, 'No refuge from democracy', *The Weekend Australian*, 27-28 April 2002, p.28.





**16TH ASIA-PACIFIC
ROUNDTABLE**

2-5 June 2002, Kuala Lumpur

**Confidence Building and
Conflict Reduction** CS 7(c)

CONCURRENT SESSION SEVEN
Wednesday, 5 June 2002, 1045 -1215 hrs

**HUMAN SECURITY: ADDRESSING THE PROBLEMS OF
TRANSNATIONAL MIGRATION**

by

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**HUMAN SECURITY:
ADDRESSING THE PROBLEMS OF TRANSNATIONAL MIGRATION***

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Introduction: A Threat Assessment

The occurrence as well as the intensification of certain transnational migrant flows has been perceived by many governments in the Asia Pacific region and beyond as a major security challenge both from the perspective of source and destination areas. There is very little doubt that these perceptions are important since they impact a great deal on the policies that are being crafted and implemented by public institutions and authorities in the region. However, there is a need to examine further the points that have been raised concerning the link between security and transnational migration. This is essentially what the paper is all about – a reexamination of the discourse on migration as a security issue.

The central concern of human security as used in this paper is basically in reference to threats to well-being and not necessarily threats to the integrity and sovereignty of the state although the two are not entirely mutually exclusive categories. These human security threats are in the areas of economics (in particular sustainable remunerative employment), food sufficiency, health, environment, and personal safety (e.g., protection from criminal and other abusive elements) as well as political and collective security (e.g., protection from unwarranted persecution, human rights violations, break-down of family or national values, etc.).

Perceptions play a key role in completing the security equation. In the absence of clear and reliable data, groups and individuals may behave in a way that allows them to fill up the rest of the picture that is missing through imagination fired up by their emotions and bounded by their prejudices. The absence of or the persistence of limited data often leads to a sense of rationality that is constrained by prejudices. These prejudices are also reinforced when not much is known about the population in question such as in dealing with migration and migrants.

To be imagined as a security issue, transnational migration would have to exhibit certain threatening signals. What these signals constitute, how they are actually received and understood, and by whom can determine the threat level that is felt and the appropriate

* Paper presented at the 16th Asia Pacific Roundtable, Institute of Strategic and International Studies (ISIS)-Malaysia, Kuala Lumpur (2-5 June 2002).

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engagement or response that will ensue. This paper intends to provide a very brief and superficial but somewhat critical assessment of the threats that emanate from such a phenomenon as global migration. What are these threatening indicators really and how do they manifest themselves? To what extent are they seen as dangerous or threatening?

Again, this paper does not deny that many in the region and elsewhere have a sense that migration in general and migrants in particular are (or have become) major public concerns requiring immediate and appropriate action from their respective governments.¹ Neither does it deny that these perceptions are important inputs to public policy discourse and action in those areas. The responses of many in the receiving communities often range from apprehension over the migrants' intention to enter and reside to outright intolerance of their presence. What is being queried is the extent to which these security and other threat perceptions have been objectively determined. In order for transnational migration to constitute a valid security issue (and thus warrant a discussion of the matter as such), there must be sufficient understanding and acceptance of the level of threat or threats that the phenomenon objectively represents.²

The Backdrop

The contexts for the intensification of population movements in Asia are certainly numerous, complicated, and complex. A few are briefly discussed in this paper. The prevalence of disparate levels of development in the region is one condition that can account for the intensification of transnational population movements. Some areas have remained economically weak and politically unstable (the source countries) while others have managed to remain strong and viable (the destination countries). All are nevertheless vulnerable to the security challenges of transborder migration. Labor market configurations in both source and destination areas have also been a factor for increased population flows especially of low-skilled workers. Technological developments particularly in the areas of transportation and communications have made migration less of a major disruption than it was in the early part of the previous century. At the same time, the end of the Cold War has led to the opening up of borders that were previously closed off or highly restricted.

¹ Over the past two decades beginning in the 1970s, the number of governments that view their country's immigration level as alarmingly high has increased from about 6 in 1976 to more than 22 percent by 1993. Governments also have felt that their immigration policies should be reduced from around 6 percent in 1976 to more than 35 percent by 1993. At the same time, the number of affected governments who view that their emigration levels are too high have also increased from almost 13 percent in 1976 to almost 22 percent by 1993. For details, see *Population Newsletter*, number 62 (December 1996) and *World Population Monitoring 1993*, United Nations (1996).

² To some extent, as argued by migration scholar Demetrios Papademetriou, the determination of transnational migration as a security threat was inaugurated by the end of the Cold War when "a number of suddenly underemployed strategists turned their fretful gaze toward international migration as a substitute 'security threat'." For details see Demetrios Papademetriou, "Slaying Immigration Myths," http://www.ciaonet.org/oli/fp/fp_win97immigration.html.

Recent global developments have heightened the anxieties that people and policy-makers have on their respective foreign-born populations. The events of 11 September 2001 have sharpened the arguments in many destination areas against the influx of foreign migrants either for work or for long-term residence. Restrictive migration regulations have led to numerous infringements in the human rights of migrants by law enforcement authorities. At the same time, political authorities in the Asia Pacific region especially appear almost helpless in preventing irregular or undocumented cross-border movements.

Authorities in source areas often realize the importance of the out-migration of labor to offset burgeoning unemployment and underemployment problems as well as in generating necessary foreign exchange through remittances. Policy-makers in destination areas, however, are less forthright in acknowledging the benefits to be gained from migration. Authorities in these destination areas recognize the need for certain types of foreign workers particularly in the labor-intensive sectors of the labor market but are wary about openly accepting more of them. The result is a rise in the incidence of illicit migration activities (and with it an increase in the role that human traffickers, smugglers, and labor brokers play in the process). These illicit flows undermine state capacities as well as the bargaining rights of the local labor sector. The problem that issues from undermining state capacities is made even worse when such migrant flows have the ability (as they have done so in the past) to disrupt the friendly relations between governments.³

A Critical Threat Assessment of Transnational Migration

Is the phenomenon of transnational migration really something to be worried about? An even bigger question is why do states behave the way they do in dealing with migrants and why are publics generally apprehensive about them? One indication that migration has become something to be worried about is when certain countries perceive their migrant population to be unsustainable. Migrants are unwelcome because they are increasingly perceived as burdens and as threats to society. Exclusionary policies and mechanisms are the typical responses to immigration security problems. These can include the setting up of quota restrictions based on country of origin, ethnicity, income, religion, etc. as well as the imposition of immigration taxes and fees.

When several countries (both developed and developing as well as source and destination areas) are able to conceive of their migration situations as reason to be fearful, the issue is magnified as a global migration crisis worthy of a proportionate response. Any government that even considers increasing immigration is likely to be met with significant popular opposition. What can possibly contribute to this perception of a global migration crisis and the perception of immigrants as both domestic and international security threats?

³ The reader is reminded of the March 1995 execution of Filipina domestic helper, Flor Contemplacion in Singapore and how that case had adversely affected its relations with the Philippines.

One factor that may add to the thinking of many as regards the linkage between migration and security is the correlation between increased immigration levels and economic downturns. Not surprisingly, the occurrence of economic crises in destination areas triggers calls for reduced immigration levels and more stringent measures to address illicit human migration. While economic crises may accompany increased immigration, the literature is as yet unable to objectively determine the causality between the two.

Another factor that can explain the threat perception towards migrants is the preponderance of mass media institutions to portray foreigners as harmful and inferior elements. Mainstream media stories typically depict immigrants in a strongly negative light (i.e., as criminals, queue-jumpers, and eager to take advantage of public goods and services).⁴ All too often strangers or foreigners are associated with these types of harmful acts or transactions. These anecdotes in turn arouse anti-immigrant emotions and suspicions. At the same time other aspects of popular culture also propagate the image that foreigners are to be feared because they are dangerous, destructive, and disruptive. Hollywood blockbuster films like *Men in Black*, *Starship Troopers*, the *X-Files*, and the like convey a mental picture of aliens as deceptive, deadly, and whose numbers are increasing.

Moreover, within the last two decades, there has been a rise in anti-immigration movements and nativist parties such as the National Front in France as well as the National Party in Australia. Such politically motivated undertakings have managed to tap into prevailing and persistent anti-immigrant sentiments in these destination areas.

Those who construe transnational migration as a critical security issue point to two major reasons for why this is so. The first is the increasing levels of migration that occur both in terms of absolute numbers and scope and which are seen to be alarmingly high. The second reason is expressed in terms of examining the impacts and implications of migration on societies in both source and destination areas.

In reference to the global migration scenario, reports from intergovernmental agencies like the International Organization for Migration (IOM) indicate that the number of people currently residing in areas outside of their place of birth has reached 150 million. Migrants can be found in practically every country in the world. However, the extent of migration taking place in contemporary times is without a doubt much smaller in relation to population movements from the late 19th to the early 20th centuries. Nevertheless, this creates the impression that such the current figures represent dangerously high numbers.

People in different areas define their respective threat levels relative to their own subjective judgment of what constitutes a certain threshold. Certain segments of the population in countries like Japan and Australia imagine they are being "flooded" by immigrants and that they are unable to sustain such new entrants no matter how small such a proportion might be. The minority Chinese Christians perceived as a threat in

⁴ In Japan, English-language newspapers frequently describe wanted criminals as people who speak Japanese "differently" than local people. In Australia and the United States, asylum-seekers are immediately perceived as potential economic migrants and therefore cannot qualify as political refugees.

largely Moslem Indonesia also illustrates how irrationally locals can behave given certain long-standing prejudices.

There has been a significant rise in immigration levels throughout the world. However, that is not the issue being addressed. The issue is that such heightened immigration levels do not mean that the security risks have also become significant or are in fact real. Migrants cannot be considered a threat simply because of their large presence. The determination of a crisis cannot be objectively established simply because of these numbers no matter how substantial they might be. For one, reliable statistics on population movements are difficult if not impossible to obtain. In many cases, there is a disparity in figures used by different organizations and government agencies. This is especially so for irregular migrant flows including forced refugee and undocumented movements. Moreover, countries define and determine their migrant populations differently. Japan, for instance, considers those born in the country of Korean descent to be foreigners and are viewed with some degree of caution. At the same time, those of Japanese-descent but born in Brazil (the so-called *nikkeijin*) are welcomed in Japan. For another, the figures that are available reveal only part of the overall picture. Even with figures running in the millions it is still difficult to ascertain the actual magnitude of international migration stocks and flows.

There is a high correlation between increased immigration levels and security anxieties in destination areas. However, such a correlation is not a causal one. It is simply that one is observed when the other occurs. Neither is this correlation an absolute certainty given the fact that security anxieties can also be triggered by factors other than increased migration levels. Consequently, the objective determination of a migration crisis entirely on the basis of increased migrant stocks and flows continues to be an unresolved and debatable matter.

Unfortunately, the literature tends to be dominated by scholars who imagine migration already as a major security concern given these intensifying flows and therefore are justified in calling for reduced immigration (also known as "stabilizing" the population). These studies are the ones that eventually feed into the policy-making process. Moreover, many of those scholars who argue that migration should be reduced would often do so from the perspective of economically developed countries as destination areas. The reality, however, is that migrants are more concentrated in less developed areas such as Africa, West Asia, South and Central Asia. Approximately 90 percent of the world's refugees and displaced persons, for instance, have actually found their way into developing areas. This suggests that, despite the global predominance of migrants, certain areas are more affected by transnational migration (and is likely to be a security problem) for some more than others.

The likelihood that these migratory flows are considered a major security risk increases when they occur beyond the control mechanisms of governments. Transnational crime groups and other human smuggling and trafficking syndicates (including labor recruiters and brokers) now dominate the migration landscape. These entities operate beyond the control (although frequently with the collusion) of government authorities in both source

and destination areas. The mere presence of undocumented migrants, for instance, in itself undermines the notion of rule of law (and sovereignty) in both source and destination areas.

Native populations in both developed and developing areas imagine their respective immigrant communities with some fear, apprehension, anxiety, and, later, intolerance. Government authorities, fearful of losing popular support, must invariably take these worries into account. At the same time, governments that are unable to generate public support are likely to express some anti-immigrant sentiments if only to tap into and exploit the social undercurrents against foreigners in their areas for certain political ends. State policies, which are often shaped by such simmering anxieties and undercurrents, also take into account certain claimed national values and interests such as cultural homogeneity, ethnic balance, personal security against crime, unemployment, and poverty, among others.

Socio-economic as well as demographic instabilities occur which are not necessarily and immediately attributable to increased migrant in-flows. The native population in many destination areas may experience changes that lead to an aging public and which can in turn cause increases in welfare payments. And yet, once the general population feels these economic difficulties (which range in character from unemployment to rising criminality to reduced social insurance benefits), it is usually the foreigners who are blamed first. Such feelings of distrust and intolerance for foreigners are often experienced during times of economic downturn (including high unemployment). At the same time, rising crime rates and increased public service expenditures also serve to magnify these anti-foreigner sentiments.⁵

As mentioned earlier, while there is a correlation between the occurrence of increased immigration and slumps in the economy, there is really no causal link between the two. The research community itself has yet to reach a definitive consensus on the socio-economic impacts of migration on either the source or destination areas. While there are scholars who contend that migrants contribute to the wealth and prosperity felt by everyone (locals especially) in the destination areas there are those who insist that foreigners undercut local workers particularly in terms of wages and employment opportunities. Subsequently, associating foreigners with economic and social problems may not be sufficiently and objectively concluded. What happens is that it becomes easier for certain nativist as well as special interest groups to exploit the situation and to blame the newcomers as well as push for policies that would lead to significant immigration reductions.

Correcting Impressions

⁵ Not to mention, of course, that migrants (particularly political refugees) can become a nuisance as well as a security threat to their respective source countries when they lobby in the destination countries against the governments in their places of origin. Examples of these include Burmese students in Thailand, Chinese democracy activists in the United States, Filipino political exiles in the Netherlands, among others.

Can we expect the market to address the security anxieties felt by people and state authorities in the region? The market is not the solution. It simply cannot address the migration issues and concerns that add to the security anxieties of people in the region. Indeed, it may even be part of the problem such as when (e.g., women and children are trafficked and prostituted or when irregular migrants are exploited because there is a demand for such in certain destination areas like Japan, Malaysia, Thailand, among others).

What is needed is a comprehensive and integrated regional human resource development plan. Authorities in the Asia Pacific region must eventually come to terms with the realities of global migration and confront the different security issues that result from such a phenomenon. It is only by objectively confronting the matter by way of generating credible data and by encouraging debate among members of the research community can a more sensitive migration management agenda be forthcoming.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction CS 8(b)

CONCURRENT SESSION EIGHT
Wednesday, 5 June 2002, 1045 -1215 hrs

DEMOCRATIC REFORMS, GOOD GOVERNANCE AND HUMAN RIGHTS: DO THEY STILL MATTER

“Democracy, Human Rights and Suppression of Terrorism”

by

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Democracy, Human Rights and Suppression of Terrorism*

Suchit Bunbongkarn

The Impacts of the September 11 Attacks

The events of September 11 have had a profound impact on the American public opinion connected with the U.S. foreign and security policies. As Joseph S. Nye Jr. puts it, 'the tragedy of September 11 was a wake up call for American'¹. They were complacent during 1990s as no one could pose a real challenge to the Americans national security. With the collapse of the Soviet Union, an easy victory in the Gulf War and the booming economy, the Americans were convinced that their nation was invincible and invulnerable. But the attacks on September 11, changed this perception. The Americans began to feel more insecure and needed a drastic action to cope with terrorism.

President George W. Bush has put war on terrorism on the top of the security agenda. This war included military operations against Osama Bin Laden and his Al Qaeda as well as the Taliban regime in Afghanistan. It involved efforts to crack down evildoers which included intelligence wiretaps of terrorist suspects and detaining of suspects for indefinite period even though they were legal immigrants. The question has been raised is that in its campaign against terrorism if human rights and rule of law are not being observed, how can the U.S. expect others to respect the human rights and the rule of law? In addition, the United States formed an anti-terrorist

* Paper presented in 16th ASIA Pacific Roundtable, *Concurrent Session VIII "Democratic Reforms, Good*

alliance with a number of countries whose support and cooperation was needed for the success of military operations against Al Qaeda and the Taliban regime no matter they were democratic or not. Pakistan was a case in point. The United States military campaign against terrorism in Afghanistan depended on the cooperation of the military regime of Musharraf in Pakistan. Many observers believed that because of this cooperation, democratization and human rights issues were not given a high priority by Washington. Thus the processes of democratization in many countries have not been encouraged.

The Clinton administration gave much attention to the issues of democratization and human rights. Several illiberal democracies including Singapore and Malaysia and authoritarian regimes especially China were criticized by the Administration for limiting press freedom and the people's political liberty. In China, cases of human rights violation were often cited. Washington applied pressure on countries that human rights violations occurred hoping that it would encourage them to do more to cope with the violations. For example, the United States had cut off the military assistance to Indonesia on the grounds that the Indonesian military was involved although indirectly in violent attacks on East Timor people. But the September 11 attacks have shifted the emphasis. The war on terrorism was on the top of the agenda. The US. Government has avoided direct criticisms against Southeast Asian Countries on the violation of human rights. When President Bush met with Malaysian Prime Minister Mahathir in Washington D.C. recently, the issue of human rights were never mentioned. It is believed

that Washington set aside the human rights issue because it wanted to show to the Malaysian leader an appreciation for his cooperation with the United States in suppressing terrorism. Once severely criticized by the West for jailing of Anwar Ibrahim, he was warmly welcome in Washington by President Bush.

The war on terrorism is going to be a long one. The United States was able to get rid of the Taliban and destroyed most of the Al Qaeda's bases in Afghanistan, but the power struggles among Afghan warlords are eminent which will lead to political instability and prolong the campaign against the terrorists. Moreover, the United States government has revealed that a number of countries including Iran, Lybia, North Korea, Sudan and Syria have continued to support one way or another international terrorism. The Bush administration and FBI's recent warnings of terrorist attacks especially suicide bombings suggest that terrorism continues to be a serious threat to the U.S. security². This indicates that the United States' war on terrorism will continue with no end insight. The issue of international terrorism will remain on the top of Washington's security and foreign policy agenda, and as a result, the democratization and human rights issues will be given a low priority.

Globalization and Its Effect on Democratization

Although in the past two decades, globalization had stimulated democratization in several in countries, some critiques have observed that globalization may have an adverse effect on democratic development. Kaushik Basu, an economic professor at Cornell argues in his article, "the Retreat of Global Democracy," that one of the negative side effect of

globalization is its corrosive effect on democracy. As he points out, "even if individual countries are becoming more democratic, it seems, the sum of global democracy is shrinking thanks in no small part to globalization."³ This is because globalization has enabled the dominant nations to have a variety of new tools to influence weaker countries and one of them is money. As he argues, "instantaneous electronic links and improving system of global guarantees allow capital to flow across national boundaries as never before. Rapid withdrawal of such capital can have devastating effects, as in 1997 when Asia's economies succumbed to financial crisis."⁴

One can argue that it is true that globalization caused the Asian financial crisis, but it was that crisis which led to the fall of the authoritarian regime of Suharto in Indonesia and the establishment of a democratic government as well as encouraged political reform in Thailand. However, democracy in Indonesia is still weak and problems facing the country seem insurmountable. Ethnic and religious clashes, secessionist movements, demands for more autonomy in various regions, and violent protests are common phenomena. A question now raised is: will democracy be able to resolve all those problems and bring Indonesia back to peace, stability and security?

In the case of Thailand, the economic crisis forced the government to accept the draft of a new constitution in 1997 as a part of political reform to make democracy more liberal, transparent and accountable. But when Thaksin Shinawatra came to power with a landslide victory in the election in 2001 with a mandate to resolve the economic crisis, the prime minister has become intolerant of press freedom and criticisms against the government especially the prime minister. There is a concern among the Thai public that the liberal democracy which just began to take

shape under the new constitution will possibly be reversed to illiberal democracy. Although the prime minister often defended himself he was not a dictator as accused, his intolerance of criticisms is a signal that strong executive is needed to move the country forward.

In the light of the above developments, some may incline to believe that democratization and human rights are no longer relevant. But it may be premature to conclude such that. In my opinion, democracy and human rights still matter and there are several evidences to support this.

Democratic Consolidation in East Asia

Whether democracy and human rights are still relevant, one has to look at the prospect of democratic consolidation in newly democratic countries. What is democratic consolidation? Democracy is consolidated when a reversal to authoritarianism is impossible. It is consolidated when it is stable, vibrant, efficient and accountable. The process of democratic consolidation is a complex process which involves structural and cultural dimensions. One of the cultural dimensions is the commitment of the elites to democracy. Democracy cannot be the only game in town if the elites are not committed to democracy and do not have faith in it. Their conviction in democracy makes a reversal to an authoritarian rule difficult if not impossible. In addition, the commitment to democracy by civil society organizations and groups is also essential to democratic consolidation. They can play an important role in strengthening and deepening democracy. They can serve as mechanisms for enhancing political participation and mobilization, disseminating democratic principles and norms.

In emerging democracies especially, Indonesia and Thailand, political parties and civil society organizations have been active in

promoting democracy and human rights. It is quiet clear that they do not want the military to seize power again. In the case of Indonesia, despite violent ethnic clashes and protests, political elites, political parties and social organizations are still committed to democracy. The military shows no sign of intolerance. Nor do they express interest in intervention. The elitist groups continue to believe that democracy is the only way to resolve conflicts, to stabilize the country and move the country ahead. They believe that the problems in the country are too complicated to be handled by any strong military leaders alone.

In the case of Thailand, there is a growing commitment to democracy among the political elites and societal groups. The democratic system has sailed through the economic crisis and there is a growing desire among the elites to make the system stronger, more efficient and more accountable. Whenever Prime Minister Thaksin Shinawatra showed intolerance of criticisms or made an attempt to control the press, he always met with strong reactions of several politicians, academicians and social groups. They did not want to see the country moving backward to authoritarianism. The fact that the economic crisis which had led to a stronger demand for political reforms demonstrated that Thais are more committed to democracy. The military has shown no desire for intervention. After the May event in 1992, the military has made it clear that it does not want to come back to the political arena again.

One explanation for the growing commitment to the democratic system and the political reforms is that the Thais had been under an authoritarian rule for so long since 1932. Although the authoritarian governments had done a lot for developing the country, the people were fed up with a rampancy of corruption, nepotism and inefficiency of the

governments. They believed that a democracy with popular participation and effective mechanisms for checks and balances were the best way to eliminate corruption and nepotism as well as to increase efficiency of the government.

Moreover, Thai civil society organizations are becoming stronger and more active in campaigning for rights, freedom and social justice for the Thais especially those in remote rural areas. They supplement the role of political parties in encouraging people to get involved in politics, especially in elections and in disseminating democratic principles and ideas. In fighting for rights and freedom of the people, these civil society organizations have brought the people to get involved in such activities and made them more committed to democracy.

The enactment of the 1997 constitution is the case in point. This constitution was a product of cooperation between the political elites, the academicians, the middle class, the civil society organizations, and the mass public. The need for a new constitution was initiated by some civil society groups and political activists and later supported by the elites and the middle class people including the academicians. The mass public was brought in the drafting process through public hearings which were organized throughout the country during the drafting. Thus, the constitution was known as the people's constitution and an evidence of the Thais' commitment to democracy. Now five years have elapsed since the enactment, and some imperfections in the constitution have appeared but the public continue to have faith in the charter and democracy.

In the Philippines, democracy is still working. The fact that President Estrada, who was popularly elected a few years ago and was later ousted by a popular demand on the grounds of corruption and nepotism has

been put on trail on plunder of the nation reconfirms that democracy is still relevant in the Philippines. In addition, the Abu Sayaf terrorists in the south have no impact on democratization. They are unable to destabilize the political system. President Arroyo's endorsement of the United States government's war on terrorism prompted the U.S. to send troops to train the Philippines forces to suppress the terrorists. In a way, the war on terrorism has strengthened the democratic government of the Philippines.

Democracy in South Korea is stable, transparent, and accountable. Though its democratic regime, the country has regained economic strength although some problems remain. As for the issue of security after the September 11 attacks, The Korean Peninsula is still stable and not dangerous as many expected. President Bush has recently condemned North Korea as a part of the Axis of Evil and his Defense Secretary Donald Rumsfeld named North Korea as one of the countries that continue to develop weapons of mass destruction. But the situation in the Korean Peninsula remains calm. At the time of the writing, South Korea and Japan are well prepared for the World Cup and as one of the commentators points out, when the soccer World Cup kicks off in a few days time it will remind the world that the Asian economic crisis in 1997 only interrupted, not halted the East Asian progress.⁵

Elsewhere in East Asia, there are signs of improvements in the political sphere. For example, in Myanmar where the military is still holding a firm grip in politics, its leaders has released Aung San Suu Kyi, their arch rival. In Japan where economic stagnation remains retractable, Prime Minister Koizumi still survives despite the decline of his popularity. The recent debate on constitutional reform which covers not only Article 9 but also the issues like citizens' referendum and provisions to safeguard

individual privacy indicates that the constitutional reform movement is not only aiming at expanding Japan's role in international security but also strengthening its liberal democracy. China is the largest undemocratic country in the world but with the present economic boom, the political system will gradually be liberalized. At the moment, China is able to maintain political stability which is very essential for security in East Asia.

The U.S. war on Terrorism, Human Rights and Democracy

The U.S. war on terrorism continues with no end in sight, but it cannot go on doing it without strong criticisms against its failure to guarantee the rights of foreigners detained after the September 11 attacks, and its selective adherence to international law. The Amnesty International in its 2002 annual report has assailed the United States on human rights by listing "Eight Significant Human Rights Failings" which includes the authorization of military tribunals to try terrorists, selective application of Geneva Convention guarantees for prisoners held at the U.S. naval base at Guantanamo Bay, and indefinite detention of foreigners held without charge.⁶ It also criticizes the United States on its failure to ratify the Convention on the Rights of the Child and the administration's renunciation of the International Criminal Court statute as they "undermine global consensus on human rights and set dangerous precedent for other countries to 'unsign' treaties"⁷

Several think tanks have encouraged the United States policy makers to continue to promote human rights and democracy abroad after the Sept 11 attacks. For example, on October 16, 2001, the United States Institute of Peace organized a symposium on 'Advancing Human Rights and Peace in a Complex World: Setting Priorities'. The meeting brought together

a number of prominent thinkers who came out to encourage the United States policy makers to pursue human rights goals in conjunction with other foreign policy objectives. Some came out quite clearly that the United States should work for the expansion of human rights and democracy and suggested that they should see democracy promotion and solving the problem of terrorism as complementary objectives.⁸ Other thinkers also raised the need for the United States to stress the development of democracy and human rights in other countries. Michael Mcfaul in his commentary published in the *New York Times* encouraged President Bush to press President Putin of Russia on democratization when he met his Russian counterpart in Moscow in Mid May 2002. He argued that if bush failed to push for greater democracy, the summit meeting would be only a partial success since Democratic Russia has sought to join the West and cooperate with the United states. He further pointed out that a return to dictatorship in Russia would undermine the achievements of the summit meeting.⁹

Conclusion

The continuing effort to democratize the political systems in East Asia and criticisms over the United States government's selective adherence to international law and human right principles discussed above suggest that democracy, human rights and good governance still matter. Political elites, think tanks and societal groups in many countries as well as many international civil society organizations are convinced that democracy is a good system of government and human rights cannot be separated from it Good governance is needed to make democracy efficient, incorruptible, transparent and accountable. I am convinced that democratization and fighting against terrorism do not conflict with each other. As Max

Kampelman pointed out that the way to counteract extremist ideology is to promote an environment that fosters moderation and tolerance and democracy is the only form of government that is capable of supporting such an environment.¹⁰ Thus we should not allow the war on terrorism to disrupt the progress of democratization.

Notes

1. Joseph S. Nye, Jr., *The Paradox of American Power* (Oxford: Oxford University Press, 2002) p. IX
2. *International Herald Tribune*, May 23, 2002, p.3
3. Kuaushik Basu, "The Retreat of Global Democracy", *The Nation*, May 4, 2002, p.5A
4. *Ibid.*,
5. Philip Bowling, "East Asia Has Cause for Confidence", *International Herald Tribune*, May 29, 2002, p.6
6. *International Herald Tribune*, May 29, 2002, p.2
7. *Ibid.*,
8. *Peace Watch*, Vol. VII No. 6/ Vol. VIII, No.1, (October / December 2001) pp.10-11, 16
9. Reprinted in *International Herald Tribune*, May 22, 2002, p.6
10. *Peace Watch*, p.11



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

CS 8(c)

CONCURRENT SESSION EIGHT

Wednesday, 5 June 2002, 1045 –1215 hrs

**“DEMOCRATIC REFORMS, GOOD GOVERNANCE AND HUMAN
RIGHTS: DO THEY STILL MATTER”**

**“Beyond Human Rights & Democracy: Good Public & Corporate
Governance – The “Monetary Consensus” in the Post-Enron Context”**

by

Dr. Eric Teo Chu Cheow

Council Secretary

Singapore Institute for International Affairs (SIIA)
& Managing Director, Savoir Faire Corporate Consultants
Singapore

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**BEYOND HUMAN RIGHTS & DEMOCRACY : GOOD PUBLIC &
CORPORATE GOVERNANCE --THE "MONTERREY
CONSENSUS" IN THE POST-ENRON CONTEXT**

by

Dr Eric Teo Chu Cheow, Council Secretary, Singapore Institute for International Affairs (SIIA) & Managing Director, Savoir Faire Corporate Consultants, Singapore

Human rights and democracy have been the favourite subjects of debate and discussions in international fora, but good governance has so far been a less popular theme, both within government circles and the intellectual community. Human rights activists and left-wing intellectuals have always championed the cause of human rights and democracy as the sole criteria and conditions for effective governance and political management *par excellence*. Even during the Asian Crisis, Western intellectuals criticised the despotic crony systems in Asia and cronyism in "Asian values", without explicitly referring to the notion of good governance or what many saw at that time as the lack of it during the hey-days of vertiginous Asian development.

But curiously, another angle of good governance, namely good corporate governance, has now become even more *à la mode*, thanks to the recent Enron and Arthur-Andersen debacle. In fact, the Enron-Arthur Andersen crisis in the United States has highlighted the utmost necessity for the corporate sector to embrace good corporate governance, accountability and transparency. The cry today is one for rampant power and even, the abuse of omnipotent markets to be stringently checked and subjected to some forms of control.

These two aspects of good governance, both public and corporate, have now begun to command considerable attention from civil society, NGOs and the public itself, as well as from the business community and markets too.

This paper seeks to examine the intrinsic links between the market, investor community and good public governance, as well as the market, investor community and good corporate governance. Equally important is perhaps the fact that the recent Monterrey Consensus, within the framework of the United Nations, appears to be "pitted" against the previous more liberal and US-inspired Washington Consensus.

The recent UN Conference on Financing for Development in Monterrey, Mexico in late March, within the context of the Enron-Arthur Andersen debacle, has highlighted the inextricable link between the crucial role of the private sector in the international strategy of financing development (in developing countries), provided concepts of good

corporate governance are adopted by these same countries, and the critical need for good corporate governance to be strictly applied to this same private sector today.

The Monterrey Conference has come on the timely heels of five global factors, as follows:

- Firstly, Sep 11 has brought home the long-overdue message that poverty, growing frustrations against the lack of social progress and the social inequity found in many developing countries, have helped spawn terrorism.
- Secondly, globalization, which has the potential to create unprecedented prosperity through liberalized trade, investments and the technological revolution, has also increased inequalities both between and within nations, and thus aggravated economic and social inequities. If unarrested, this trend could lead to instability, more terrorism and conflicts.
- Thirdly, in this post-Cold War era, developmental aid is no longer tied to ideological support or allies within the former Western or Soviet blocs. Today, such aid should be pegged to criteria other than political!
- Fourthly, there is the realization that a sustainable socio-economic development is far more important than development at any cost; in post-Crisis Asia, this seems to be the new slogan for development!
- Lastly, the private sector is expected to be more actively involved in the development of emerging economies, but only if the criteria of good governance and sound legal, administrative and financial systems are adequately met by these countries. However, there is also an important corollary to Monterrey, namely, that big businesses and the corporate world at large in the post-Enron-Arthur Andersen context must now stringently enforce corporate governance, accountability and transparency from within.

The "Monterrey Consensus" has thus successfully linked these five key global issues of today in a powerful and logical way in the post-Sep 11 and Enron context. Developmental aid is "de-politicized" today, as Western-Soviet division has since collapsed; today's aid would thus be based primarily on merits! Sep 11 and the anti-globalization clamour have driven home the message that developed nations could no longer live in security, if poverty is not alleviated and social inequities are not quickly reduced. Tearing down trade barriers is imperative, but not sufficient.

Developmental aid must flow effectively to developing countries in order to create a more stable and safer world for all. But this aid should also be tied more stringently to anti-corruption clean-ups, democratic reforms, transparency, accountability, domestic private enterprise stimulation within good corporate governance frameworks, and a special focus by developing nations on education, human resource development and health services. Above all, developed and developing nations, the public and private

sectors must now jointly involve themselves in **both** the institutional and capacity-building in the developing world! Two points are hence important to emphasize. Firstly, good (public) governance could be part of this developmental aid package, which includes institutional and capacity-building. And secondly, there are no doubts that this good governance is now considered as one of the most important criteria for more developmental aid to flow into a country, besides the respect for human rights and democracy. Not only are developed countries and their governments selective for and attentive to good governance, but private investors and the market are also focusing on this aspect as well before committing the much needed developmental funds. This is hence the first intrinsic link today, through the Monterrey Consensus, between the market, investor community and good public governance.

According to the Monterrey Consensus, big "clean" corporate businesses are now encouraged to be closely associated with development, if conditions are met by emerging economies, for them to invest, help alleviate poverty, and develop infrastructure, utilities, health and educational programmes for a sustainable socio-economic development. But the public has also an exigency that the corporate sector must itself strictly embrace good corporate governance, accountability and transparency. They are also asked to adopt the 1997 OECD Guidelines, which restrict and "limit" corruption. In short, it is clear that the rampant power and abuse of markets should also be stringently subjected to some forms of control as well! This is therefore the second intrinsic link between the public (also, in its role of shareholders/investors and the market) and good corporate governance.

Furthermore, the "new compact" in Monterrey has also highlighted the importance of "public-private partnership" or PPP, as a model for developing basic infrastructure and utilities, and in the fight against poverty in developing countries. This partnership, which would inevitably come under stricter and more regular public and civil society scrutiny, would be increasingly championed by the World Bank, regional banks such as the Asian Development Bank in this region, and developed countries as developmental aid donors. The management of PPPs will necessarily mean that the civil society's and NGOs' close scrutiny would be stringent on both the authorities and the private sector, and hence their increasing rise in both good public and corporate governance.

People's power could therefore be expected ultimately to scrutinize and check **both** the public and corporate sectors' integrity and governance practices closely! Monterrey has hence helped focus on the corporate sector's crucial role in international developmental strategies, but only if this corporate sector would fully embrace good corporate governance in the country where it is operating. In short, the rampant power and abuse of once-omnipotent markets must now be stringently checked, curbed and subjected to some forms of international, national and even "self"-control. This is also the triumph for democracy, as embodied by a conscious built-up of civil society; human rights has hence taken on an added and revised meaning!

In a certain sense, the Monterrey Consensus has "affected" the Washington Consensus. The prime role of markets and the corporate world, within the context of the "new liberalism" as embodied in the Washington Consensus, appears to have been

"dampened" and should be revisited. The Monterrey Consensus has now highlighted the need to rehabilitate the "public economy", a term advocated by Joseph Stiglitz, the former IMF Chief Economist. The role of the State in economic intervention and "participatory inclusion" (quoting Stiglitz again) is now back in *vogue*; new political and social contracts are necessary to be re-negotiated within developing countries. In the growing anti-globalization climate and the Enron-Arthur Andersen fiasco, markets and big businesses do not necessarily rule the day alone anymore! It is thus only logical that the role of the State be rehabilitated to develop the economy in a more responsible way, perhaps even playing a role to help enforce corporate governance in their countries.

The Enron-Arthur Andersen saga have clearly highlighted the necessity for the private sector to set its house in order quickly and strictly enforce good corporate governance, at a time when its contribution is actively called for in international developmental strategies and in financing development, as contained in the Monterrey Consensus. As the "Monterrey compact" had already adequately highlighted the necessity for good public governance in attracting developmental aid and investments into emerging economies (on the insistence of Washington and other Western capitals), the corollary of effective corporate governance cannot now be more adequately emphasized as well.

Good governance is therefore **both** a public and corporate exigency by the rising civil society and emerging public opinion. In fact, both the governments and the corporate world will now have to measure up to popular expectations in a very clear way.

The market and the investor community (and especially individual investors and shareholders) are thus beginning to view both public and corporate governance seriously. This fact remains that because of the importance accorded to both public and corporate governance, companies would now find it progressively harder to bribe their way through corrupt governments and systems, otherwise they would be punished by the market and abandoned by their shareholders, who are having a commanding say as well, thanks to the spread of good corporate governance ethics. In a way, this is the fruit of increasing democratization and the spread of civil society.

One of the results of the Asian Crisis has been the progressive shift away from a duopole nexus of the Asian political economy (based on big government and big business) to a more tripolar nexus based on governments, civil society and the private sector (but not necessarily big business alone). **The rise of civil society** as a check and balance against governments and the private sector is definitely an *acquis* now in the international ethics of governance. This civil society checks both good public governance, through active NGO activities, and corporate governance, through the stock market, as private individual shareholders.

Human rights and democracy have hence triumphed, as they are now amply translated into concepts of good public and corporate governance, and as the recent Monterrey Consensus partially "re-writes" the "more liberal" Washington Consensus.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 9(a)

PLENARY SESSION NINE

Wednesday, 5 June 2002, 1400 –1530 hrs

WOMEN AND ARMED CONFLICT: ADDRESSING THE CRITICAL ISSUES

“Violence, Democracy and Human Right: Women’s Peace Building
Initiative in Indonesia”

by

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Women and Armed Conflicts Panel
16th Asia Pacific Roundtable

Violence, Democracy and Human Right:
 Women's Peace Building Initiative in Indonesia

Outline only
 Not for quotations

By Chusnul Mar'iyah
 Director of Graduate School of Political Science, The University of Indonesia
 Women's activist, activist women

In May 1999, I attended a conference on *Increasing Role for Women in Arm Conflict Resolution* in London, which was held by International Alert, London. There are some common issues on violence conflicts in many countries. The core question is where are the women's voices on conflicts? Rose Mukankomeje, a Member of Parliament from Rwanda said that "in Africa, they are certainly in the kitchen busy cooking, they are in the fields sowing, and they are also in the hospitals looking after the wounded. They are far away from where the decisions on war and peace are made." (*International Alert*, London, 1999). Furthermore, she epitomised how women were getting into institutional politics to ensure a seat at the negotiating table to talk war and peace. A Good Friday agreement in Northern Ireland is one of the examples. The Rwandan's women situation is not much different with what happened worldwide included Indonesia. Women become the principle victim of the violence conflicts in Indonesia but women are not a matter of policy for the government. They are not included into much process of negotiations and reconciliation's especially in arms conflict resolutions.

The Indonesian Experiences

The dominant theme of the women's struggle in Indonesia, especially since May' 1998 riots, and follows by the erupted many violent conflicts in regions such as Aceh, Sambas (West Kalimantan), Ambon (Malucas), North Malucas and West Papua and East Timor (at the moment), is that women had to reach beyond their usual humanitarian activity and get involved in formal politics, if there is to be a durable peace in which the rights of the people to live in physical, economic, cultural and political security is assured. In June 1998, 22 women activists had met with the President Habibie to discuss and condemn the May Riots and finally we established *Komnas Perempuan* (National Commission On Violence

Against Women). This institution was also to response that National Human Rights Commission was not addressing women issues on Human Rights.

The economic crisis in July 1997 produced a tragic political situation for Indonesia, which highlighted the corrupt and unrepresentative nature of the regime. There were no democratic political institutions (since 1959, Indonesia has been under authoritarian rule) that could cope with the political and economic change. The political parties were not functioning as aggregators of societal interests and there was no genuine policy debate about combating the economic crisis. The state was quite autonomous from the civil society but not from the rent seekers most of who were 'cronies': crony capitalism defined the system.

The fact is that the economic crisis affected women life conditions very badly because most women are the poor and in lower income groups (feminisation of poverty). The immediate effects were seen in drastically reduced food supplies, in a marked deterioration in people's health, especially the health of low income people, and the health of people in conflict areas such as Ambon, Aceh, in West Kalimantan or any places where there are IDPs (Internally Displaced Peoples). It was also seen in increased unemployment, crime rates and the number of children forced to leave school. Even though women are strong in crisis, and survive well, women do bear the brunt of most of these effects, which combined to additionally force them into the labour force. So the fact that the situation of women was particularly bad really stood out.

As women spoke of their diverse experiences of violence conflicts in Aceh, Sambas, Ambon, North Malucas, West Papua, their local efforts to heal and re-build their societies and above all, of their strategies to ensure that their voices are heard at the negotiating table, the binary stereotype came unstuck of women as the constant victims of conflicts waged by men. The case study in Aceh gave a model of women peace building initiative.

In February 19-22, 2000, around 437 Acehness women (most of them are activists) had to come together, in a conference called *Duek Pakat Inong Aceh* (Acehness Women Congress) to make visible women's peace building activities, to create solidarities of women building peace. The conference made a room for women to decide what should be done to solve the continuing conflict in Aceh after for along time women became the majority silence. They voices never been heard. They were not invited in many agreement and negotiations. They had come to assert their right to be taken seriously when political decision of peace is negotiated and humanitarian intervention are made. There were five committee for discussing beyond referendum in Aceh. There were *women and syari'ah law; women and peace initiative; women and economic policy; women and social and cultural change and women and politics.*

But at the Conference itself, it was evident that it would be a long struggle for women before those involved in strategic policy formulation were ready to recognise that policy needed to be informed by the experience and insights of people who were negotiating conflict in their every day lives. Humanitarian pace (*jeda kemanusiaan*) which the government and GAM (Gerakan Aceh Merdeka/ Acehness Independence Movements) wasn't include the women's participation (in targeted policies). Women are involved in many activities on peace making societies. The recommendations were made to have ceasefire both the TNI (Indonesian Military) and GAM. Women need to be heard their voices for building peace to develop their own values, needs and interests.

Peace keeping forces still march in a behave as if the women who have been living in the conflict zone such as in Ambon, North Malucas, Aceh have nothing to say or contribute. Women's capacity to emerge as a constituency for peace and for rebuilding their societies is undervalued, both nationally and locally/regionally. The committee were set up at the conference had a meeting with the political elite in Jakarta (Amin Rais, Akbar Tanjung and Abdurrahman Wahid). The women's peace initiatives haven't yet got any attention from the government even though we have a women president at this moment. The last government initiative on peace in Ambon was Malino 1 and 2. Again, there were no women delegations as a part of stakeholders in their agreements.

Part of the difficulty of making women's peace activism visible and therefore, mainstreaming gender in the political activity of peace building, is that women tend to see their local level participation at reconciliation and accommodation as non-political. Drawing upon the experience of in conflict arenas such as in Ambon, West Papua, Sambas and Aceh as well as in Jakarta, it is the result of politics in Indonesia being perceived as highly conflictual and narrowly focused. "In part, it is also due to women's perception of their activism as an extension of women's domestic responsibilities", as many women's activists explained. Therefore, many women's movements concentrated into practical gender interest rather than strategic gender interests (see Blackburn).

Building Culture of Peace

What most strongly emerges, from the narratives of the women experience, is the perception of the conflict and women as the conscience keepers of their communities because their socio-cultural role as nurturers. Women dominate the peace and human rights movement. However, the war making forces has a lot of coverage on the media rather than peace making societies where the women work in the areas of humanitarian aid. At the conference in Aceh for example, women acknowledged, that

there was nothing innate in the "peacefulness" of women. Women, too have been guilty of perpetuating the insidious "them" and "us" divided at the root of so much conflict. However, the majority silence is still the women. Equally, it is a fact as we succinctly observed during the Acehness women conference and other places on conflicts areas, "women have been to the fore in a kind of politics which has helped to limit the impact of conflict on the fabric of society". It has laid the foundation for a future where the two warring groups "can learn to accommodate each other, and to express their differences without aggression". It is this vision of a culture of peace, of learning to live with differences, of negotiating differences without recourse to violence which echoes through the narratives of women's experience of conflict and peace making. The theme of "inclusion" dominates women's perspective on negotiating and building peace rather than the exclusive type to solve problem like the phenomenon of *laskar jihad* to solve the Ambon case or by mobilizing military intensive in the conflict areas.

Understanding Conflicts

Since the regime changed in 1998, there were arising of armed conflicts, the pressures of democratisation and development and human rights has produced an endemic cycles of ethnic conflicts, territorial disputes and conflict over resources and ideologies/religion. However, there is still lack of map women's experience of conflict according to region or typology of conflict. Such as in Aceh, where women became the "commodity" of the two stakeholders (government and GAM).

But what was lost in complexity of detail was made up by the sheer impact of women's collective understanding that at the root of conflict was the construction of nation states around an exclusivist, often "fictive" ethnic core and the denial of democratic, economic and cultural rights to "others." Unfortunately on this case women always considers as "others".

In Africa, as Rose Mukankomeje (MPs) from Rwanda stated, "conflicts are generally considered to be ethnic but often they are political and economic.... The conflict is usually caused by bad government and by dictatorship". However, as she warns, "the causes are badly diagnosed and therefore the different solutions offered are never adequate". The September 11 has impact also in the struggle of building peace among women activism. The idea to legislate "anti terrorism" in Indonesia will mean to give more rooms for military to go back in power.

Living With Conflicts

Women are the civilian victims of wars where the home and the battlefield have conflated. While the men are away fighting, it is women who remain behind in villages exposed to indiscriminate

shelling, forced eviction and relocation. In Bosnia at least 35% of the civilians killed were women. 80 % of the world's refugees and internally displaced people are women and children. Women fall prey to rape, sexual enslavement, torture, intimidation and harassment because of the political affiliations of family members. There are many examples around the world. We still remember what Bosnian Women Muslim suffered from the conflicts in former Yugoslavia. What East Timor's Christian women experienced during the military intensive in East Timor either under Indonesian Military or post Indonesian Military. What has been Acehness Muslim women experienced during DOM (Military Operation Territory)? What Bengalis women have been experienced when the Pakistani Military windrow from East Pakistan (Bangladesh). And what happened in Palestine and Israelis conflicts. Women are victims of targeted aggression by the warring groups and the peacekeeping forces. As Charlotte Lindsey of the ICRC said, "in today's conflict, women and children become both the issue at stake in the conflict and the target of the fighting." In many conflicts around the world women is the target to dishonor the enemy and to destroy the group identity (the issues to control their own body). Rape is considered to be a most effective weapon in armed conflict.

Involving women and men in the search for peace is not only desirable but also necessary for a sustainable peace. In conflicts where the warring groups are non state actors emerging from different sections of society such as in Ambon, it makes sense to explore the peace making potential of people from within that society. Also, in internal conflicts where government is a party to the conflict and is challenged by dissent from its own citizens such as in Aceh, it is critical that communities and citizens have a voice in peace building (Rupesinghe & Anderlini).

At the women conference in Aceh (Indonesia), women drew strength from the success of their innovative strategies to build at the community level street accords, peace villages, integration councils in mixed residential areas, national coalition and unity councils and bi-communal citizens groups for peace. Contact was established and understanding and trust built between people divided by war. Women's community activism was both top down and bottom up. There are need a policy and understanding of women contribution in understanding for building peace.

Strategies

Talking peace, preventing violence conflicts and laying the foundation for political reconstruction, were concerns, too important, to be left to men as the sole spokespersons of governments (the military and defense personnel), political parties or civil societies organizations. The lessons of recent history were poignantly evoked in the women's narrative of the conflicts in Indonesia. The women, needed to step beyond, post conflict humanitarian activities of caring for orphans

and widows and insist on a seat at the negotiating table to discuss about genocide, impunity, security for all, post trauma counseling, reconstruction and development. The strategies women evolved to get to the negotiating table were a testimony to their experiences, concern of peace, patience and determination to be heard.

The struggle of the women's collective of Ache evocatively describes both the difficulties and the determination of women not to give up. The women's collective was formed and grew in strength and legitimacy by responding to the humanitarian needs of women in the IDPs camp, in the villages and in every single areas in conflicts.

What can I do and what can we do? Exploring human security new paradigm for some the imperative was to promote women's "leadership", for others the emphasis needed to be placed on education for peace and promoting human rights.

But above all there was a consensus on the need to develop a new paradigm for a people centered security where the women and children's are the majority. Conventionally, security is defined as military security to meet "threats", essentially, military threats. In the state centric notion of security, the aim of the conflict resolution process is restoring peace, which essentially means restoring the power of the state. Therefore it is important to shift the paradigm from state centered security into people centered security where women and children's are the majority of the citizen of the world.

My view is that the Women's Movements in Indonesia should shift from working mostly with practical gender specific interests - practical 'women's issues' - towards more involvement in strategic gender interests in order to work out alternative policies towards gender justice. Let's also start asking questions about human rights, justice, democracy (democratisation process), globalisation, fundamentalism, people security, increasing role of women in armed conflict resolutions, and how it all relates to the issues of gender justice, gender equality, and the politics of presence in the Indonesian political system and in the world order.

Kuala Lumpur, 3 June 2002



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 9(b)

PLENARY SESSION NINE

Wednesday, 5 June 2002, 1400 -1530 hrs

WOMEN AND ARMED CONFLICT: ADDRESSING THE CRITICAL ISSUES

“The Situations of Women in Armed Conflict”

by

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The **Asia-Pacific Network on Refugee Women and Women in Situations of Armed Conflict** consisting of women and women's organisations in Afghanistan, Azerbaijan, Bougainville, Burma, Cambodia, East Timor and West Papua, based on the situations and testimonies of women and organisations in their countries and of women who are refugees as a result of conflict, wish to present the following key areas of concern for refugee women and women in situations of armed conflict:

- Violence against women;
- The impact of conflict on livelihoods, basic needs and women's health status;
- The effects of conflict in increasing poverty.

In all these countries, women have experienced:

- Violence against women, rapes and custodial rapes of women by military personnel and police; sexual torture of prisoners; brutal rapes of girl children; rapes of women in military detention camps and town centres; rapes of women in labour camps; suicides of women after rape and killing of women after rape. The vulnerability of women to rape in the absence of male kin who are away fighting or have been killed, and the increases in high rates of domestic violence in areas where there has been prolonged armed conflict, have been reported by women.
- The impacts of conflicts on livelihoods and basic needs are food shortages brought on by forced relocation; disruption and loss of traditional forms of livelihoods; forced relocation to uninhabitable and insecure areas with poor conditions for subsistence and where women are under constant threat and have no personal security.
- Conflicts destroy traditional rural and urban communities and have negative impacts on industry, agriculture, and economies for decades and destroys landscapes and homes. In extreme poverty, as a result of conflicts, women and children forced into prostitution and beggary to survive. Bombing, sniper fire, land mines and all the activities of warfare and armed conflict cause starvation and deaths of thousands of people, and cause relocation, trauma and disruption of all sense of security - for persons, households and families.

Women are particularly vulnerable to abuse, including sexual abuse and torture, and other forms of gender violence, and bear the burdens of ensuring the survival of households in situations of war and armed conflicts. We deplore the impact of conflict on women and their continued exclusion from decision-making on peace and conflict resolution strategies. The Security Council itself needs to be engendered to enable a totally different discussion, at the highest levels, of the issues of armed conflict and consequences of conflict on women.

We call for the immediate inclusion of women in all peace efforts including negotiations for peace settlements; for conflict resolution training for women and men decision-makers, and military and foreign personnel; for the establishment of training programmes on peaceful resolution of conflict at all levels, beginning with the household and community and particularly in key national, regional and international political institutions.

Armed conflicts between and within states continue to result in violence against women, civilians' loss of life and livelihoods, and disruptions of economies, communities and households. The changing patterns of armed conflict, including targeting of civilians and widespread use of rape as a military tactic for political oppression of women and ethnic groups, violates the rights of many.

Untold numbers of refugee women and women in situations of armed conflict experience rape, sexual torture and trauma, and other human rights violations in inter- and intra-state armed conflicts.

It is encouraging that some armed conflicts have been resolved and currently are in the process of political settlement. However, women need to be involved in peace processes at all levels including decision-making on post-conflict reconstruction. Post-conflict reconstruction often perpetuates a male, militarised or political perspective on post-conflict societal needs. A gender perspective and women's participation at the highest levels should be introduced into post-conflict reconstruction decision-making and institutions, to include women in identifying priority areas to be addressed by reconstruction policies and programmes.

The adverse conditions and human rights violations of refugee women and women in armed conflict, including internally displaced persons, have not been sufficiently addressed in government and non-government decision-making and responses to armed conflict. Some armed conflicts impose physical, medical, legal, religious and cultural restrictions on women.

Refugee women and women in situations of armed conflict including internally displaced persons, experience gender violence and violations of their human rights. In addition, women suffer from relocation, loss of settlements and livelihoods, high maternal and infant mortality rates, and prevalence of communicable diseases, including HIV/AIDS. Refugee women and young girls face inadequate or disrupted education and health services for long periods.

There is an urgent need to address these conditions and human rights violations, but above all, to adopt a culture of non-violence and stronger commitments to reduce military spending and demilitarise society. The achievements in the recognition of gender violence as a war crime in international criminal tribunals and the International Criminal Court need to be further reinforced by integration of a gender perspective into peace, conflict resolution and human rights education and training.

Actions to be taken:

We urge:

Peace:

- Immediate and increased inclusion of women in all peace efforts, including negotiations for peace settlements and in planning priorities and resource allocations in post-conflict reconstruction.

Refugee Women:

National

- Host governments review living conditions in refugee camps and take steps to improve distribution of basic needs to women directly.
- Improve security for women in refugee camps, provide better protection for women from sexual violence and military raids.
- Provide education services and skills training for women in refugee camps.
- Provide security and protection for women in search of food and water outside camps.

International

- The international community, human rights, relief and humanitarian agencies to heed the concerns of women refugees with regard to their needs for shelter and

personal security, especially in their pursuit of basic needs such as food, fuel and water.

- The international community to pay attention to the issue of **forced labour of women in armed conflict**.
- Develop and implement gender sensitive guidelines on the treatment of **internally displaced persons and refugee women**.

Women's Health:

International.

- Review the **reproductive health programmes for refugees** and end any denial of the reproductive rights of refugee women, women in situations of armed conflict and in occupied territories.
- **Ensure the provision and consistence of reproductive health services by neutral parties** in occupied territories and refugee camps.

National and International

- **End measures such as blockades** that are deliberately imposed for political reasons and which take a toll on human lives and put women at a greater risk during pregnancy and childbirth.
- **More research and especially documentation** on the health needs of refugee women and women in situations of armed conflict.

Violence Against Women:

National and International

- The **redress of rape victims** through legal and other measures, to be instituted by national governments and the international community.
- **Setting up of trauma counselling centres** in refugee camps and areas of prolonged armed conflict, by development agencies and other service providers.
- **Investigation into the human rights abuses** of women perpetrated by all sides in conflicts and strengthen international responses to bring to justice the perpetrators of the war crimes, including **gender-specific crimes against women**.

THE FOLLOWING WOMEN'S ORGANISATIONS CONTRIBUTED REPORTS ON WHICH THIS STATEMENT IS BASED

Azerbaijan Women and Development Centre (AWDC)
AMARA, a Cambodian Women's Network for Development
Bhutanese Women's Rights Organisation
Bougainville Community Based Integrated Humanitarian Programme
Cambodian Women's Crisis Centre
East Timor Human Rights Centre (ETHRC)
East Timor Relief Association (ETRA)
Human Rights and Community Outreach Project ("The Outreach")
Images Asia, Thailand
International Women's Development Agency, Cambodia
Leitana Nehan Women's Development Agency (LNWDA)
Khmer Women's Voice Centre, Cambodia
Revolutionary Association of the Women of Afghanistan (RAWA)
Women's League of Burma (WLB)
Women's Education for Advancement and Empowerment (WEAVE), Thailand
West Papuan Women's Organisation

Background to Conflict in the Network Countries

AFGHANISTAN

Country Description

Afghanistan was first invaded by the then Soviet army in 1978 and after two decades of war and resistance, the Taliban military government took over the country in late 1994. Under the Taliban government, a number of restrictions were imposed on men and women:

- Restriction on freedom of mobility - women were prevented from visiting any foreign country;
- Men and women have to follow a compulsory dress code - women have to wear the "chador" and men have to grow beards and are not allowed to trim them;
- Men and women have to travel separately;
- A woman is not allowed to go out without a male companion;
- Taxi drivers are whipped for giving rides to women not wearing the "chador";
- The media is prohibited from printing pictures depicting women or their activities.

Women were hit harder than men under the Taliban military government. Consequently, many fled from Afghanistan to Pakistan and Iran for various reasons such as fear of political persecution, escaping military violence, etc. There are refugee camps in Pakistan and Iran. There are about a quarter of a million Afghani refugees in Iran alone.

The lack of judicial/institutional protection for women in Afghanistan has resulted in numerous cases of rapes, deaths and suicides of women. The Taliban government, who control the major part of the country, decreed that women have no right to social, economic, political or cultural participation. Due to poverty, a lack of income generating activities and the absence of breadwinners in the family, a large number of Afghan women have resorted to begging and prostitution as the only means to survive and to provide food for their children.

Although Pakistan has given asylum to Afghan women, their refugee status does not appear to protect them from hunger, sexual abuse, poor health care and other forms of violations. Many of the refugee camps are administered by religious fundamentalists who do not treat women with respect, as they do not consider them as equals.

AZERBAIJAN

Country Description

Located in Central Asia, Azerbaijan has an area of 86,800 square kms., with Baku as the capital. There are 7.6 million people with almost 80 nationalities, ethnic groups and religious affiliations in Azerbaijan. Of these, 3,324,000 are women who make up 51% of the population. Following the collapse of the Soviet Union in 1988-1989, the country's economic and socio-political difficulties were exacerbated by armed conflict and the problems of refugees and internally displaced people as a result of occupation of parts of Azerbaijan by Armenia.

According to UNHCR, most of the displaced people in Azerbaijan, who include both refugees and those internally displaced, fled their homes because of war and communal clashes along the

mountain enclave of Nagorno-Karabakh, which is occupied by Armenia. Fighting, which started in 1988, has now become a war and forced over a million people to flee. The Azerbaijan Women and Development Centre reports that 20% of Azeri territory has been annexed during the Armenian occupation.

The Azerbaijan Women and Development Centre (August, 1997) reports that thousands have been killed, and more than 4,000, most of them women, children and the elderly, were taken hostage since the conflict. More than one million people, approximately one in every seven people, are either a refugee or an internally displaced person. More than 20,000 citizens have been killed, more than 100,000 have been wounded, 6,000 people have been captured and imprisoned, and more than 1 million Azerbaijanis (over 15% percent of the total population) have become refugees. Women and girls held as hostages are particularly vulnerable to different types of violations including rapes, trafficking in women, forced prostitution and forced pregnancy. They are also subjected to different medical experiments, tortures and other forms of inhuman treatment.

In addition to violations of a sexual nature, refugee women and internally displaced women in Azerbaijan also suffer from reproductive health conditions, malnutrition, lack of access to basic needs and resources, and difficulties stemming from living in ecologically hard conditions in camps. In the summer months, outbreaks of skin and other infections are aggravated by the lack of sanitation.

The effects of economic re-structuring are reflected in the higher rates of unemployment and a decrease in real wages. Refugee women and internally displaced women have lesser chances of gainful employment.

BURMA

Country Description

Armed conflict in Burma has prevailed since its independence from Britain in 1948. The take over of the government by the former State Law and Order Restoration Council (SLORC), now renamed the State Peace and Development Council (SPDC) in 1997, overturned the results of democratically held elections in 1990.

One of the SPDC's chief preoccupations since it seized power has been to maintain "national unity and solidarity," which it has attempted to accomplish through force. The SPDC has expended huge sums of money in order to maintain military control over Burma. This disproportionate allocation of the budget, coupled with the long-term civil war, has resulted in a grossly inadequate public infrastructure, sub-standard health care and education systems and widespread poverty. Furthermore, the highly militarised nature of Burmese society has exacerbated the deeply ingrained gender stereotypes about women's subordinate status, and the SPDC has failed to provide leadership to reverse such attitudes.

Access to food, safe water and sanitation is essential to maintain health and life. However, in conflict areas they are difficult or not impossible to secure. Most people living in these areas do not have access to basic amenities, healthcare facilities or education programmes. Malnutrition and starvation are common, as widespread food insecurity results from environmental degradation and widespread human rights abuses. SPDC-forced relocation programs, under the

pretext of 'development projects' or the '4-cuts' military strategy, force women and their families off from their land, their only secure source of livelihood.

Women and their families forced off their land, hide in forests as IDPs, move to barren relocation sites or become refugees or migrate to neighbouring countries. The uprooting of families has significant impacts on women, resulting in increased workloads, an increasing number of women as single heads of households and an increase in their psychological and physical health problems. There are few alternatives offering women long-term security of basic needs. Thus, women are forced into cycles of migration fraught with dangers of violence and exploitation.

Migrant women in Thailand, because of their illegal status, continue to be vulnerable to rape and sexual abuse by Thai authorities, employers and civilians. In Thailand, violence against women from Burma is more opportunistic than systematic, but remains a serious constraint on women's movement, as arrest, deportation and rape by Thai authorities is also a constant risk. Deeply entrenched systems of patronage in the government and army, offer effective legal and social protection to rapists.

BHUTAN

Country Description

Bhutan, constituting of a population of 600,000-700,000, is a tiny land-locked kingdom located between Tibet and India. Until 1985, Bhutan, commonly portrayed as Shangri-la, comprised of three main ethnic groups. The Ngalongs, of Tibetan origin, who inhabit western Bhutan and constitute 15% of the population, are politically dominant. The Sharchops of Indo-Burmese origin constitute up to 40% of the population and are settled in the east of Bhutan. These two communities practise Buddhism. The Lhotshampas, or the Nepali-speaking Bhutanese in the south of Bhutan constitute at least 40% of the population and are largely Hindus. By virtue of the Citizenship Act of 1958, the Lhotshampas were granted full citizenship. Gradually, during the 1960s and 1970s, the Lhotshampas, due to development of education, social services and the economy, rose to occupy influential positions in the bureaucracy. In the 1980s, the Government began to see the Lhotshampas as a threat to the political order and to their Drukpa culture.

Consequently, in 1985, the Government passed a new Citizenship Act that imposed a new criteria of citizenship, and made this Act retrospective, declaring all previous legislation null and void. As a result of this new legislation, thousands of southern Bhutanese (Lhotshampas) lost their homes, their lands and livelihood within a short period of time. Dissent among the Southern Bhutanese further escalated in 1989 when they were forced to adopt the culture and etiquette of the Northern Bhutanese and Nepali, the language of the Southern Bhutanese was dropped from the school curriculum.

The Southern Bhutanese unsuccessfully petitioned the King for a review of the government policies and the manner in which the census was carried out. Following a series of arrests and imprisonment of human rights activists in September and October 1990, the southern Bhutanese organised peaceful public demonstrations in all the southern districts of the country, demanding political reforms and respect for human rights. The result was tragic, ending in government atrocities and forced evictions of the southern Bhutanese – arbitrary arrests, torture and detentions without trial, village raids and widespread inhuman and degrading treatment, including gang rapes of women and their daughters, the closure of almost all schools in southern Bhutan, the destruction of health services, a ban on the movement of essential commodities and people,

confiscation of citizenship cards, termination of employment, burning and demolition of houses. Eventually, the people fled to Nepal and India and were forced into exile as refugees. Over 100,000 refugees are now living in UNHCR-administered camps in eastern Nepal. Fifty per cent of these refugees are women living in seven refugee camps in Beldangi-I, Beldangi-II, Beldangi-III, Timai, Goldhap and Khudunabari in Jhapa district and Sanischare in Morang district.

BOUGAINVILLE

Country Description

Bougainville, a province of Papua New Guinea, is located 6 km north of Solomon Islands and approximately 1,000 km east of Port Moresby, the national capital of Papua New Guinea. The island covers an area of some 8,000 square km, with a population of approximately 160,000 inhabitants.

Since 1989, the Bougainville Revolutionary Army (BRA) has been involved in fighting with the Papua New Guinea (PNG) army because of Bougainville resistance to the Papua New Guinea (PNG) national government's exploitation of the Bougainville copper mine. Bougainvillean men and women citizens were caught up in the armed struggle for control of the island, some supporting the BRA and the Bougainvilleans' right to self-determination, others were caught up in the conflict and did not necessarily support secession from Papua New Guinea. There are about five to six hundred Bougainville refugees living in the nearby Solomon Islands; others have fled to live in other parts of Papua New Guinea.

The recent 10-year old PNG war on Bougainville was one of the most violent wars waged on the people of Bougainville. In this war, approximately 20,000 Bougainvilleans have died, which is more than during World War II. There were also gross violations of human rights of men, women and children that included torture, cruel, inhuman and degrading treatment or punishment, summary and arbitrary executions, disappearances and arbitrary detentions by both the Papua New Guinea Defence Forces (PNGDF) and Bougainville Revolutionary Army (BRA).

During the blockade of 1990-1997, imposed by PNG, the Bougainvillean women and children suffered ill health from lack of essential services. In addition, they were unable to voice their conditions to the outside communities. Therefore, the world did not know about the difficulties, hardships and the impact the conflict has had on the lives of the women in the areas controlled by different armed forces. Even after the lifting of the blockade in April 1997, it was revealed that the three years of peace has brought very little help to the women.

In the past, many peace negotiations between Bougainville and the PNG government have taken place and failed for various reasons.

On 24 March 2000, in what has been described as a landmark move and a breakthrough in the peace negotiations, the PNG government and Bougainville leaders concluded and endorsed the "Loloata Understanding", promising a solution for the political future of Bougainville.

CAMBODIA

Country Description

Located in the Indochina region, Cambodia has a total area of 69,900 square miles. A 1989 estimate puts the population at 8,055,000. The civil war in Cambodia between 1975 and 1979 killed 3,000,000 Cambodians. The Vietnamese-backed socialist regime, which was put in place after the Vietnamese overthrow of the Khmer Rouge in 1979, continued with violations of human rights of citizens. Although the Paris Accord of 1991 initiated free and fair elections through a UN-brokered agreement in 1993, an uneasy partnership prevailed between the two main political parties – the royalist FUNCINPEC Party and the socialist Cambodian People's Party. In 1997, a *coup d'etat* saw the royalist-government out of power, resumption of fighting between factions and the continuation of human rights violations. A political settlement was again reached and a government coalition was once more established.

One of the main issues of concern to Cambodian women is the impact of armed conflict on women and society and the presence of a large number of land mines. Estimates by the Khmer Women's Voice Centre, a women's NGO involved in research and advocacy work, places the number of land mines at 10,000,000 which poses a serious threat to women, men and children. Other issues of concern include poverty, domestic violence, food security, an increasing predominance of women-headed households (there are more women than men in the population), women's health problems including HIV/AIDS and trafficking in women. The rule and policy of governance based on violence which was characteristic of the Khmer Rouge regime, has had an impact on Cambodian society, including increasing violence against women.

EAST TIMOR

Country Description

In 1975, East Timor was invaded and illegally occupied by Indonesia. In July 1976, Indonesia, under a presidential decree, declared East Timor its 27th province. East Timorese have suffered great atrocities and abuses under the Indonesian occupation. In the beginning of 1998, Indonesia also experienced political upheaval and a change in government. Due to international pressure and after 23 years of brutal colonial occupation, on 5th May 1999, the United Nations Secretary General Kofi Annan signed three agreements on East Timor, between the Republic of Indonesia and the Republic of Portugal, entrusting the Secretary General with organising a consultation to determine whether the East Timorese accept or reject a proposed constitutional framework for special autonomy option within Indonesia. The ballot took place on 8th August, 1999, amidst an atmosphere of intimidation propagated by pro-Indonesia militias. Despite this, 78.5% of East Timorese voted against autonomy, thus voting in favour of independence from the Republic of Indonesia. Following this pronouncement, the pro-Indonesia militia unleashed a wave of violence and a campaign of massive destruction of property and infrastructure. Hundreds of thousands of East Timorese were forced at gunpoint onto trucks, boats and even air planes out of East Timor to West Timor and other islands of Indonesia.

By the end of September 1999, some 250,000 East Timorese were living in refugee camps in West Timor. In these refugee camps, East Timorese refugees continued to live in fear and intimidation as the camps were controlled by militias, backed by the Indonesian military. East Timorese refugees who voiced a desire to return home were threatened. Numerous instances of murder, rape and the sexual enslavement of women have been reported by international and NGO sources.

The refugees lack adequate shelter, sanitation and water. According to West Timor officials, nearly 500 East Timorese, including 310 children, have died due to inadequate sanitation and medical care in the refugee camps. Humanitarian aid organisations were granted limited access to many of the camps and they themselves have been threatened. Efforts to repatriate the refugees have been thwarted on numerous occasions due to violence perpetrated by the militia, who, together with the military, conducted a widespread misinformation campaign to discourage East Timorese from returning home. (See *Human Rights Solidarity*, Volume 10 No.3 March 2000, <http://etan.org/news/2000a/0Ingo.htm>)

As at 2 May, 2000, the UNHCR and the International Organisation for Migration (IOM) have been able to repatriate 160,740 East Timorese from West Timor, under their voluntary repatriation programme. However, recently, the number of East Timorese people returning home has dropped significantly, practically putting to a halt the repatriation programme.

On October 1999, the establishment of the United Nations Transitional Administration in East Timor (UNTAET) initiated the process of reconstruction and peace-building efforts. East Timor needs to rebuild much of its infrastructure, housing, commercial and public buildings as well as to establish a functioning government machinery. Planning on the reconstruction of East Timor is being carried out but women are a minority in decision-making on the new East Timorese economy and infrastructure priorities.

East Timor is beset with rising social and economic problems and continued problems of outbreaks of violence in refugee camps in West Papua. Although food and basic needs are being met, these are still inadequate and inaccessible to many. Women continue to be vulnerable, even in their homes. It has been reported that domestic violence is on the increase. Reports of women being raped in their homes are not uncommon. East Timorese women, many of whom are victims of sexual assault, burdened with the stigma of sexual violence, are becoming isolated and finding it increasingly difficult to re-integrate into society and rebuild their lives. Trauma counselling facilities are needed for women to recover from the conflict, assimilate back into the society and enable them to participate in the decision making process in the rebuilding of East Timor.

WEST PAPUA

Country Description

In 1962, Indonesia invaded West Papua, which was then under Dutch colonial control. In 1969, after a much-criticised UN referendum on "free choice", West Papua was made the 26th province of Indonesia and was renamed Irian Jaya ("Victorious Irian"). This name is rejected by the indigenous movement who identifies themselves as West Papuan. Resistance to Indonesia begun in 1962, when temporary authority over West Papua was first given to Jakarta, and this resistance continues to the present. An on-going war is being fought by a popularly supported indigenous movement opposing Indonesian rule. There has been an escalation in killings, especially around the massive Freeport copper and gold mine in the Central Highlands. Indonesia does not regard the West Papuan people as indigenous and subordinates their adat (traditional) law and customs to Indonesia's national interests.

Indonesia has a planned migration/relocation policy on West Papua to control and integrate the West Papuan people into "Javanese society" and to encourage Javanese migration to West Papua. The aim is to achieve a single national identity, at whatever costs. The people of West Papua are considered second, and women third class citizens by Indonesia. As a result of this migration

policy, Indonesian migrants are close to outnumbering the West Papuan population in West Papua.

It is estimated that there are around 10,400 West Papuan refugees living in East Awin, in Papua New Guinea's Western Province, in the border camps in Papua New Guinea (PNG), and up to 150 living in exile overseas. This figure does not include over 13,000 refugees who sought asylum in neighbouring PNG in 1984. To complicate matters, UNHCR only recognises West Papuan refugees in East Awin and refugees who are outside this area do not receive medical assistance. (Source: *"West Papua - Information Kit"*, Australia West Papua Association, Sydney, 1995).

Human rights violations exist, West Papuan political prisoners are reported to be ill treated, tortured and/or murdered, beaten, submerged in water tanks, burned with lighted cigarettes and given electric shocks; they also receive inadequate medical treatment.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 9(c)

PLENARY SESSION NINE
Wednesday, 5 June 2002, 1400 –1530 hrs

WOMEN AND ARMED CONFLICT: ADDRESSING THE CRITICAL ISSUES

“Women’s Role in Conflict Resolution and Peace-Building: The
Philippine Experience”

by

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**Women's Role in Conflict Resolution and Peace-building:
The Philippine Experience***

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Introduction

Although all sections of the civilian population are affected by situations of armed conflict, it is the women and girls who are particularly affected because of their sex and status in society. Yet, recognition of crimes and violations of human rights against women was made only in recent years. In fact, there were even several instances in which such atrocities committed against women were denied.

Although several principles and programs of action with regard to the protection of women and girls in armed conflict situations have been adopted at the international level, deliberate killing, rape, mutilation, forced displacement, abduction, trafficking, and torture of women and girls continue unabated in contemporary armed conflicts.¹ Hence, the role of women in conflict resolution and peace building is highly critical. One important factor for the advancement of women is "an environment that maintains world peace and promotes and protects human rights, democracy, and the peaceful settlement of disputes, in accordance with the principles of non-threat or use of force against territorial integrity or political independence and of respect for sovereignty as set forth in the

* Paper presented at the 16th Asia Pacific Roundtable, Hotel Nikko, Kuala Lumpur, Malaysia, 2-5 June 2002.

¹ UNIFEM, "Women, Peace, and Security", http://www.unifem.undp.org/gov_pax.htm, 27 May 2002.

Charter of the United Nations".² Peace is inextricably linked with equality between men and women, and development. Hence, the role of governments and civil society organizations such as non-government organizations (NGOs) in supporting women to perform important roles in peace-building and decision-making processes is highly significant. Women are able to perform an important role in the transformation of their societies if their capacities would be developed and if opportunities would be available to them.

The Effects of Armed Conflict on Women

While it is a commonly held notion that women in situations of armed conflict are always part of the civilian population, this should not be assumed at all times.³ This is because women have also been part of the hostilities as combatants. Some women actively support their men in military operations although not always by taking up arms but by providing them with the moral and physical support needed to wage war. Furthermore, there are women who are at risk because of their presence amongst the armed forces, which is perceived as assisting them or being a part of the armed group even if these are completely against their will (e.g. abducted for sex such as in the case of the "comfort women" or to cook and clean in the camp).

The effects of armed conflict on women are varied and have different dimensions. While some of these effects are negative, there are those that have positive implications on the roles that women perform in the family and the larger community. In effect, the presence of armed conflict had made women active promoters of peace.

² United Nations, "FWCW Platform for Action Women and Armed Conflict", <http://www.un.org/womenwatch/daw/beijing/platform/armed.htm>, 17 May 2002.

³ Lindsey, p. 9.

Case studies undertaken by a women's organization identified the various effects of violence against women in situations of armed conflict.⁴ Some of these are:

- (1) psychological traumas associated with sexual violation and with the loss or disappearance of family members;
- (2) disruption of societal and community life processes that influence health and well-being since the psychological well-being of individuals is strongly bound to the psychological health of the immediate and larger supporting environment of the family;
- (3) loss of property and livelihood that leads to the lack of food and personal security even within one's own home;
- (4) continued tension and stress;
- (5) increase in female-headed households since many of the men were killed or missing;
- (6) large-scale migration of women to urban centers;
- (7) increase in societal control over women's mobility, their own bodies, and how they express themselves in situations where the conflict is linked with the whole question of identity and ethnicity; and
- (8) the burden of silently coping with post-trauma stress on the part of the survivors of violence.

Indeed, the effects of armed conflict on women are many and varied. Armed conflicts greatly affect the lives of women and can completely change their role in the family and the community. The breakdown or disintegration of family and community

⁴ Roshmi Goswami, "Reinforcing Subordination: An Analysis of Women in Armed Conflict Situations", <http://www.isiswomen.org>, 28 May 2002.

networks forces women to assume new roles. Women invariably have to bear greater responsibility for their children and elderly relatives, and often the wider community, when the men in the family have gone.

The change in the roles of women necessitates the development of new coping skills and confidence, requiring courage and resilience to help sustain and rebuild families and communities torn apart by war.⁵ Women are challenging, and in some cases redefining, the cultural and social perception of themselves and their former boundaries in society. Women may for the first time have the possibility of working outside the home, being the income earners, main decision-makers and heads of households, organizing themselves with other women and going into the public sphere, which is often the preserve of men.

According to a study on the impact of armed conflict on women conducted by the International Committee of the Red Cross (ICRC):

Some of these empowerment changes may be seen as positive developments for women. However, they must be viewed through the lens of the loss, poverty, and deprivation endemic to war, and the fact that in many societies women still only gain status (economic and social) through marriage. The lack of marriage possibilities (because of the lack of men, or social rejection of women because of a violation against them, or their role in the conflict) can have enormous implications for women. Moreover, any change is frequently reversed in post-war situations. Women are often expected to withdraw again into the home either because men are back (after demobilization, displacement, etc.) and want the jobs, or because the community is trying to go back to the "normality" of the pre-war status quo.⁶

⁵ Charlotte Lindsey, "Women Facing War: ICRC Study on the Impact of Armed Conflict on Women (Executive Summary)", International Committee of the Red Cross (ICRC), 2002, pp. 12-13.

⁶ Lindsey, p. 13.

In spite of the serious effects of armed conflict on women, they do not play a decisive role in conflict resolution and post-conflict reconstruction. Women are either perceived as victims or healers, but never as decision-makers.⁷ However, the situation of armed conflict has necessitated women to become active promoters of peace. Just as they have taken up arms, women have also been at the forefront of activities for peace, ranging from spontaneous demonstrations by women who do not want their husbands, sons, fathers, and brothers to take part in war.⁸ The ICRC study concluded that women should not be seen as powerless, but rather as individuals able to play a major part in the advancement of a long-term stable peace. Moreover, precisely because they have also been victims of violence in armed conflict, they can help in the reconciliation process and prevent violence in the future if they are fully included in the reconstruction process.⁹

Filipino Women and Armed Conflict

Historical experience shows that Filipino women were not only part of the civilian population affected by the war but also took part in armed hostilities. For example, there were Filipino women who were part of the revolutionary movement against Spain in the 19th century as well as those who fought for the Communist Party of the Philippines-New People's Army (CPP-NPA) in the 1960s to the 1980s. During World War II, however, several Filipino women suffered as they were made "comfort women" in Japanese military camps.

The current armed conflict in Mindanao escalated in April 2000 when then President Joseph Ejercito Estrada declared an all-out war against the Moro Islamic

⁷ Goswami, p. 13.

⁸ Lindsey, p. 11.

Liberation Front (MILF). Amnesty International (AI) reported that as a result of the intensification of military operations in Central Mindanao, over 400,000 civilians were internally displaced.¹⁰ There were also reports of torture and ill treatment of detainees by police and the military. Victims included both those suspected of links with communist or Muslim armed opposition groups and ordinary criminal suspects including women and minors. Methods reported included beatings with fists and gun butts, electro-shocks, partial suffocation, rape, and sexual abuse.

In terms of the effects of the armed conflict, "women and children had suffered as they had to leave their homes, trying to survive on the run bringing with them so little of what they own and leaving behind their own farms and livestock".¹¹ Life in the evacuation camps is often hazardous to the health of the refugees, who are as always, women, children, and elderly. Many of the women are pregnant and lactating mothers who need special care. Women also suffer as surviving orphans and widows of fathers and husbands who died as soldiers, rebels or civilians caught in the crossfire.¹²

As a result of the conflict in Mindanao, the women have taken an active and significant role in taking care of their families and communities as well as in supporting peace efforts. Filipino Muslim women have also proven to be able partners of men in times of conflict. According to a prominent Muslim woman leader, "contrary to the general perception that Moro women played secondary roles in their communities even

⁹ Lindsey, p. 11.

¹⁰ Amnesty International Report 2001, <http://web.amnesty.org/web/ar2001.nsf/webasacountries:PHILIPPINES>, 28 May 2002.

¹¹ Statement from the Women and In Mindanao, http://www.codewan.com.ph/peace/updates/statements/st2000_0811_04.htm, 28 May 2002.

¹² Statement from the Women and In Mindanao, http://www.codewan.com.ph/peace/updates/statements/st2000_0811_04.htm, 28 May 2002.

during the war, they were, in fact, trained as medics, logistics officers, and fund-raisers".¹³

Muslim women have also organized groups to respond to the challenges of both the armed conflict and the post-conflict reconstruction. One example of such group is the Bangsa Moro Women for Peace and Development Foundation based in Cotabato City. The Foundation was established in November 1996 (after the conclusion of the peace agreement between the Government of the Republic of the Philippines and the Moro National Liberation Front during the Ramos administration) and aims to help women in Muslim communities address their socioeconomic needs in post-conflict situations. The Foundation has 169 member-organizations and 10 affiliates trying to develop their communities through capability-building, livelihood, and other programs. It has implemented a literacy program supported by the Philippine government and the Asian Development Bank (ADB) for Muslim women who failed to go to school because of the armed conflict. The projects that intend to develop capabilities focus on community organizing, networking and partnerships, and project management. Another group that works on peace and development is the Bangsa Moro Women's Cooperative formed in April 1998. It has more than 600 members and links up with foreign-assisted groups and non-government organizations to pursue livelihood projects intended to ease poverty in the area. Some of its projects are: (1) a grocery store assisted by the Philippine Development Assistance Program, Inc. and the Canadian International Development Agency (CIDA); (2) egg production project and a bakery supported by the Food and

¹³ The statement was made by Fatmawati Salapuddin, Executive Director of the Bangsa Moro Women for Peace and Development Foundation, Rorie R. Fajardo, "Women in Mindanao: Challenging Roles in War and Peace", http://www.codewan.com.ph/Cyberdyarvo/features/t2000_1031_02.htm, 30 May 2002.

Agriculture Organization (FAO); and (3) a garments-making project supported by the International Labor Organization (ILO).

The success of implementing the abovementioned projects undertaken by Muslim women's groups was short-lived because the armed conflict between the government and the MILF broke out. Projects of the Bangsa Moro Women's Foundation Lanao del Norte were suspended in March 2000. The escalation of the armed conflict led various groups of women, both Muslim and Christian, to organize activities such as peace rallies and issue statements to denounce terrorism in all forms and its effects on innocent lives.¹⁴ An example is the peace rally organized by the Millenium Women for Peace and Development Foundation at the Mindanao State University-Iligan Institute of Technology on 11 October 2001. Another initiative is the creation of a Mindanao Commission on Women, a non-government organization which aims for women to gain clout and have a say in the development of Mindanao.¹⁵ This was initiated by Muslim, Christian, and *lumad* (indigenous) women leaders. On the national level, women's groups such as GABRIELA, ISIS International-Manila, and Pilipina continue their advocacy work for the protection of women in situations of armed conflict. Aside from lobbying in the national legislature, creative activities such as the "Women in White" street action was undertaken for 40 days to silently and patiently call for peace. This was done in Metro Manila as well as in Davao City in Mindanao.¹⁶ Various women's groups also work on the implementation of the Beijing Platform for Action in protecting women living in situations of armed conflict.

¹⁴ Philippine Daily Inquirer, "Women Leaders Hold Peace Rally in Iligan", http://archive.inq7.net/2001-p/reg/2001/oct/11/reg_7-1-p.htm, 28 May 2002.

¹⁵ Philippine Daily Inquirer, "Women Want Bigger Role in Mindanao Plans", http://archive.inq7.net/2001/dec/08/reg_6-1-p.htm, 28 May 2002.

The experience of Filipino women in armed conflict point to the following critical issues that need to be addressed: (1) protecting women in situations of armed conflict; (2) addressing the effects of armed conflict on women; and (3) supporting and providing opportunities for women to help themselves and their communities and for them to be able to cope with their new roles. It is in the third issue area where governments and civil society groups can perform a significant part.

Conclusion

Indeed, women can contribute much more towards the resolution of conflicts and attainment of peace in their communities. However, this would be possible if opportunities and support would be extended to them. In the case of the Philippines, women can take a significant part in establishing Peace Zones. These are areas constituted by communities which declared their territories off-limits to armed encounters and the display of weapons and which thereafter sought to manage themselves as special areas for development and dialogue. At least nine peace zones were established in different parts of the Philippines from 1987 to 1990. Against enormous odds, these zones of life and peace were able to carve out a space for peace and development in areas contested by the armed parties.

Various groups in society such as NGOs, business and church groups can, therefore, extend assistance to women so that they can build their capacities for conflict resolution and peace-building. In the Philippines, there are community-based peace action advocates or teams working on the ground in different parts of the country. These

¹⁶ http://www.codewan.com.ph/peace/updates/views/v2000_1016_03.htm, 30 May 2002.

can definitely provide support and assistance to women so that they can realize their objective of helping their communities.

On the part of governments, they must translate into action all laws enacted that concern the advancement and protection of women as well as all principles they have adopted through international agreements. An example is the United Nations Security Council (UNSC) Resolution adopted on 31 October 2001 which urged member-states to ensure increased representation of women at all decision-making levels in national, regional, and international institutions and mechanisms for the prevention, management, and resolution of conflict. The resolution stated that in negotiating and implementing peace agreements, all actors involved should adopt a gender perspective, taking into account such factors as: (1) the special needs of women and girls during repatriation and resettlement as well as rehabilitation, reintegration, and post-conflict reconstruction; (2) local women's peace initiatives and indigenous processes for conflict resolution; and (3) the need for ensuring and protection of and respect for human rights of women and girls. Likewise, the UNSC called on all parties to armed conflicts to take special measures to protect women and girls from gender-based violence, particularly, rape and other forms of sexual abuse, and all other forms of violence in situations of armed conflict.

Finally, networking, exchange and cooperation among various groups in the Asia Pacific region and around the world in this area of women and armed conflict is highly significant. This is important because individual women, women's groups, NGOs and civil society groups, and even governments can learn much from each other's insights, experiences, lessons learned, and best practices.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction PS 10(b)

PLENARY SESSION TEN
Wednesday, 5 June 2002, 1545-1715 hrs

ISLAM AND THE WEST: A NEW COLD WAR?

**"ISLAM BETWEEN CHRISTIAN ALLIES AND WESTERN
ADVERSARIES: A NEW RE-ALIGNMENT?"**

by

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Draft
May 2002

ISLAM BETWEEN CHRISTIAN ALLIES AND WESTERN ADVERSARIES: A NEW RE-ALIGNMENT?

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For presentation at a conference on "Confidence Building and Conflict Reduction" sponsored by Institute of International and Strategic Studies, held in Kuala Lumpur, Malaysia, June 2-6, 2002. This text is partly based on an earlier presentation on an Inter-Faith Panel organized by the Woodstock Circle, Georgetown University, Georgetown, Washington, DC, May 2, 2002.

Islam Between Christian Allies and Western Adversaries: AP/02

NASKAH PEMELIHARAAN
PERPUSTAKAAN NEGARA MALAYSIA
22 JUL 2002

How significant is it that the terrorist targets on September 11, 2001, did not include a cathedral in New York or Washington? The terrorists of September 11 aimed for the World Trade Center, a symbol of American economic might. They aimed at the Pentagon, a symbol of American military might.

The fourth airplane which crashed in Pennsylvania was probably intended for either the Congressional buildings or the White House, symbols of American political might. What was apparently missing was the desire to hit a symbol of American religious life.

If there was a jihād in the hearts of the terrorists of September 11, 2001, it was jihād against the West rather than a jihād against Christianity. It was NOT a return to the Crusades of religions at war. The West was not a religious category. There may be a new realignment which has been unfolding. On the global arena mainstream churches and mainstream mosques are experiencing diminishing rivalry. At the global level Islam's confrontation is not therefore with its sister religion, Christianity. Islam's confrontation is with the imperial might of the Western world.

One can go further and argue that since the end of World War, the global situation is pulling Islam and mainstream Christianity closer together as allies in an increasingly irreligious world. But even before World War II, but especially since the creation of the State of Israel in 1948, Islam and the secular Western world are in danger of being pulled further apart.

At the global level there is a convergence of relations between Islam and mainstream Christianity as systems of sacred values. There is a divergence of relations between Islam and the secular West as political forces on the world scene.

This convergence between mainstream churches and mainstream mosques is clearer at the macro-level of global overview than at the micro-level of relations between Christians and Muslims within individual countries. For example, within Third World Muslim countries local militants may not always know where to draw the line between being anti-Western and being anti-Christian. This may put a strain on Muslim-Christian relations in places like Egypt or Nigeria or Indonesia.

But when we look at global trends at the macro-level over the last hundred years or so, there is no doubt that the trend has been towards greater convergence between Islam and mainstream Christianity. There is still considerable tension, but the direction of change is towards less rivalry and more cooperation.

Let us look more closely at the forces which have contributed to this Muslim-Christian convergence, on the one hand, and the other forces which have propelled the trend towards Muslim-Western divergence, on the other.

The Militarization of Western Secularism

The West has done more to preserve human life through science and medicine than any other civilization in history. But the West has also done more to endanger human life through war than any other civilization on record.

Non-human enemies of the human race like small pox, malaria, leprosy and one day even AIDS have either been subdued by Western science or are in the process of being eliminated, researched or conquered.

But human enemies of the human race like arrogance, greed, desire for dominating other people, dishonesty have reached a level of militarization in the West

unmatched anywhere else. In the last one hundred years Western civilization has killed millions more people than any other way of life in the annals of man in a comparable unit of time. Western secular dictators have killed millions of Western Christians, as well as Jews and Muslims.

Many people were more shocked by the attack on the World Trade Center in New York on September 11, 2001, than by the attack on the Pentagon in Washington. The Pentagon could legitimately have been regarded as a military target – though the weapon should not have been a civilian airline full of innocent non-combatants. This time was it Muslim militants avenging symbols of Western secular power?

Yet it has been the West in the preceding hundred years which had made warfare less and less respectful of civilians in spite of Christian teaching. The nature of conventional Western-style war inevitably inflicts what the West itself cynically calls “collateral damage”.

World War I killed millions of people but it was still an era when the ratio of combatants dying in the trenches was at least comparable to the civilian casualties. World War II civilianized the casualties on a much higher scale. The ruthless bombing of Dresden towards the end of the war, and the nuclear attack on Hiroshima and Nagasaki, abandoned all pretence at sparing civilian lives. Western secular leaders fundamentally changed the nature of warfare and took it well beyond the frontiers of any formal battlefield.

The same is true of the millions who were killed in the Korean War and in Vietnam. Western rhetoric about saving civilians has repeatedly been contradicted by Western practice. Unfortunately the vices of the powerful acquire some of the prestige of power. The secular West is a good role model as a democracy but not as warrior.

Western Ideals and Non-Western Practitioners

The Christian ethic of the minimization of violence has repeatedly been honoured by secular Westerners more in the breach than the observance. In the last hundred years Westerners claiming to be Christians have killed vastly more people than have followers of any other religion in any single century. Many of the millions of victims of Western violence in the two world wars were themselves fellow Christians -- though the Holocaust against the Jews and the Gypsies stand out as special cases of genocide perpetrated by Westerners in otherwise Christian nations.

If minimization of violence is part of Christian ethics, it is a standard which has not only been violated by the secular West. It has also been better implemented by other cultures in history. In the first half of the twentieth century India produced Mohandas Gandhi who led one of the most remarkable non-violent anticolonial movements ever witnessed. Westerners themselves saw Gandhi's message as the nearest approximation of the Christian ethic of the first half of the twentieth century.

Mahatma Gandhi's India gave birth to new principles of passive resistance and satyagraha. Yet Gandhi himself said that it may through the Black people that the unadulterated message of soul force and passive resistance might be realized. If Gandhi was right, this would be one more illustration when the culture which gives birth to an ethic is not necessarily the culture which fulfills the ethic.

The Nobel Committee for Peace in Oslo seems to have shared some of Gandhi's optimism about the soul force of the Black people. Christians who are not Westerners have often been more peace-loving. Africans and people of African descent who have won the Nobel prize for Peace since the middle of the twentieth century have been Ralph

Bunche (1950), Albert Luthuli (1960), Martin Luther King Jr. (1964), Anwar Sadat (1978) Desmond Tutu (1984) and Nelson Mandela (1993). And now Kofi Annan and his UN leadership have joined the galaxy. Neither Mahatma Gandhi himself nor any of his compatriots in India ever won the Nobel Prize for Peace. Was Mahatma Gandhi vindicated that the so-called "Negro" was going to be the best exemplar of soul force? Was this a case of African culture being empirically more Gandhian than Indian culture? Or was it a case of Christianity sometimes shining brighter outside the West?

In reality Black people have been at least as violent as anything ever perpetrated by Indians. What is distinctive about Africans is their short memory of hate. It is a quality not necessarily inspired by Christianity, but a quality closer to the message of Jesus.

Jomo Kenyatta was unjustly imprisoned by the British colonial authorities over charges of founding the Mau Mau movement. A British Governor also denounced him as "a leader into darkness and unto death." And yet when Jomo Kenyatta was released he not only forgave the white settlers, but turned the whole country towards a basic pro-Western orientation to which it has remained committed ever since. Kenyatta even published a book entitled Suffering Without Bitterness. The message had echoes of the passion on the Cross.

Ian Smith, the white settler leader of Rhodesia, unilaterally declared independence in 1965 and unleashed a civil war on Rhodesia. Thousands of people, mainly Black, died in the country as a result of policies pursued by Ian Smith. Yet when the war ended in 1980 Ian Smith and his cohorts were not subjected to a Nuremberg-style trial. On the contrary, Ian Smith was himself a member of parliament in a Black-ruled Zimbabwe,

busy criticizing the post-Smith Black leaders of Zimbabwe as incompetent and dishonest. They probably were. But where else but in Africa could such tolerance occur?

The Nigerian civil war (1967-1970) was the most highly publicized civil conflict in postcolonial African history. When the war was coming to an end, many people feared that there would be a bloodbath in the defeated eastern region. The Vatican was worried that cities like Enugu and Onitcha, strongholds of Catholicism, would be monuments of devastation and blood-letting.

None of these expectations occurred. Nigerians -- seldom among the most disciplined of Africans -- discovered in 1970 some remarkable resources of self-restraint. There were no triumphant reprisals against the vanquished Biafrans; there were no vengeful trials of "traitors". African culture was more forgiving than Western culture has often been.

We have also witnessed the phenomenon of Nelson Mandela. He lost twenty-seven of the best years of his life in prison under the laws of the apartheid regime. Yet when he was released he not only emphasized the policy of reconciliation -- he often went beyond the call of duty. On one occasion before he became President white men were fasting unto death after being convicted of terrorist offences by their own white government. Nelson Mandela went out of his way to beg them to eat and thus spare their own lives. His Africanity resembled the spirit of Jesus seeking to rescue the deviants and sinners of society.

When Mandela became President in 1994 it was surely enough that his government would leave the architects of apartheid unmolested. Yet Nelson Mandela went out of his way to pay a social call and have tea with the unrepentant widow of Hendrik F. Verwoed, the supreme architect of the worst forms of apartheid, who shaped

the whole racist order from 1958 to 1966. Mandela was having tea with the family of Verwoed.

Was Mahatma Gandhi correct, after all, that his torch of soul force (satyagraha) might find its brightest manifestations among Black people? Or was it the spirit of Jesus residing in the traditions of Black folk?

In the history of civilizations there are occasions when the image in the mirror is more real than the object it reflects. Black Gandhians like Martin Luther King Jr., Desmond Tutu and, in a unique sense, Nelson Mandela have sometimes reflected Gandhian soul force more brightly than Gandhians in India. Part of the explanation lies in the soul of African culture itself -- with all its capacity for rapid forgiveness.

It is a positive modification of "the Picture of Dorian Gray." In Oscar Wilde's novel, the picture of Dorian Gray is a truer reflection of the man's decrepit body and lost soul than the man himself. The decomposition of Dorian's body and soul is transferred from Dorian himself to his picture. The picture is more real than the man.

In the case of Gandhism, it is not the decomposition of the soul but its elevation which is transferred from India to the Black experience. In the last one hundred years both Indian culture and African culture have, in any case, been guilty of far less blood-letting than the West. Christian minimization of violence has been observed more by non-Western Christians than by ostensible Western followers of the Cross. Empirical relativism continues its contradictions.

The Warrior President in Comparative Perspective

Usama bin Laden may or may not be the man behind the atrocities committed against the United States on September 11, 2001, but he has become a symbol. It may be

time to divide the passions between Usamaphobia, the hate or fear of Usama and what he stands for, and Usamaphilia, the secret admiration he definitely enjoys among the frustrated and desperate masses of those humiliated by either Israeli policies or American power and global reach. The vices of Western secularism have provoked a religious backlash. But the religious backlash is more often Islamic than Christian.

The politics of Usamaism have affected me in four ways -- in my capacities as a Kenyan national, as a permanent resident of the United States, as a Muslim and as a human being (hopefully citizen of the world). The destruction of the U.S. Embassy in Nairobi on August 7, 1998 killed over two hundred Kenyans and twelve Americans -- the brunt of the attack was therefore borne by my Kenyan compatriots. Nairobi and Dar es Salaam in 1998 were ghastly dress rehearsals for New York and Washington three years later.

Although I myself am a Kenyan, my eldest son is a U.S. citizen working for the U.S. Federal Government in Washington, D.C. My son works for a department other than Defense, but hypothetically he might have been visiting a friend at the Pentagon. However, that morning he happened to be at his own desk at a safe distance. He and I grieved for those who were at the Pentagon.

As a Muslim I am Chairman of the Center for the Study of Islam and Democracy in Washington, D.C. and a member of the Council of the Center for Muslim-Christian Understanding at Georgetown University, Washington, D.C. I am also one of the Directors of the American Muslim Council in Washington. All the Islamic organizations to which I belong in the United States promptly distanced themselves from the atrocities on the World Trade Center and the Pentagon. American Muslims had, ironically, voted overwhelmingly for George W. Bush in the presidential elections of November 2000.

In my capacity as a citizen of the world I have seen the phenomenon of terrorism become globalized. Innocent pedestrians on a street in Nairobi were killed in the hundreds in 1998 because a Saudi sympathizer of oppressed Iraqis and Palestinians, orchestrating world conflict from Afghanistan, held the United States responsible for the deaths of innocent children in Baghdad and Gaza. This was real international complexity. But this is also assuming Usama bin Laden was indeed responsible for the destruction of the U.S. Embassies in East Africa.

It is estimated that among the dead in the World Trade Center in 2001 are some three to four hundred Muslims -- ranging from Arab investors to Bangladeshi restaurant waiters.

But it is not just terrorism which has become globalized. It is also its causes -- the frustrations and desperation of people affected by decisions made by secular leaders in Washington, New York, Paris, London and Moscow. A global coalition against terrorism would only make sense if it included addressing the causes of terrorism. Terrorism is sometimes a religious backlash against the excesses of secularism.

Yet the single most explosive cause of anti-American terrorism is the perceived alliance between the United States and Israel against major Muslim concerns. This is an alliance between Zionist militancy and American secularism. The world needs a coalition to seek a permanent solution to the Middle Eastern conflict, especially the Arab-Israeli core. Palestinians and Israelis cannot solve their problems on their own. The United States is too pro-Israel to be an honest broker. We probably need a coalition of representatives of the European Union, the United States, the Organization of the Islamic Conference, the League of Arab States, and Russia to help the Palestinians and Israelis find a permanent solution to the problem. Coalitions should not be just for wars; a

coalition in search of Middle Eastern peace is urgent. The unholy alliance between American militarism, American secularism and militant Zionism, needs to be checked and moderated.

If that problem is not solved, injustice will persist -- and the cancer of globalized terrorism will endure, with or without Usama bin Laden.

But while terrorism has been in the process of globalization, the concept of an "act of war" has by no means found a global standard. How many Americans would acknowledge that the Anglo-American no-fly zones imposed on Iraq for the last decade are a continuing act of war? Iraqis are not allowed to fly planes in their own air space. And yet the no-fly zones over Iraq have no United Nations authorization or legal validation. Iraqis get bombed if they challenge American or British planes over Iraqi territory. These actions have provoked not only Arab nationalism but also Islamic militancy.

How many members of the Bush administration would accept that the Israeli occupation of the West Bank and Gaza are what a Foreign Minister of India once described as "permanent aggression"? Indeed, are not the Israeli settlements on occupied land illegal and tantamount to belligerency? President George W. Bush's father came close to declaring them as such.

Every American president since Franklin D. Roosevelt has engaged in some act of war or another. Roosevelt was inevitably embroiled in World War II; Harry Truman helped to initiate the Korean War; Dwight Eisenhower ended the Korean War but started planning for the Bay of Pigs operation on Cuba; John F. Kennedy unleashed the Bay of Pigs operation and helped to initiate the Vietnam War; Lyndon Johnson escalated the Vietnam war; Richard Nixon bombed Cambodia; Gerald Ford sent the Marines in a

disagreement with Cambodia over a U.S. cargo-ship, the Mayaguez; Jimmy Carter [less secular than most U.S. Presidents] attempted to thwart the Iranian revolution and paid heavily for it; Ronald Reagan perpetrated acts of war in Lebanon, the Caribbean, Libya and in shooting down a civilian airline in the Persian Gulf; George Bush Senior invaded Panama and is most famous for Desert Storm in the Persian Gulf; Bill Clinton led military action against Yugoslavia over Kosovo and bombed Sudan and Afghanistan; George W. Bush has already inherited a decade of bombing Baghdad and subsidizing half a century of Israeli militarism against Palestinians. Now this younger Bush is about to embark on what he calls a "crusade against terrorism."

Every American president since Franklin Roosevelt has regarded an act of war as the equivalent of a rite of passage. The Commander-in-Chief has to "act presidential". The political constituency celebrates warrior-Presidents. Heads of State shoot up in popularity with an act of war. And yet the United States hardly ever calls these engagements "acts of war". Even the war in Vietnam, which cost nearly sixty thousand American lives and millions of Vietnamese lives, was never officially declared by the United States. America needs to find more humane rites of passage for its leaders. The warrior President does not call his own military actions "JIHAD", but the rhetoric of patriotism used is not really different from the rhetoric of piety.

Terrorism is getting globalized, but the definition of an "act of war" is not. Such a definition is still highly selective, depending upon the power of the perpetrator or the status of the victim. For the immediate future it may also depend upon making sure that Usamaphobia does not degenerate into Islamophobia.

The blood of the innocent cries out not just for a coalition against terrorism but for a coalition in search of genuine peace. The alliance between Western secularism and Western militarism needs to be contained.

The Cultural Context of Violence:

We need to distinguish between cultures in which the paramount political value is liberty from cultures in which the paramount political value is dignity. Such cultural differences need not lead to a clash of civilizations, but they can do so if either liberty is collectively denied to those who glorify it or dignity is collectively denied to those who worship it.

Beduin culture in the history of the Arabs had a highly developed mythology and nexus of dignity and honour. These dignitarian concepts penetrated the wider culture of the Arabs, and had enormous consequences on the gender question and issues of war and peace. Arab culture in turn had considerable influence on the religion of Islam worldwide.

Samuel Huntington has argued that there are more violent situations involving Muslims in the world than situations involving members of any other civilization. Huntington does not distinguish between situations where Muslims are primarily victims (as in Chechnya, Kashmir and Palestine) and situations in which Muslims are primarily perpetrators (as in Sudan).

In those cases where Muslims are in rebellion against the status quo, a substantial cultural reason for the rebellion is perceived collective indignity. This is true of rebellions of Muslims in Chechnya, Palestine, Macedonia, Kashmir, Kosovo, and even Nigeria

A clash of cultures did occur when President George W. Bush used to the Taliban the macho language of ultimatum and no negotiation over surrendering Usama bin Laden. "Just hand over Usama bin Laden and his thugs. There is nothing to talk about."

It sounded great to the constituency of George W. Bush – a constituency which admires hard fighting talk from a Warrior President.

On the other hand, such language was calculated to humiliate the Taliban. George W. Bush did not give the Taliban any line of dignified retreat. Neither did George Bush senior leave Saddam Hussein much room for dignified withdrawal from Kuwait before unleashing Desert storm.

Neither George Bush nor George W. Bush was interested in saving lives by permitting their Muslim adversaries a dignified retreat. The old Chinese concept of "saving face" has its Islamic equivalent of dignified surrender.

By the 20th century women in the Muslim world were accorded more dignity and less liberty than women in the West. And women in the West were correspondingly accorded more liberty than dignity than women in the Muslim world.

In the Muslim world there was far less prostitution than in the West, far less use of female sex appeal to sell commercial products, almost no beauty competitions in the Muslim world, and too much protection of women from the rat race of the market place.

Sons in the Muslim world respect their mothers more than sons in the West – because Muslim mothers are accorded higher dignity. But husbands in the Muslim world respect their wives less than husbands in the West – because Muslim wives enjoy less liberty.

If the Western world has a nexus of liberty, its center in the course of the 20th century become the United States. The Muslim world has always had a nexus of dignity – and the center of the Muslim world has for centuries been the Middle East.

But meanwhile a Jewish state had been created in a region which for a thousand years had been overwhelmingly Muslim. What is more, it was created in ways which violated dignity. There was an ethnic cleansing which displaced thousands of Palestinians to make room for Jews. An ideology was put in place in which someone from the Ukraine who claims to have had a Jewish ancestor two thousand years ago had more right under Israel's Law of Return than a Palestinian who ran away from within the Israeli borders in 1948. No wonder there had been a raging debate as to whether Zionism is a form of racism. In addition to the shadow of militarized Western secularism, there was now a new shadow of militarized Zionism.

To add insult to injury (and "insult" is offensive to dignity) the new State of Israel turned out to be militarily brilliant and capable of inflicting one humiliating defeat after another on people sensitive to issues of dignity.

And just when European colonialism and occupation of Arab and Muslim lands was coming to an end, an alien expansionist power was created in the heartland of the Arab nation. What is more, the Jewish state was protected by the West from the odium of being called either "colonialist" or "imperialist". Yet in reality more people have been killed in the fight against Zionism and Israeli occupation than were killed in the fight against British colonialism in Africa in the preceding fifty years.

We have been so busy trying to understand what is wrong with the terrorists that we hardly ever ask whether there is anything collectively wrong with us in the West as the targets of international terrorism. We shall never understand the causes of

international terrorism unless we also ask why they are picking on the West. What is wrong with the targets of terrorism can never be a moral excuse for the terrorism, but it may be part of the objective explanation. Has the militarization of Western secularism remained a basic part of the underlying global malaise?

Secular Divergence and Religious Convergence

The wider economic context encompassed the world of international capitalism. The West virtually controlled the world economy while the Muslim world was vital either because of its location (like the value of the Suez Canal) or because of its resources (like petroleum from the twentieth century onwards). The West used its power to exploit the Muslim world's assets and resources. This also contributed dramatically to the forces of divergence between the West and Islam.

Even on the issue of Western militarism, Muslims have become disproportionate victims from the last quarter of the twentieth century. When the West's war against communism was at its height, Koreans and Vietnamese paid a higher military price than Muslims. But since the end of the war in Vietnam, Muslim countries have been disproportionate targets of Western military power. Excluding Palestine, over a million Muslims have been killed by Western military might in the last quarter century. These include Iraqis, Iranis, Libyans, Lebanese, Sudanese as well as Afghans. The divergence between Islam and the West broadens.

George W. Bush's war on terrorism has already carpet-bombed parts of Afghanistan. The United States has also sent military personnel to help fight Muslim rebels in the Philippines and Muslim militants in former Soviet Republics. The United

States is also considering military action against Iraq and potentially against Somalia.

The divergence between the Muslim world and the West threatens to widen.

The United States has a list of seven countries which it claims support terrorism. These are Iran, Iraq, Syria, Libya, Sudan, North Korea and Cuba. As can be seen, five of the United States' choice of countries allegedly supporting terrorism are Muslim. The list is quite arbitrary, especially since the United States has itself supported terrorist movements from time to time – including movements in Afghanistan during the Soviet occupation. But these recent American tendencies to “Islamize the face of terrorism” have contributed to the divergence between the West and Islam.

While Western militarism, imperialism, racism and capitalism have all helped to alienate the West from Islam, the main Christian churches and the main leaders of Islam have been moving closer together. For a long time mainstream Christian leadership preferred to have Jerusalem declared as an international city, rather than continue to be a bitterly contested battleground between Israelis and Palestinians.

Pope John Paul II has gone further than any previous Pope to foster good relations between Catholic and Muslims. In May 2002 he visited Azerbaijan, a country with fewer Christians than those who were on his own plane. He was trying to be fair to the Muslim Azaris after visiting Christian Armenians the year before.

When Salman Rushdie published his notorious novel The Satanic Verses in 1988-1989, the book was declared blasphemous not only by Muslims but also by the Vatican and by the Archbishop of Canterbury in London.

Prince Charles, the Heir to the British Throne and potentially Head of the Church of England, is the patron of the Oxford Centre for Islamic Studies and author of a widely circulating Islam-friendly pamphlet entitled Islam and the West. Prince Charles has also

proposed that at his Coronation he should swear to be "Defender of Faith" (meaning all faiths) rather than the traditional "Defender of the Faith" (meaning the Church of England).

However, within Third World countries the picture of relations between Muslims and Christians is more mixed. On the one hand, bloody conflicts have broken out in countries like Indonesia, Nigeria, Sudan and occasionally Egypt between Christians and Muslims. On the other hand, Muslim societies in the Third World have sometimes given Christians remarkable access to influence and power. Saddam Hussein's Iraq has had Tareq Aziz, a Chalden Christian, as Deputy Prime Minister. Aziz was previously Foreign Minister of Iraq.

Boutros Boutros-Ghali, a Coptic Christian, would never have become Secretary-General of the United Nations had he not previously risen high in the Foreign Service of Egypt. He had served as Minister of State. There is no Western nation which has permitted a Muslim to rise so high.

Senegal is over ninety percent Muslim. Yet it had a Roman Catholic Executive President for twenty years (1960 to 1980). Catholic President Leopold Senghor was succeeded by a Muslim Head of State, Abdou Diouf. Diouf's First Lady was Roman Catholic. A Muslim First Lady or President of a Western country is at the moment mind-boggling.

Muslims and Christians in Nigeria fight each other from time to time. But they also vote for each other at election time. Olusegun Obasanjo (a Christian) would never have become President of Nigeria had he not received half his support from the Muslims of Nigeria in 1998.

Muslims in general are more ecumenical towards other faiths than is often recognized. Westerners in their political behaviour are less tolerant of other faiths than Westerners themselves realize.

At the macro-level of the world as a whole, relations between mainstream Christianity and mainstream Islam are more cordial than they were before World War II. But relations between the West and the Muslim world are getting more polarized.

Outside the field of militarism the rising forces of secularism constitute shared threats between Islam and Christianity. Religious life generally has been threatened by the impact of such influences as Western television, Hollywood and the cinema, the impact of the West's magazines, newspapers and radio, and the even more pervasive influence of Western models of secular education worldwide.

Islam and Christianity have also had to confront the shared threat of Western materialism. The triumph of market ideologies, acquisitive individualism, maximization of returns, capitalism and the rat-race of the market-place have all emphasized material satisfaction rather than spiritual salvation. Sacred values generally have been at risk as a result. This is a point of convergence between Christianity and Islam as they confront the rising tide of irreligious culture.

The two religions have also been struggling with the forces of Western hedonism. Christianity has been hit harder than Islam by such social difficulties as alcoholism, drugs and narcotics, prostitution and easy sex. But both religions are up against eroding moral restraints in the face of Western hedonism.

CONCLUSION

We have noted that on September 11, 2001, it was American secular icons which were targeted by the terrorists. The World Trade Center was a symbol of American economic might, the Pentagon a symbol of military power. The fourth plane, which crashed in Pennsylvania, was probably intended for either the White House or the Capitol building of Congress, symbols of American political pre-eminence.

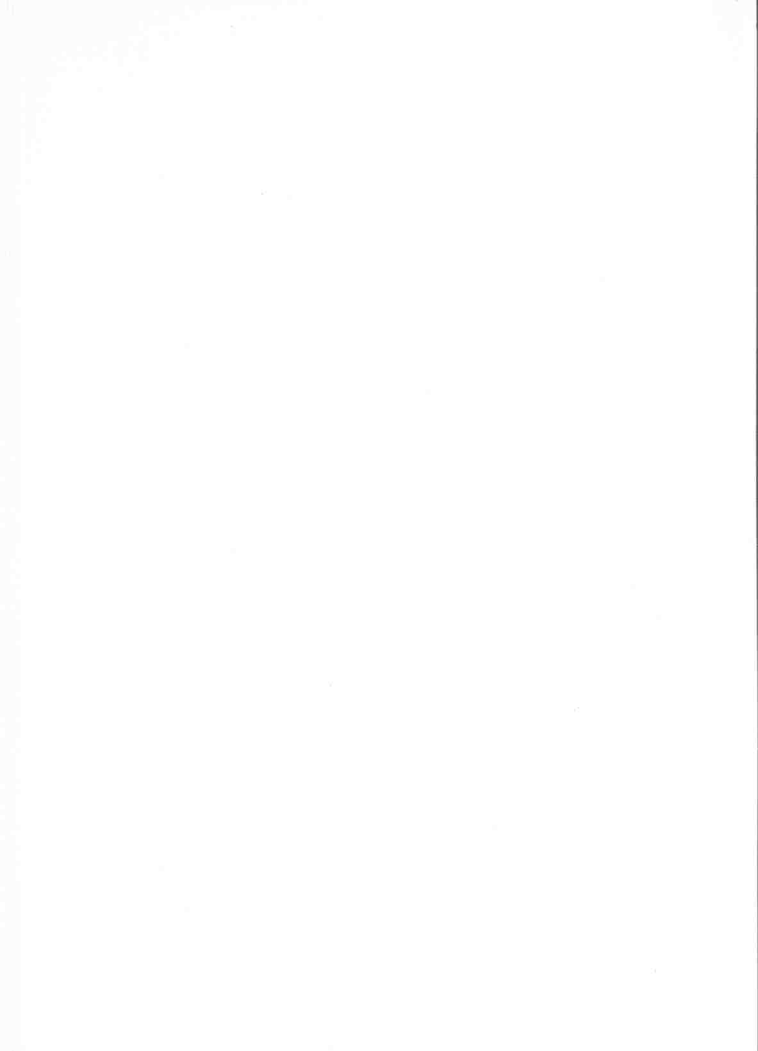
What was obviously not targeted on September 11, 2001, was a major cathedral in either New York or Washington. We have argued that this religious omission was not accidental. The pre-eminent adversary of militant Islam is no longer Christianity, as it might have been in the days of the Crusades. The contemporary adversary to militant Islam is Western global hegemony. This is definitely true at the macro-level of the world arena.

But within religious plural societies in the Third World, there are two ambiguities which have affected relations between Christians and Muslims. Western exploitation creates a situation where ordinary folks are not always sure where Western hegemony ends and the power of Christendom begins. Secondly, although the Third World has had some of the worst clashes between Christians and Muslims, it has also witnessed the most remarkable instances of power-sharing in the political process, including a Christian President in an overwhelmingly Muslim country.

A third force in the Third World which can be destabilizing is globalization. While globalization is, on one side, the enlargement of economic scale, it is, on the other hand, a trigger for cultural revivalism and sectarian rivalries. Globalization has provoked re-tribalization and ethnic rivalries in countries as diverse as Yugoslavia, the former Soviet Republics, the Ivory Coast, India and Indonesia.

But globalization may itself be one of the forces which are contributing to divergence between the West and Islam. Globalization is currently deepening the trends towards cultural alienation in much of the Third World.

But when all is said and done, history is moving in the direction of making mainstream Christianity and Islam cultural allies in an increasingly secular and often amoral world. But contemporary political and strategic issues have yet to stem the trend towards alienation between Islam and the secular West. In the Christian identity of the West there is hope for a new realignment of partnership. But the secular identity of the West is still in the shadows of militarism, imperialism capitalism and race. Christian-Muslim relations offer a beacon of optimism. Western-Muslim relations are in danger of vindicating Samuel Huntington's prophecy of "a clash of civilizations". As Muslims and Christians would say: "The Lord preserve us"!





16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 10(c)

PLENARY SESSION TEN

Wednesday, 5 June 2002, 1545-1715 hrs

ISLAM AND THE WEST: A NEW COLD WAR?

“Engaging Islam in A Plural World”

by

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Engaging Islam in A Plural World

(Islam and the West: A New Cold War?)

By M. Fajrul Falaakh, Indonesia

Introduction

We know the tragedy of the 11 September 2001, which grounded the Twin Towers in New York down to earth and demolished part of the Pentagon, the heart of the US defense system. It was sad to hear or see thousands of people died innocently. The mobilization of public opinion following the tragedy, however, looked similar to the Oklahoma bombing in 2000. It quickly targeted Islamic characters (persons, groups or countries). Interestingly enough, the Oklahoma bombing shifted less than a week to the revelation of the culprit whilst the 911 tragedy managed to point to the Islamic world.

Within 3-5 days the very instant response of President Bush uncovered the sentiment of the US, showing their determination to wage a 'crusade' against terrorism. US-led attack on Afghanistan followed suit. Although initially showing a discourse of the West against Islam, the leadership of the US on war against terrorism was eventually confined to replacing the Taliban regime with a new government in Afghanistan. It is now more apparent that this US-led war can be surmised as an intention to have more control over the Afghan soil. New geopolitical arrangement seems to be developing in the aftermath of the US-led attacks on Afghanistan, considering further the current nuclear tension between India and Pakistan (June 2002).

The US-led move was heavily criticized in many Muslim and Western countries alike. Criticisms also mounted in the US itself (e.g., suspension of a Texan editor in October 2001, and public attacks against critical views seemingly unpatriotic). The event also led to the adoption of PATRIOT Act, the creation of internal defense agency, and the reorganization of FBI. World coalition against terrorism thus gains factual supporting grounds, and

cooperations have been set up or at least arranged world wide and region-based.

In that context, and especially from the contexts of media exposures of Islamic movements in SEA and Singapore's domestic politics (where 13 members of Malaysia's *Jamaah Islamiyah* had been arrested), Singapore Senior Minister Lee Kuan Yew commented that Indonesia had become a not-inimical ground for terrorists where they had been let to move freely. Indonesia was depicted to be inaction, especially seen from the security measures of Singapore Internal Security Act (ISA). Such comment was followed by the arrest of three Indonesian businessmen in the Philippines, rounding up into full story of Islam in Indonesia.

Although the basis of Minister Lee's comment could not be verified, and at best was from intelligence sources, it did spark discontent among Indonesian leaders and the Muslim community. Although the arrest in the Philippines was eventually politically and diplomatically resolved, it revealed an apparent impression: Islam in Indonesia, as elsewhere, was also targeted in the spread of war against terrorism in the region. Yet, credible grounds and clear identification of terrors, terrorisms, and terrorists seem to be lacking. At this juncture, what prevails now as the basis of the accusation is not what is terror or terrorism but, rather, who are the terrorists.

Does religion matter?

That said. I was initially tempted to directly address the topic as it had been given to me. The more I thought about it, I became unsure as to what is this all about. I decided thus to change the topic by asking some questions. Is the issue really about Islam and the West or Islam and Christianity, the Middle East versus the US (but not European union) or is it simply about the Al-Qaeda and the Taliban against the US-led coalition? How have all of these been hiding the issue of Palestine versus Israel; or how it has converted the whole Palestinian issue into 'Islamic' one and the Israeli into the West, the Christian (or even the White if you will).

Whichever issue is taken up, Islam and religions in general seem to be important in shaping the international order in this millennium. By way of initiating today's discussion, I am going to present a perspective on the role of religion in global order. We will see, how this perspective will be of use and contribute to the theme of the present Asia-Pacific Roundtable: confidence building and conflict reduction.

To answer the assumption that religion matters in international relations, we need to understand that religions have shaped the formation of different societies, nation-states, and the current international order. The way each religion plays this role, and the degree it influences international relations, certainly varies from one place to another, on one to the other issue, and for different actors (state or non-state).

This complexity should not deny the constructivist role of religion in international relations. By this I mean that religion plays its role (idealist perspective) and being played by self-interested actors (utilitarian perspective). This role could also be positive by enhancing toleration, peace, and prosperity; and negative ones by enjoining hatred and violent, or ignoring injustice and poverty as well. It is within this constructivist role of religion, or Islam in this case, that we may be able to wisely observe discourses on Islam at global level and as (mis)re-presented by the media, thereby avoiding to depict the role of religion as one-sided.

But the above perspective requires us to acknowledge the plurality of the world system, affirming that the existing one (UN legal order, US-dominated international relations, or neo-liberal capitalism if you like) is just one among many. If this is so, Islam and other religions can only play a complementary role in this plural world order. The degree Islam and other religions penetrate world system, and especially through the domestic political and cultural domain, have been and will be limited. However, this understanding of global order also prompts us to see that the non-confessional based (or secular) international system has its limits just as well.

Since there are many world orders, in several ways they are being defined (cultural, ideological, political, and even military), we have a dichotomous scenario: clash or cooperation. We certainly do not need to see the clash of the competing world orders, particularly violent one, but a dominant element usually prevails on issue and part-time basis. Therefore, the encounter of these different orders, including religious ones, need to be engaged in the context of this plural world. Hence Islam must engage the world in its plural nature.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

PS 10(e)

PLENARY SESSION TEN
Wednesday, 5 June 2002, 1545-1715 hrs

"ISLAM AND THE WEST: A NEW COLD WAR?"

by

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16th Asia-Pacific Roundtable

2 - 5 June 2002

Plenary Session 10

3.15 pm

5 June 2002

Topic: *Islam and the West: A new Cold War?*

A Summary

During the Cold War (1949-1989) the Washington elite targetted the communist system and the Soviet Union as the enemy of democracy and the so-called 'free market' represented by the United States. Today, it will not be possible for the Washington elite -- even it wants to -- to target Islam as its enemy. Any such attempt would be perceived as bias and prejudice against an entire civilisation. Besides, it will not be in Washington's interest to focus upon the Islamic faith since Muslim states are among the major oil exporters to the US. Neither can Washington afford to ignore the presence of a significant Muslim minority -- eight million of them -- in the States itself. Even in Europe, the Muslim minority is substantial and growing.

For these reasons, one can expect Washington to continue with its rhetoric of 'fighting terrorism'. It will continue to assure Muslims that Islam is not its target. It will continue to argue that it is 'Islamic terrorists', it is 'Muslim militants' that it is really after.

Nonetheless, it is quite conceivable that a lot of Muslims will view Washington's war against terror as a war against Muslims and Islam, especially if:-

- i) The terrorist groups that Washington focuses upon are all Muslim or even largely Muslim. In this connection, it is heartening to note that the US State Department's, annual "Patterns of Global Terrorism" report observes that in 2001, 51 per cent of terrorist attacks took place in (non-Muslim) Colombia.
- ii) Washington fails to acknowledge the legitimacy of the struggle of oppressed Muslim groups such as the Palestinians even if they resort, in their desperation, to terror tactics.

iii) Washington and its allies refuse to address the root causes of terrorism. The quest for freedom, justice and sovereignty; a feeling of hopelessness and helplessness generated by US global hegemony; despair and frustration brought about by authoritarian, despotic regimes ; and poverty and mass unemployment associated with failed polities, may be among the varied causes of terrorism which cannot be resolved through a 'blood and iron' approach.

iv) After Afghanistan, Washington and some of its allies choose to go to war against Iraq, and then against other Muslim states such as Iran or Syria or Somalia. This will convince even those who do not subscribe to Huntington's fallacious 'Clash of Civilisations' theory that Islam is the West's target.

v) The mainstream US media, consciously or otherwise, equates terrorism with Muslims and Islam. Given the influence of the media, a popular perception is bound to develop that sees Islam as a religion inclined towards terrorism and therefore a threat to the US and the West.

If Muslims become convinced that the war against terrorism is directed against them and their religion, it could have serious repercussions for both Western and Islamic civilisations. Relations between the two civilisations could deteriorate rapidly, especially since, historically, there has been a certain degree of antagonism between the West and Islam. Since there is a significant Muslim minority in the US and in the West in general, a perception, however erroneous, that Washington is against Islam could have an adverse impact upon ethnic relations in the US and the West. This could even give rise to social and political instability in Western countries emanating from the marginalisation and alienation of the Muslim minority. In Muslim societies themselves, the more pervasive the view that Islam is the target, the greater the likelihood that extremist groups who subscribe to a simplistic 'West versus Islam' dichotomy will become more popular and more powerful.

In order to check these and other such trends and tendencies, it is important that the Washington elite adopt certain policy measures as a matter of urgent necessity. It should ensure that Israel withdraws immediately from all occupied Palestinian and Arab territories (specifically, from Lebanon and Syria) and that a sovereign, independent Palestinian state with jurisdiction over internal security, defence and external relations (and not a bantustan) is established with Jerusalem as its capital. At the same time, the Washington elite should desist from embarking upon military adventures against Iraq or Iran or any other country for that matter in the name of fighting terrorism. In this, Europe can play a decisive role. By pushing the US in the direction of a just peace in

Palestine and by restraining her vis-a-vis Iraq, the European Union may be able to change the stereotyped notion of a West opposed to Islam.

While Washington must ensure that relations with the Muslim world do not deteriorate further, the latter should also play its part in convincing itself that terrorism has no place in the political culture of the community. This is important because there are many Muslims who genuinely believe that since their cause is just -- this is especially true of the Palestinian struggle -- and the enemy's military strength is simply overwhelming -- Israel has the most sophisticated range of weaponry in the region -- they are justified in suicide bombing civilian populations. There is no need to emphasise that Islam as a belief system regards suicide as anathema and abhors the deliberate killing or maiming of civilians, especially women and children, the old and the infirm. Even in resisting oppression and aggression, however brutal it may be, Muslims are expected to adhere to certain fundamental principles governing the conduct of war. Noble ends, Islam is crystal clear, can only be achieved through noble means.

This is why Muslim political leaders, theologians, intellectuals and journalists should help develop an ethos within the Muslim world that is committed to genuine Islamic values and ideals which would nurture and nourish the principle and practice of peace. For peace after all is the essence of Islam itself.

Dr. Chandra Muzaffar
President
International Movement for a Just World (JUST)

27 May 2002



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

NIGHT FORUM

Tuesday, 4 June 2002, 2100 hrs

INDIA - PAKISTAN ISSUE (Amended)

by

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INDIA-PAKISTAN ISSUE

Preamble

Good Evening. Earlier this AN Barry Desker referred to India-Pak issue in the ARF. Well, for this year at least it is in the APR. Normally this time of the day is not meant for serious business. Yet, the topic this evening is probably the most important strategic issue of the year. For all the wrong reasons, the world is focused on the region as never before.

First, a disclaimer. I do not speak for the Government of India or even for the Regional Centre which I head, which is a South Asian institute and has been working with all countries of the region to try and resolve outstanding issues and promote regional cooperation. Many points I will raise are not necessarily the Government of India's view, but it is a view from India.

There is no doubt that recent terrorist attacks in Jammu & Kashmir are clearly and directly linked to terrorism in Afghanistan. The ideology of Islamic Jihad, the evolution of terrorist organisations, their arming and funding patterns, joint training areas in Khost and others in Afghanistan and in Pakistan Occupied Kashmir, similar techniques in military operations, suicide attacks; all are closely linked to Al Qaeda. These terrorists, just like the 19 on that fateful day of 9/11 believe in violence, mindless and brutal, directed against the innocent and the unarmed. They target fundamental freedoms, democracy and the rule of law. These are international terrorists.

From an Indian view, the commencement of new fighting will not be the beginning of war. For war is what has been inflicted on India for over twelve years now from across the border. The signal has finally gone out from Delhi that a democratic nation can no longer be held to ransom. Like all sovereign nations it has the right, nay the duty to defend itself and its citizens against terrorist attacks, and choose the way it carries out this responsibility. It is not a decision hastily taken, but follows repeated dastardly attacks. Just to recount a few after 9/11, the first attack was on October 1, 2001 on the Legislative Assembly of Jammu & Kashmir, with 41 innocent bystanders killed. Next was the December 13 attack on the Indian Parliament that may have eliminated in a single strike the top political leadership of the country. Finally, the attack on a military camp a fortnight ago killed 32, mainly women and children, preparing to go to school on a bright summer morning. I wonder how many countries in the world would have shown greater restraint under such continuing provocations.

A conventional war in the plains is not a real option in the near future. In the strategic considerations of Delhi, conventional war in the plains is at the very end of the spectrum of responses that will be considered. Frankly, I do not see Delhi adopting this course of action at all under almost any circumstance for this achieves no purpose and the Indian strategic community has never been anything but responsible. But, a cross border counter-attack by ground or air forces from India, responding to another dastardly terrorist attack cannot be ruled out.

The Issues

This is clearly not the time to look at the past. The situation calls for clear and rational thinking and pragmatic approaches. I will address three issues.

First, is Jammu & Kashmir, is it the Core Issue?

Frankly, the core issue in today's world, whether in South Asia or the world, is terrorism. We need all t move together against it.

Briefly, let us recount the situation in J&K leading to the present. I have lived in the province for many years at various times since 1960 and have visited it often. From 1971 to 1989 Kashmir was not an issue in Indo-Pak relations. Whatever the Simla Agreement of 1972 achieved or did not achieve, it maintained peace all along the Jammu & Kashmir border for the entire duration. The erstwhile cease-fire line was redrawn through detailed deliberations over six months in 1972, by two senior military commanders and good friends from school some 35 years ago. It was renamed the Line of Control from the earlier nomenclature of a cease-fire line, to indicate a degree of permanence that was visualised for this line. There was a commitment in the Simla Agreement not to violate the sanctity of this line. This arrangement held and the line was not breached. Neither country seriously opened the issue at any bilateral meetings. I spent two very happy years with my family in Srinagar till Dec 1986 constantly touring all of northern Jammu & Kashmir without any arms or protection whatsoever.

It was only around mid 1980's, that with its successes in sponsoring terrorism in Indian Punjab, that the Inter Services Intelligence of the Pakistani military planned its extension to the valley of Kashmir. Insurgency exploded in December 1989 in Srinagar. In its early years it was indeed largely an indigenous movement. But, a movement that could not have developed without massive external military support. Kashmir valley is fertile and rich and produces some of the most delicious fruits in the world. Its fields cannot yet reap a harvest of Kalashnikovs, RPGs, RDXs and all types of ammunition. These were all supplied from the inexhaustible surpluses of the Afghan War. A situation in Jammu & Kashmir that would have been addressed through democratic processes in an open society over time, was militarised by Jehadi elements for its own goals. It was in 1995 as the movement was petering out in J&K, that the ISI decided to massively induct international mercenaries and spread the conflict to the rest of the province. Since then, if not earlier, it has become a proxy war.

Neither side can win such a war. Violence has been widespread in the province and it is as always the people who suffer. Today, in large areas of the province, they stand alienated from the State. As a very recent British poll in the Indian part of Kashmir shows, they are even more alienated from Pakistan.

The Indian position is that the state of J&K is indeed a disputed area and the dispute is over the illegal occupation over a part of that state by Pakistan.

Pakistan's position is that as the province has a majority Muslim population a large portion of it should be handed over to it. Till then it will support the

Kashmiri cause, diplomatically, morally and politically. Further, till a solution entirely agreeable to it is found, all other aspects of mutual relations will remain frozen and cannot even be raised or discussed.

While the Indian position may allow a certain flexibility, Pakistan is steadfast in moving on Kashmir and no other. Whatever may be the approaches on either side, a solution to the issue will not be found early. To hold everything else hostage to a satisfactory conclusion of the J&K issue will only hinder progress. After years of negotiation, a format for dialogue was finalised and talks began in 1997 on a six plus two track basis, which was interrupted by the nuclear tests. Therefore, we do have an example and a precedent to follow.

The second issue is how to Step Back from the Brink?

There may be a pause today, but stepping further back from the brink is necessary and should indeed be the first step in the current situation.

The first thing that should be clearly understood is that nuclear weapons have no role in this situation at all. India has a deliberate policy of no first use, repeatedly stated and its weapons and nuclear command and control configured for this. George Fernandes, the Indian defence minister made this point forcefully at Singapore. On the other hand, we have unfortunately seen in recent days repeated assertion of the first use of nuclear weapons from the highest quarters in Pakistan. It makes no sense at all. This is not an accepted part of nuclear diplomacy even. As a nuclear weapon power, it is absolutely necessary that there is a degree of responsibility and restraint. Perhaps this

view may have finally prevailed and the recent statement of President Musharraf to the CNN, seems to have ruled out the possibility of nuclear weapon use and is welcomed.

India's position is pragmatic. As long as a gun is pointed at its head, through support to cross border terrorism, there can be no meaningful dialogue. Indian public opinion today will not permit this and the government has limited option. Actually there is great disappointment in India. Vajpayee's repeated efforts at improving relations, at Lahore in 1999 and at Agra in 2001 proved disappointing.

Any expert on military operations will readily understand that infiltration across an armed border is a very deliberate operation. It cannot take place without active sponsorship, logistical support and diversionary fire. A whole network and a large organisation has to facilitate this task. Without the military's active involvement, such a situation from Pakistan's side of Kashmir is unthinkable. If there is one group whom President Musharraf does control fully, it is the military. He can and must turn off the tap and that too permanently.

What should India provide in return? Promise of a sincere, and structured dialogue on J&K and all other issues between the two countries.

Lastly, *What might be the approaches to a resolution of outstanding issues between the two countries?*

9/11 was a wake-up call for Pakistan. I think no one realised this more than President Musharraf. It provided him and the nation an opportunity to turn around. To move away from religious radicalism to the path of modernism. To give up the path of violence and move towards peace. To accept that cooperating with the USA in countering terrorism in the west, cannot be done while simultaneously sponsoring terrorism in the east. That Pakistan's roots lie in South Asia and its sense of identity cannot be separated from it. Its success and prosperity depends on cooperation with the rest of South Asia and not in confronting it. What is necessary is obvious; democracy, development, religious tolerance and the rule of law. If this is accepted and the turn around is effective, Pakistan will not lack for friends in this world. Else, prospects are bleak. Pakistan will then indeed be the next battleground for countering global terrorism and the consequences are ominous.

A road map along the positive path is not difficult to prepare. A broad outline may be something like this:

- *Dialogue on a solution of J&K.* Accepting that India will need time to be convinced that cross border terrorism is indeed halted and that the tap is not opened and shut at will. That a solution will not be dramatic or even take effect immediately. Time will be needed. Many people within and without will need to be consulted. Years of confrontation will need time to heal. But an assurance of moving forward must be made. Whatever solution emerges must take account of the State's plurality, encompass both side of the divide, lead to an early demilitarisation, assure greater autonomous political

arrangements and an open border in the entire state over a period of time.

- ***Addressing Other Issues.*** There are a number of other pending issues between India and Pakistan. Given minimum political will these can be addressed and resolved fairly easily. These are important to build confidence and trust and will probably be the earliest to take effect.
- ***Developing Positive Cooperation.*** Enormous opportunities exist to cooperate in a whole range of other areas, economic, social, cultural and others. An early move towards energy sharing and facilitating external supply of gas and oil may quickly demonstrate the potential and positive impact of such cooperation.

Just three years ago in Feb 1999 Prime Minister Vajpayee made his historic bus journey to Lahore. There at the Shaheed Minar, the national monument of Pakistan, he made a solemn pledge to its people and wrote it down in his own hand in the Distinguished Visitors Book. He assured the people of Pakistan that the integrity of the country and prosperity of its people were of vital importance to India and that he wished its people well.

Would President Musharraf make a similar commitment to the people of India and back it up with action? If he did he is likely to find a very positive response from India.



16TH ASIA-PACIFIC ROUNDTABLE

2-5 June 2002, Kuala Lumpur

Confidence Building and Conflict Reduction

NIGHT FORUM

Tuesday, 4 June 2002, 2100 hrs

INDIA - PAKISTAN ISSUE

“Confidence Building and Conflict Resolution: The India-Pakistan
Issue”

by

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Pakistan

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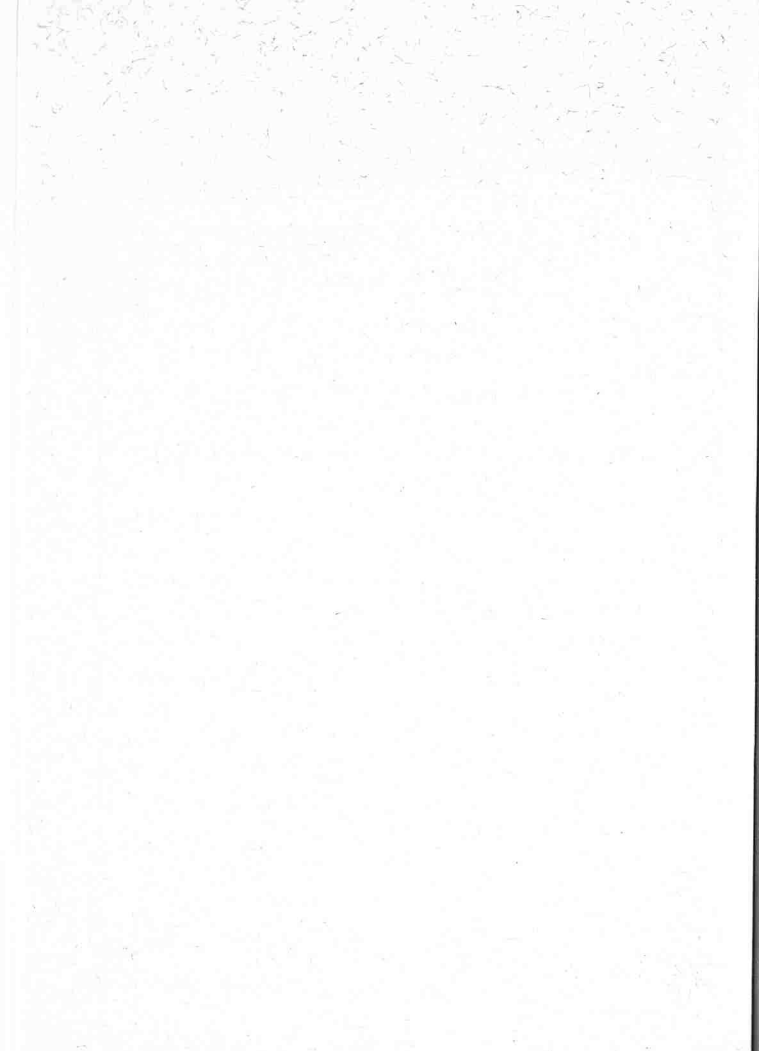


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The future of peace in South Asia depends rather heavily upon the healthy relationships of India and Pakistan. Jointly they can shoulder the responsibilities of ensuring security and stability of the region. Persistence in individual pursuits can continue to damage the collective interest of the region. For years India and Pakistan concentrated on strengthening their defences against each other. Admittedly during the initial stages problems emanating from the hasty and surgical partition of the Indian subcontinent compelled them to opt for hostile and antagonistic relationships. Experience of the past 55 years indicate that the obsession like that of Captain Ahab's with Moby Dick could only result in increased frequency of violent clashes and more destructiveness. It is indeed high time that both India and Pakistan realize that how much resources are being regularly squandered over maintaining large military establishments while the hydra of poverty continues to expand its horizon. This paper initially attempts to highlight the outstanding issues and then concentrates on confidence building and conflict reduction efforts.

The Issues

While it is not possible to analyze all the issue and disputes causing mutually hostile relationships and effectively impeding the process of normalization, an attempt is being made here to briefly highlight those major issues that have and still are regularly contributing a major share towards the continuous state of adverse relationships. These issues include the past which haunts both nations, minorities and communalism, issues emanating at the time of partition like the Kashmir dispute, nuclear developments, domestic factors, super powers involvements in the region, and the shadow of post 9/11 developments along with the ongoing US led Afghan war etc.

Hangover of the past: While it is true that the Indo-Pakistani conflict assumed its modern character after the partition of the subcontinent, the roots of antagonism lie deep in history. Hindus and Muslims clashed for the first time when Mohammad Bin Qasim defeated Raja Dahir of Sind in 712. Since then the history of the subcontinent has witnessed a continuous

bitter struggle between the two communities for the domination of this part of the world. Despite the conciliatory efforts of saints like Data Ganj Bux (Sheikh Ali Hajveri), Baba Farid Shakarganj, Khawaja Moinuddin Chishti and Nizamuddin Aulia along with their Hindu counterparts Bhaktas who did their best to check the intensity of Hindu-Muslim antagonism, the acrimony continued to manifest some times overtly and at other times covertly but always simmering and smouldering because of the basic irreconcilability of the two religions. Throughout the Muslim rule, the Hindus, inspired by the golden age of the Mauryas and the Guptas continued to express their discontentment and bitterness against the Muslim domination in one form or the other and waited for a favorable turn of destiny. The long awaited opportunity came when the British emerged as the successors to the Mughals after the first war of independence in 1857. The Hindus seized this opportunity with religious zeal and began to extend unlimited cooperation and enabled the British to firmly establish their hold over the subcontinent. Realizing the significance of existing Hindu-Muslim friction, the British shrewdly exploited this to their advantage. It is not surprising that the intensity of communal riots increased significantly during the 90 years of British Raj.

During the freedom movement the existing Hindu-Muslim antagonism was transformed into Congress-League rivalry with differing interpretations of the "Two nation Theory" and the friction intensified. Even the acknowledged pacifist like Gandhi, who had a great talent to control the instinctive urge of expressing indignation could not suppress his feelings when he realized that the Muslims of India are likely to obtain a separate homeland on the basis of the two nation theory.

During the first few years following partition, Indo-Pak relations were markedly influenced not only by the hangover of the past but also by the unresolved issues that were the product of surgical partition processes. These issues included the communal slaughter and mass migration, refugees, and evacuee property problems, the division of financial and military assets, the Indus waters, minority problems, the struggle over the accession of princely states with special focus on Junagadh, Hyderabad and Kashmir. While most of these problems were resolved in one form or the other, communalism and the Kashmir dispute defied most conciliatory efforts.

Minorities and Communalism: Despite a long history of living together in the same area the Hindu and Muslim communities of India have yet to develop a measure of mutual tolerance and harmony. Perhaps the inherent incompatibilities of the two religions (Islam and

Hinduism) impeded and prevented such a development on important matters yet there are not many examples of interference in each other's respective religious spheres. Irrespective of the religious inclinations of the rulers, both communities learned to live with the situation with remarkable ease. The result was that religious antagonism remained somewhat dormant until the arrival of the British. The British colonial rule of course, utilized this underlying religious cleavage to its own advantage. The British strategy of 'divide and rule' effectively encouraged the Hindu-Muslim antagonism. Communal riots rarely occurred under the Mughals or their predecessors but the British Raj witnessed innumerable clashes between Hindu and Muslim communities. The establishment of the British Raj not only widened the gulf between the Hindus and Muslims of India, but British departure raised further the existing antagonism to the point of hatred of each other. One of the more significant legacies of the hasty British departure was the problem of religious minorities.

While the creation of Pakistan satisfied Muslims of the majority areas, it also made a large number of Muslims, who opted to remain in India, somewhat inadvertently an unreliable minority. For almost 25 years after partition they were not only regularly blamed for the division of the subcontinent but were also 'regarded as representatives of anti-India, hostile, divisive and subversive influence which had shattered the aspiration for national unity'.(1) In addition, prompt protest notes from Pakistan over communal riots further confirmed the negatively oriented beliefs of the extremist Hindus. What is surprising is the fact that even the attitudes of secular minded Hindus, who relished to link the Kashmir question with professed Indian secularism, became somewhat ambivalent about undertaking measures to safeguard cultural distinctions of the Muslim minority. Even Nehru was unable to persuade states with sizeable Muslim populations to implement safeguards and recommendations of the 'Language Statement of 1958'.(2)

It was not until the break-up of Pakistan in 1971 that the situation began to improve for the Muslims in India and the prejudices shaped by the events of the past began to be gradually eroded. It is not only the case that the Muslim community in India no longer looks at Pakistan as the guardian of its interests and welfare but its increasing identification with India has also begun to minimize the apprehensions of extremist Hindus. The dismemberment of Pakistan provided great satisfaction to those opposed to the two-nation theory and eased considerably the fears and apprehensions, which were responsible for the negative attitude of important

sections of the Hindus towards the Muslim minority. However, this gradual change in the attitude of the Hindus towards the Muslim minority in India could not immediately produce the coveted harmonious juxtaposition of the two communities in India. It would take quite sometime to attain that goal even if the normalization process is allowed to proceed at a steady pace. The erosion of the bitterness and hatred accumulated over the centuries requires patience and a long-term programme coupled with stern measures to prevent communal riots, if, and when, they occur. The negative forces will certainly continue to try to thrive on this hatred as long as it is possible and it fits into their overall strategic objectives.

The ongoing Gujrat's anti-Muslim riots which are alleged to be the product of a planned Hindu conspiracy of the militant Hindu organizations with the connivance of the state government is just the most recent example of negatives forces success story. The objectives involved in these recent riots appear to be the eviction of relatively prosperous Muslims from the state of Gujrat. Despite severe criticism by many international human rights watch organization, the Gujrat riots were not brought under control. Whenever the anti-Muslim riots take place in India, the Muslims in Pakistan instantly express their sympathies with the plight of the Indian Muslims. The extremist Hindus of course always resents this.

The past has been a victim of negativism so frequently manifested in the form of communal riots. Riots were invariably sparked off by simple matters such as the decision to declare Urdu as the second official language of Uttar Pradesh. Many major northern states like U.P., Madhya Pradesh, Gujarat, Rajasthan and Bihar experienced communal violence that resulted in innumerable deaths of the Muslims. While there is no doubt that communal minded parties and forces charged the atmosphere and exacerbated communal tension, the Bhagalpur and the recent Gujrat riots clearly indicated the active involvement of local police on the side of communalists. For several months the Ramjanmabhoomi - Babri Masjid controversy was used as the focal point to whip up Hindu intolerance of the Muslim community under the banner of Hindu revivalists like Vishwa Hindu Parishad.

Kashmir

No other issue has generated so much ill will between India and Pakistan as has been done by the Kashmir dispute. Although the dispute originated in 1947 along with many other complex

problems that were the product of hasty and badly planned partition, the Kashmir dispute is perhaps one of the very few and the most important dispute that has survived over the years in somewhat original form. Even the end of the Cold War has not dampened this issue. While India is known to have made innumerable efforts to bury the issue, the efforts for a peaceful and lasting solution of the dispute is still carried out by the Pakistanis. Compared to the Pakistanis, the Kashmiris, being disappointed by the world community's apathetic attitude has opted, in recent months, for a more violent course of action. Most Pakistanis, 55 years after partition, have forgotten what happened to Junagadh and Hyderabad, but Kashmir is still viewed as a constant reminder of India's duplicity and highhandedness. Pakistan claims that her stand on Kashmir is not motivated by any considerations of territorial ambition, and that she asked for nothing more than the extension to Kashmir of the principle that determined the division of the rest of the subcontinent, the said principle requiring that contiguous Muslim majority areas should be separated from contiguous non-Muslim majority areas to form the two Dominions, Pakistan and India respectively. Further, pointing out that India had justified her annexation of both Junagadh and Hyderabad on the grounds that their inhabitants desired to join the Indian Union, Pakistan demands that India should permit the people of Kashmir to decide their future through an internationally supervised plebiscite. To the holding of such a plebiscite, Pakistan argues, India is officially committed through the Indian Government's repeated pledges to Pakistan as well as the United Nations. Both India and Pakistan accepted the UNCIP resolutions of 13 August 1948 and 5 January 1949 pledging to the world to hold a plebiscite as stipulated in these resolutions.

While recognizing that a vast majority of the Kashmiri people are the followers of Islam, India justifies her possession of Kashmir on the basis of the Maharaja's instrument of accession, the legality and validity of which has been frequently questioned. As regards her undertaking to ascertain the Kashmiris' will through a plebiscite, India claims that she promised to do so "long before" the dispute was referred to the Security Council. Hence it was a promise to the people of Jammu and Kashmir and not to Pakistan or the United Nations and as such it does not involve any international commitment as far as the validity of accession is concerned. Still, although India was prepared to fulfill her promise to the people of Kashmir, the holding of a plebiscite was constantly obstructed by Pakistan's refusal to withdraw her troops from such parts of the State, which, were under her "illegal" occupation. In the circumstances, India had no alternative but to let the Kashmiris decide their future

through a "duly elected representative body", the Constituent Assembly, which meeting on 17 November 1956, confirmed the State's permanent accession to India. This being its people's voluntary verdict, Kashmir's accession to India "is therefore final, complete, perfect and irrevocable.(3) Pakistan of course, does not accept the arguments advanced by India, and her attitude thereon is generally shared by most other members of the United Nations. It was not until the advent of the 1971 Indo-Pak War and the consequent dismemberment of Pakistan that the spotlight shifted from Kashmir. At Simla in 1972, it was mutually decided to transform the UN arranged cease-fire line into a line of control. Not only was the mutual accommodation shown at Simla certainly hailed as a positive step but the Simla Accord also initiated an era of Indo-Pak normalization.

Undoubtedly a major source of Indo-Pak antagonism is still the continuing dispute over Kashmir despite the existence of the Simla Agreement. Pakistan's frustrations stem from the increasing realization that she has not been able to influence India to hold the plebiscite in Kashmir in the past despite the employment of all kinds of available means, and the future does not seem to hold much promise in this regard. India has become extremely sensitive over any reference to Kashmir. Such references depict an ugly picture of broken promises and commitments, which in turn hurts her pride. An injured Indian ego often reacts strongly and sometimes even punitive measures are seriously contemplated. The recent Indian reactions to the current eruption in Kashmir does give a fairly penetrating insight, into India's continuous efforts to cover up its broken pledges and to justify its unceremonious and unilateral withdrawal from its commitments.

While the Indian government has consistently attempted not to recognize the Kashmir problem, the Kashmiris have gradually been rallying around the notion that they will have to do something tangible to keep the issue alive. Rejecting the ideas, approaches and efforts of their elders, the new generation of Kashmiris decided to opt for a more violent course of action in order to secure the much-desired goal of independence from India. The indigenous uprising demonstrated the unprecedented fury of the angry young Kashmiris who took up arms to free Kashmir from the Indian clutches. Having experienced ruthless suppression by the Indian security forces, the younger generation of the Kashmiris decided to match Indian brutalities with violence. Since January 1990 the violent eruption in the valley and the Indian

efforts to crush the independence movement by force have already taken a heavy toll of men and material.

Unable to contain the current Kashmir crisis, India began to employ age-old tactics of shifting the focus from the real issue. Soon after the advent of the recent Kashmir crisis, India began to accuse Pakistan of fomenting the troubles in Kashmir and initiated the process of escalating tension levels between India and Pakistan. The object of such a strategy is to divert world attention from the Kashmir crisis to a likely war between India and Pakistan. For obvious reasons not only would world attention be shifted from the real crisis but concentration would be focused on the prevention of a likely war. This, of course, implies that India needs to regularly accuse Pakistan and consistently issue threats to teach the Pakistanis a lesson. Compared to India, Pakistan made many efforts to defuse the situation including sending peace missions to India, offering dialogues, allowing the international press to monitor and vociferously asserting that it does not want war with India. Even in the current situation the Indians have been accusing Pakistan of encouraging the cross border terrorism in the occupied Kashmir whereas the Pakistanis have not only been denying such allegations but have also repeatedly advanced suggestions to station international observers on the LOC in order to monitor infiltrations. India, of course, consistently refused to allow the international monitors to man the LOC.

Since the tragic events of 9/11 and the consequent participation of both India and Pakistan in the international coalition against terrorism thousands of innocent Kashmiris have been indiscriminately slaughtered by the Indian forces under the accuse of combating terrorism. The real objective of the Indian forces is to break the back of the Kashmiri freedom fighters under the cover of combating terrorism. While India is seeking a military solution of the Kashmir problem, history has taught many nations that a political problem can best be resolved through political means. Unable to read the lessons of history so clearly written on the wall² India continues to dwell heavily upon military means. Such an approach not only tarnishes India's self projected pacifist's image but also reveals its real hegemonic intentions coupled with its inability to hide the intensity of reaction generated by the guilt of broken pledges and promises.

Linked Issues-1) Siachin Glacier: The Siachin glacier is located in an area where both the cease-fire line and the line of control are ill defined. Climatic hostilities of the region prevented both India-Pakistan to go in for a detailed demarcation of the line. The Indian attempt to obtain the physical occupation of the glacier resulted in several violent clashes.

For years the Siachin glacier was not an issue of discord between the two nations. Many reasons account for this. Not only innumerable mountaineering expeditions undertaken to conquer difficult peaks in the region sought permission from the Pakistani authorities, but also most maps and atlases, published inside as well as outside Pakistan, showed the region as a part of Pakistan.(4) These maps published by the American and British publishers depicted the ceasefire line in the northern extremity of Kashmir as stretching far eastward and ending right at the Karakoram Pass. Not only has India never challenged these maps but even the description of the northern extremity given by the Indian Foreign Minister, Sardar Swaran Singh soon after the signing of the Simla Accord was generally in congruence with these western published maps and was totally different than what was later published in the Indian maps of August 1984.(5) Secondly, both the Karachi Agreement of 1949 and the preamble of the Pakistan-China Boundary Agreement of 1963, in many ways, indicate that the control of the region was with Pakistan.(6) Since 1947 Pakistan not only enjoyed complete administrative control of the region but it was also widely recognized by both the insiders as well as, the outsiders. Thirdly, the people inhabiting the Siachin region not only use Pakistani currency but also speak Balti language, a language of the Baltistan district, which is part of Pakistan's Northern Area, and buy almost all goods from Pakistan. Compared to the Pakistani, the Indian argument primarily dwells upon the fact that since the Maharaja of Kashmir signed the instrument of accession in favour of India and India claims that Northern areas are part of the state of Jammu and Kashmir, thus the regions fall within the jurisdiction of India.

Despite acknowledged Pakistan's control over the area since 1947, the early 1980s witnessed Indian efforts to establish its territorial rights using somewhat novel means of mountaineering.(7) Soon India established military posts in the area. However it was not until November 1984 when India airlifted a full battalion to snowy heights of Karakoram that the glacier began to witness frequent but inconclusive border clashes. Since then both sides have been consistently arguing that the glacier belongs to their area of control. A close scrutiny of

various arguments and counter arguments indicates that Pakistan's claim seems relatively stronger than that advanced by the Indians. Neither the cease-fire line nor the line of control attempted to physically demarcate the border in a climatically hostile region of the glacier. The absence of a clear demarcation of the line in the area caused cartographic confusion, which, in turn, gave birth to many misrepresentations and misinterpretations. Setting the glacier on fire is one unfortunate by-product of the unsettled larger issue of Kashmir.

Linked Issue- 2) Wuller Lake Barrage: Another irritant linked directly with Kashmir is the Wuller Lake Project. The Wuller Lake Project on River Jhelum comprising a barrage of 439 feet in length is being constructed apparently with the view of improving navigation during the winter months between Wuller Lake and Baramullah. From the Pakistani perspective the strategic importance of the site lies in the fact that through this storage work, India could pose a threat of ruination of the vast tracts of agricultural lands in the Punjab. Thousands of acres of fertile land in Pakistan are fed by the river Jhelum and its canal system. The successful completion of the project will provide India the necessary control season. To release or stop the flow of water at any time. Not only the Mangla Dam, which is being fed by the river Jhelum would be endangered, but the possession of a massive reservoir of water would equip India with a strategic weapon of flooding the lower riparian area especially during wartimes. Additionally a severe shortage of electricity could be artificially created once India decides to withhold water over an extended period especially during the dry

Pakistan's objection to the proposed barrage is based on Article. III of the Indus Waters Treaty, which forbids India from storing any water or constructing any storage, works except when it does not exceed 10,000 acre-feet. The proposed barrage would have a capacity of 300,000 acre-feet. Being thirty times more than the permitted capacity, it is clearly in violation of the terms of the Indus Waters Treaty. Pakistan's fears about India's intentions grow deeper when we realize that India has been most reluctant to supply the relevant information, which she has the obligation to do under the terms of the Treaty. It appears that through dilatory tactics India wants to present Pakistan with a *fait accompli*.

Since April 1986, the matter has been dealt with between the two Governments at the level of the Permanent Indus Commission but without much success. During the last meeting of the two Commissioners held in the spring of 1987 it was decided to refer the matter to the two

Governments for a resolution at the political level. Representatives of the two governments met in October 1987, in which India agreed to suspend all construction work. Following this meeting five rounds of talks have taken place without any tangible result. Whatever the ultimate outcome of the talks (which hopefully like the Salal Dam would be positive), the present dispute shows how India is even reluctant to abide by its conventional obligations (flowing from the Indus Waters Treaty in the present case). This, in turn, causes rapid deterioration of the existing atmosphere of suspicion and mistrust.

Linked Issue-3) Kargil: The third linked issue that had caused further complications revolves around the Kargil clashes in May 1999. Couple of months after Vajpayee's historic visit to Lahore and the subsequent signing of Lahore declaration fighting broke out in Kargil sector. It is a well-known fact that both India and Pakistan hardly miss an opportunity to undermine other's position. In early May few hundred freedom fighters along with there Sympathizers consisting mostly of warriors of Afghan jihad who had not left the area and some members of the militant wings of the religious parties based in Pakistan went up to the Kargil heights and occupied the vacant posts which are normally vacated by the Indian soldiers during the winter seasons and reoccupied in the early summer. Not only the Indian intelligence failed to detect the occupation, even the media was unable to ascertain the identity of the occupants.⁽⁸⁾ Various versions were published describing the occupants as the freedom fighters, mujahideen, holy warrior of the Afghan war, Pakistan based Lashkars of religious parties and the Pakistan army. By the end of May India had not only deployed massive troops but also used air force to evict the freedom fighters. The Pakistanis shot down two Indian aircrafts and a helicopter. Unable to evict the occupants, the Indians then began a comprehensive diplomatic onslaught. In this connection the India media also fully supported the Indian government. What the Indians lost in the battlefield was adequately made up by the efforts of the Indian media. With the excessive support of the media, India was able to garner sufficient diplomatic pressure on Pakistan in order to secure the withdrawal of the occupants of the Kargil heights.

Following the pressures from the international community the Pakistanis too three major steps to defuse the situation. First, it decided to send it foreign minister to initiate a dialogue with his Indian counterpart who refused to discuss the issue. Second, prime minister visited China and US for consultation. Third, the Pakistani prime minister appealed to the freedom

fighters and other occupants to withdraw. Soon they withdrew but in the process of withdrawal many fighters were killed. Many Indians interpreted the withdrawal of the freedom fighter as an Indian victory. The Indian media managed to project and transform the Indian defeat as an Indian victory. Not much was discussed in the Indian media regarding the inability of such a large Indian force to dislodge few hundred mujahideen or unconventional irregulars for more than eight weeks.

Regarding the initial intelligence failure, most Indian refrained from discussing it publicly but later when the global interpretation began to view the Indian interpretation of events rather sympathetically and the pressure against Pakistan intensified, some section of the Indian public began to acknowledge it. However it needs to assert here that later this failure was openly recognized in the Kargil Committee report. The only redeeming feature from the mujahideen's and Pakistan's points of view was that the clash at Kargil once against internationalized the significance of the ongoing Kashmir dispute. Since this was a clash, which occurred after the acquisition of nuclear weapon status by both India and Pakistan, the international community was extremely concerned to contain the clash.

Nuclear Developments: On May 11 and 13 India conduct series of nuclear test that were followed on 28th May by Pakistan's nuclear tests. By the end of May both India and Pakistan had acquired the status of nuclear weapon states. India's reason for acquiring nuclear weapon status is many. First, India's vision of itself a great power. It is the quest for the attainment of this vision, which has caused and continues to influence Indian decision makers to build a militarily strong India inclusive of being a nuclear weapon state. Second, Indian perceptions of deteriorating security environment. The Chinese tactical position in Tibet as well as what they call Sino-Pakistan nuclear collaboration are often quoted reason for India's nuclearisation. Third, the commitment of the BJP government to make India a nuclear weapon states. Fourth, Indian disapproval of existing nuclear world order. Why should the nuclear haves be allowed to retain nuclear weapons while others are denied its possession? Besides India also demanded the nuclear haves to give a timetable to destroy their nuclear weapons. Fifth, India also constantly accuses Pakistan for causing major developments in Kashmir.

The factors influencing Pakistan to opt for nuclear weapon status include Indian acquisition of nuclear weapons, muted reaction to Indian tests, non availability of nuclear umbrella, not

much persuasion in terms of monetary incentives were undertaken, increasing domestic pressures in the wake of Indian nuclear tests, threatening posture of India's home affairs minister Advani regarding the Kashmir dispute. Although the BJP government argued that Pakistan was already preparing to conduct nuclear tests, this argument was viewed by many (including Indians) as fallacious. The responsibility for making the two leading states of South Asia nuclear weapon states entirely rest upon the shoulders of India's BJP government.

India detonated a nuclear device in May 1974 asserting publicly that it was a Peaceful Nuclear explosion (PNE). Apart from the Canadians whose reactor CIRUS was instrumental in producing the nuclear device, not many nations attempted to discourage Indian nuclear pursuits. On the contrary the French not only congratulated the Indians but also offered help to build a fast breeder reactor.(9) Similarly the Americans readily accepted India's explanation that it was a PNE despite the fact that they themselves had concluded, after running a series of tests, that there existed insignificant differences between peaceful and military nuclear devices. The American's quick acceptance of the Indian interpretation of the Rajasthan nuclear explosion code named the 'Smiling Buddha' was heavily dependent on the hope that the acceptance would make it easier for the Indians to stop there and not embark upon the path leading to nuclear weapons. At the time many Americans did not overreact primarily because they thought that one explosion did not necessarily make India a nuclear state and in order to become one it would need to acquire and perfect its delivery system. Today India has not only acquired nuclear weapons but has also perfected the delivery systems including the heavy bombers, missiles and is feverishly engaged in acquiring a nuclear submarine.

Domestic Factors

Domestic pressures and compulsions are known to have contributed substantially towards major policy shifts in most countries of the world. To divert attention from pressing internal political, economic, social and even security crises within external diversion is not a very uncommon practice within Third World Countries. Hostile external responses of course, make it relatively easy to enhance cohesion by employing emotional and sentimental jargon. One does not have to look too inquisitively into the Indo-Pakistani scenes to realize the existence of strong pressures generated by varied types of internal crises.

Both India and Pakistan are blessed with a fair share of internal problems. Being locked in a conflict - relationship, both India and Pakistan almost consistently exploited each other's internal turmoil and tensions through propaganda and other available means. India's overt support for the East Pakistani separatists, unconcealed sympathies for the advocates of separate Pakhtoonistan and Sindudesh and the public support gestures for the MRD (Movement for Restoration of Democracy) activities and Sind's political disturbances are just a few of the too well known examples that need not be elaborated here. Similarly the Pakistanis' excessive interest in and projections into India's internal trouble spots like Punjab, Assam, Kashmir, and concealed sympathies for movements like Khalistan and Gorkhaland often tended to cause undesired misunderstandings. Just as the Pakistanis accused the Indians for interference in Sind's political disturbances, Indians blamed the Pakistanis for training and aiding the militants in Kashmir. In recent days the Indians accuse Pakistan for encouraging what they call as the cross border terrorism. Both invariably deny the alleged involvements. Accusations and counter accusations phenomenon within the Indo-Pak framework is not regarded as an unusual form of interstate relationship.

The process of normalization, initiated by the Simla Agreement, did not receive any serious setback during the 70s but the developments in the 80s and 90s did affect the pace somewhat inadvertently even though both SAARC and the Indo-Pak Joint Commission became operational during the 80s. The Sikh crisis in early 80s and the intensification of Kashmir's freedom struggle in the late 80s in India and Pakistan's quest for a viable democratic system are just few pursuits that had and continue to have direct bearings on foreign relations. A further complication when both decided to acquire nuclear weapons in 1998.

Superpower Linkage: The prospect for a fresh Indo-Pak start is also, in many ways, affected by the posture of superpowers. Both the Americans and the Soviets were introduced to the area by Pakistan and India respectively each seeking to satisfy its perceived security requirements.⁽¹⁰⁾ The Pakistanis sense of insecurity brought the Americans to South Asia and a quick Indian reaction to this introduced the Soviets to the region. Both the superpowers got themselves quickly involved into the South Asian cobweb believing to be serving their global objectives. Both did not give such attention to the incumbent level of conflictual relationships between India and Pakistan. Thus came the Cold War to South Asia. In 1954

and 1955 Pakistan joined the Western SEATO alliance and the Baghdad Pact (later renamed as CENTO). Pakistan perceived a threat from India and joined the above-mentioned alliance in order to procure much-needed weapons and to equip its forces for what seemed to be a certain conflict. The Indians, of course, interpreted Pakistan's bid to enhance its security as an attempt to upset the existing power equilibrium and to challenge its overriding authority in sub-continental affairs. India had assigned for itself a central role not only in South Asian affairs but also in Asian affairs in general. Consequently, enraged over Pakistan's membership in SEATO and CENTO, India invited the Soviet leaders in 1955 to visit the area. The Soviets, who were also annoyed over Pakistan's participation in Western defence alliances directed against them, were in a punitive mood, and in utter disregard of Pakistan's stance on the Kashmir dispute and Pakhtoonistan, the Soviets immediately committed themselves to support both India on Kashmir and Afghanistan on Pakhtoonistan.

This state of affairs continued until the early 1960s when the thaw in the Cold War, the introduction of intercontinental missiles and the Sino-Indian War of 1962 caused dramatic changes. Despite the warnings and protests of the Pakistani leaders, the West rushed arms aid in response to an Indian request following the Sino-Indian border war. Pakistan, disenchanted with the West, began to drift away and started searching for new friends in order to maintain the balance vis-a-vis India. China responded positively to Pakistan's search and readily lent its support. The Soviet Union, realizing that Pakistan's sense of insecurity might push them too deeply into the Chinese lap, began to seek ways to impede Pakistan's growing friendship with China and at the same time to weaken its pro-Western policy. The Soviets began to smile at Pakistan. The smile vanished in 1969 when President Yahya firmly rejected Brezhnev's proposal of an Asian collective security system and Kosygin's idea of a regional economic grouping.⁽¹¹⁾ In the meantime Pakistan's relations with China continued to strengthen while those with America continued to deteriorate, especially because of the American arms embargo after the 1965 Indo-Pakistan War.

After the 1971 Indo-Pakistani War, the Pakistan leaders, realizing the crucial role the Soviets could play in future South Asian affairs, carefully avoided criticizing the Soviet role in the separation of East Pakistan and began to mend fences with the Soviets. Initially the Soviets were somewhat cool towards Pakistani overtures, but gradually through the efforts of Bhutto, the Soviets began to open up. Disenchanted with the West and in order to please the Soviets,

coupled with some other considerations Pakistan withdrew first from SEATO and later from CENTO. By the late 1970s relations with the Soviets had vastly improved.

Not only American policy towards the area changed with the passage of time but also it has been less consistent than the policies of the Soviet Union and China. It fluctuated from decade to decade. During the 1950s the emphasis was upon the containment of perceived Communist expansionism in the area. Pakistan, with its two wings, was regarded as a useful instrument to serve American strategic interests in the area. The west wing could play an important role in the containment of Soviet expansionism and the eastern wing could prove to be useful in its strategy vis-a-vis China. Although the Americans would have preferred India to Pakistan, Nehru's strong opposition to the Cold War alliance system and Dulles' contempt for non-alignment more or less forced the India policy makers to opt for the second best. However, the Kennedy administration not only de-emphasized the Soviet threat but also recognized non-alignment as a valid approach to international relations. The Sino-Indian War of 1962 provided the long-awaited opportunity to win back Indian friendship and consequently India emerged as a useful instrument in America's containment of China policy of the 1960s. Improvement in Sino-American relations again caused a fundamental change in the American policy towards the area. The earlier part of the decade witnessed improved relations with Pakistan and a slight deterioration of Indo-American relations. However, the latter half of the 1970s registered a marked improvement in Indo-American relations, especially during the Desai regime. Again with the advent of the Afghanistan crisis and consequent aid to Pakistan, Indo-American relations registered a slump initially but the ascendancy of Rajiv to power once again pushed the upward trend.

Chinese relations with Pakistan were further strengthened especially after the Sino-American normalization.⁽¹²⁾ As long as Sino-Indian and Sino-Soviet relations continue to be cool, China can afford not to help Pakistan and counter-balance Soviet influence in the area. However, the decade of the 1970s witnessed efforts, though painfully slow, towards the normalization of Sino-Indian relations. In 1976 ambassadors were exchanged, and in 1979 the Indian Foreign Minister Vajpayee visited China. The major outcome of the visit was that the Chinese acknowledged the need to resolve the longstanding border dispute as a precondition for complete normalization of relations.²¹ Since then many rounds of talks have taken place in order to resolve their border dispute.

The difference in Indian and Pakistani perceptions of each other's threats coupled with the superpowers' active involvement in pursuit of their regional and global objectives continued and still continue to exacerbate the tensions and conflicts in South Asia. When the situation begins to register improvement some extra regional development takes place and begins to take heavy toll of the fragile Indo-Pak harmony brought about after lengthy and complex negotiations. The late 70s witnessed improvement in Indo-Pak relations but then came the Afghanistan crisis accompanied by its undesired repercussions giving birth to new complications. However towards the end of the 80s, the global situation began to change radically. The ascent of Gorbachev followed by his introduction of perestroika and glasnost coupled with a positive western response brought an end to the perennial cold war and initiated a new era of cautious cooperation between the Soviets and the West. The threat of joint pressure or denial by both superpowers could seriously act as an effective deterrent.

The death of the cold war and the consequent disintegration of the Soviet Union on one hand and the emergence of the US as the sole super power transformed the existing world order. The new world order witnessed the rapid ascendancy of economic imperatives and relegation of political imperatives to a secondary position. The previous equations no longer remained a viable proposition and consequently it registered marked changes. In the emerging world scenario India and US drifted closer towards each other. The Americans not only viewed India as a useful counterpoise to emerging China but India also went extra miles to befriend the Americans.

The situation further changed after the tragic event of 9th September took place. As a consequence of this development an international coalition against terrorism came into existence. The Americans launched an invasion of Afghanistan with the objective to apprehend Osama bin Laden who was regarded as the mastermind of 9/11 tragedy and to punish the Afghan Taliban regime, which had given him refuge. Again the relations between Pakistan and US began to improve as Pakistan joined the international coalition and agreed to help to the Americans in the prosecution of their Afghan war. Not only almost all the sanctions to which Pakistan was subjected were gradually removed but the US also extended some economic incentives.

While both India and Pakistan were members of the international coalition against terrorism but both did not get along because of the ongoing Kashmir dispute. The Indians continuously accuse Pakistan for encouraging cross border terrorism, which Pakistan regularly denied. Act of terrorism took place in both countries resulting into heightened level of tensions. The American have initiated a relatively more role in resolving the main dispute between India and Pakistan. So far they have not met much success but it needs to be mentioned that they are consistently applying pressures as well as persuasion tactics.

The Shadow of the Afghan Crises: Relations between India and Pakistan are also under continuous, strains caused by the shadows of the two Afghanistan crises. The first crisis dealt with the Soviet invasion and consequent the American participation on the side of freedom fighters whereas the second crisis was the product of developments of 9/11. While a vast majority of the countries condemned the Soviet invasion of small-nonaligned Afghanistan, India, though at the time Chairman of the nonaligned movement, was unable to condemn the Soviets.(13) Tied by the Indo-Soviet Friendship Treaty, which provided massive economic, technological and military aid vital for India's economic development and security requirements, India decided not to condemn the Soviet invasion. Being heavily indebted to Soviet support and being the only reliable and powerful non-communist friend of the Russians, it was confronted with extremely unpleasant choices; to condemn the Soviet aggression that would invoke Russian anger and weaken its profitable links or to condone the Soviet action and tarnish its own image temporarily. India chose not to condemn the Soviets and tried to repay its massive debt, incurred over the years, by accepting the Soviet version of the Afghanistan situation. It is also alleged by some quarters in India that it concentrated on the diplomatic front to defuse the situation and reportedly conveyed even to the Soviets its uneasiness over the situation.(14) However, once the urgency and tension generated by the invasion subsided, India became milder towards the Afghan situation and even went so far as to revive the India-Afghanistan Joint Commission that had been put on the shelf after the Marxist takeover in 1978.(15) Having enjoyed so many benefits by its close association with the Soviets, it was be unrealistic to expect assume that India would be hard on the moves in Afghanistan. Had the Janata Government remained in power, one could assume that India's Afghan policy could have been slightly different. But with Mrs. Gandhi's ardent advocacy of 'realpolitik' that frequently compromised principles with the beneficial dictates of the situation, it was an altogether different story.

Perhaps the most painful aspect of the first Afghan crisis for the Indians was the American decision to agree to a military sales-cum-economic assistance package with Pakistan in order to cater for the enhanced security responsibilities of the Pakistanis. Instead of assessing realistically Pakistan's threat perceptions, India opted to project a worse possible scenario that magnified out of all proportion the effects of US aid to Pakistan on the military balance between the two. It seems that the underlying thought current was to project its insecurity generated by the US military and economic assistance linkage that upset the desired balance and to induce the Soviets to substantially increase their contributions. Badly requiring the Indian support over its Afghan policy, the Soviet Union had no choice but to comply.

The first Afghan crisis had not only brought the US and Pakistan closer to each other but had also linked them with a military sales and economic assistance programme - which, in turn, edged the Indians even closer towards the Soviets. The Indian acceptance of the Soviet interpretation of the Afghanistan situation has eroded considerably India's credibility. Unable to gauge the intensity of approaching danger India continued to view the whole game from its own vision of things, which in some quarters, is referred to as hegemonic tendencies. Irritated by the Pak-American linkage, India seemed to be solidifying the Soviet entrenchment in the region. With the signing of the 1988 Geneva Accords, the situation slightly changed. Although the Soviets and the Americans continued to back their respective clients, the Geneva Accords demonstrated a certain level of cooperation among them that strengthened the hopes leading to an eventual resolution of the Afghan crisis.

The second Afghan crisis started with the destruction of the twin towers of New York. The American blamed Osama who had taken refuge in Afghanistan. Afghanistan's rulers, the Taliban, refused to hand him over to the Americans. Thus started the US-led war against Afghanistan. Since Pakistan had decided to opt for the international coalition, the government of Pakistan all the help asked for by the Americans. Thus this association facilitated the American's prosecution of its Afghan war. As a consequence the US and Pakistan once again improved their relations. However, it needs to be mentioned that drift towards each other was studded with all types of cautions. The Americans are particularly concerned not to undertake any action that could annoy the newly befriended Indians. They are trying to maintain a balance between the Indians and the Pakistanis. They don't want to lose the Indians and they need the

Pakistanis at least as long as the Afghan crisis continues. To undertake effective operations against the al-Quaida members, the Americans require the help of the Pakistanis. But they also recognize the dire need to resolve India-Pakistan dispute over Kashmir. For the first time the Americans are indeed making efforts to solve this dispute.

Track II and CBMs

Definition: Track II diplomacy is often defined as a process of unofficial dialogues among the non-official representatives of the parties locked up in a dispute. Influential persons or opinion makers who have the ability to influence both the government and the public undertake the process. Track II diplomacy may involve a third party either for observation purposes or for the initial push. This is particularly relevant to cases in which suspicions reign supreme along with the effective institutionalisation of intolerance, hatred and distrust. In such situations the participation of the government officials is prone to wide range of misinterpretations, which the policy and decision makers can hardly afford. Thus the non-governmental influential individuals including retired governmental officials who are seen to be balanced in their approaches with regards to the conflict as well as the adversary are brought together to discuss the issues. The basic objective of the Track II is to prevent conflict and to facilitate the conflict resolution processes. Being influential persons most of the members of the Track II processes have either direct access to their governments or in a position to effectively influence the public. The governments are informed either directly or by suggestions including CBMs through media.

Characteristics: A close scrutiny of the groups engaged in Track II diplomacy reveals that two characteristics seem to be more visible than the others; a) all members of these groups are often fully cognizant of the need to resolve the disputes as quickly as possible, b) and all have the ability to make constructive contributions towards the desired resolution of ongoing conflicts in one form or the other. Many of these individuals are already engaged in their individual capacities, to improve confliction regional situation either through their writings (both general and research) or through teaching, seminars, conferences, travels etc.

Formation: Track II groups are often formed in two ways. First, it could be a product of a local initiative of an individual, an institution like a university or research institute. Second, it

could be formed by the encouragement and efforts of the interested outsiders. However it needs to be clarified that groups formed because of the efforts of the outsiders invariably emphasise on scrupulous avoidance of external interference. It is indeed up to the participant to jointly agree to have an outsider as their chairman who is known for his knowledge of the area and his balanced and impartial treatment of the issues had already earned him tremendous respect of many insiders.

Objectives: The major objectives of the Track II diplomacy are threefold; a) to make attempts to resolve the ~~ongoing~~ disputes; b) to discourage ~~and prevent~~ the emergence of new disputes; and c) to make efforts with a view to bring the two ~~estranged~~ countries and societies closer by introducing confidence building measures (CBMs). Indeed it is the most difficult objective to attain especially if the dispute has lasted for more than a decade. The passage of time not only adds new dimension but also invariably makes a simple dispute an extremely complex one. However this does not mean that the dispute be allowed to carry on with its uncharted flight. Old disputes are not easy to resolve but then again efforts must always be directed to find a way out to secure its resolution. An old unresolved dispute would always contaminate the prevalent atmosphere and may take a heavy toll of constructive developments. Recent development both inside and outside the disputed territories of Kashmir clearly highlight the fact that relations between India and Pakistan will never be normal until the Kashmir dispute is resolved. The nuclearisation of both India and Pakistan makes it imperative that world community focus its attention on its resolution.

The first two objectives imply that the Track II diplomacy should not only explore and provide feasible alternatives for complex issues to their respective governments but should also suggest arresting mechanism if it is realised that the situation is rapidly deteriorating. In both pursuits, the Track II diplomacy is expected to provide positively orientated alternatives facilitating and enabling the governments to arrest the adverse drift and advance towards positive goals.

The introduction of the CBMs cannot only ease the situation but may even help in securing a better comprehension of each other's perceptions. Indeed the CBMs can facilitate the communication network among the disputants and also help in maintaining some kind of contact even though it may not appear very useful.

CBMs: CBMs imply the existence of a situation that requires measures for confidence building. The main purpose of the CBMs is to arrest the dangerous drift towards war and reverse the trend if possible by injecting transparency, which may reduce tensions as well as improve atmosphere conducive to some form of cooperative behaviour. Openness can introduce qualitative improvement in the prevailing climate of distrust and apprehensions enhance better understanding of adversary's perceptions and can help establish working relationships between antagonist states. Simply defined the term itself clearly reflects a process to build confidence between the adversaries. To inject confidence in an atmosphere where distrust reigns supreme is not an easy task. Even to begin negotiations in such a situation require political will and a recognition of the dictates of the time. Since it is easier to negotiate a CBM than an agreement or a formal arms control treaty, not only the popularity and the efficacy of the CBMs have been on the rise but they are emerging as essential means of preventing unintended escalation and minimising the dangers of at least accidental war.

CBMs and South Asia: Confidence building is not really a new phenomenon in South Asia in general and between India and Pakistan in particular. Since the hurried departure of the British from South Asia and partition of the subcontinent, both India and Pakistan signed many agreements aimed to generate confidence and reduce tensions.(16) Among them perhaps the most notables are;

1. Liaquat Nehru Pact -1951 (Dealing with minorities)
2. The Indus Waters Treaty-1960
3. Tashkend Agreement-1966
4. Rann of Kutch Agreement-1968
5. Simla Accord-1972
6. Salal Dam Agreement-1978
7. Joint Commission-1983

With the exception of Joint Commission all of them were the product of either a crisis or a war that necessitated a logical end to the preceding developments.

EXISTING CBMs

The main conflict between India and Pakistan revolves around the Kashmir dispute. Despite the advent of so many CBMs, the normalisation still seems a somewhat an illusive pursuit. Since the end of the 1971 Indo-Pak war, many CBMs have been adopted with a pronounced emphasis upon military CBMs. The earliest one came immediately after the 1971 war. A 'Hotline between the DGMOs (Director General of Military Operations) was established in 1971. The existing CBMs can be grouped in the following categories:

A. *Communication Measures*

1. A direct communication link (DCL) known as 'hotline' between DGMOs was established in 1971. Following 1990 crisis it was decided to use this line on weekly basis.
2. DCLs are also in place between sector commanders.
3. Establishment of hotline between Pakistan Air Force and Indian Air Force (1993).
4. Communication between the naval vassals and aircrafts of the two navies when in each other vicinity (May 1993)
5. Establishment of a hotline between the Prime Ministers in 1997 after Male summit.
6. People to people contacts; Track II diplomacy, NGOs, and dialogues between various non-governmental groups like Neemrana Initiative or India- Pakistan Forum started since 1991.

B. *Transparency and Notification Measures*

1. Inviting observers to watch military exercises (Zerb-e-Momin in 1989 and 1990 Indian exercise and the US observers).
2. Publication of Annual Defence Report- India publishes it almost regularly.
3. Public negotiations for arms procurement by both India and Pakistan
- 4) Advance notification regarding military exercise or major troop movements (1991).
- 5) Joint declaration on prohibition of chemical weapons (1992). Despite the declaration, it was revealed in 1997 that India had a very large chemical weapon programme.
- 6) Advance notification of ballistic missile tests (1999)-a product of Lahore meeting.

C. *Consultation Measures*

i) India - Pakistan Joint Commission (1982).

ii) Foreign Secretary Level Talks- periodically interrupted- resumed after Sharif-Vajpayee talks in New York 1998.

D. *Goodwill Measures*

1. Various military goodwill measures(1993).

i) Participation of senior military and civilians officials in various seminar in each other's country (1993).

ii) Inviting Guest Speakers at each other's national defence colleges.

iii) Participation and visits of various sports teams.

2. Code of Conduct for Treatment of Diplomatic/Consular Personnel (1992).

Despite the above-mentioned impressive list of CBMs, tensions between the two countries have not really subsided in a meaningful ways. Does this mean that the CMBs have failed to deliver the expected dividends? Indeed the track record of the CBMs has not been very impressive. But this does not mean that they have failed miserably to contribute towards the desired amelioration of the prevalent atmosphere. Different opinions have been expressed regarding the efficacy of the CBMs. While some attributed limited success, there were others who viewed the CBMs as complete failure. Those expecting that the advent of the CBMs would resolve all the complex problems of South Asia would indeed be disappointed but those viewing it as merely a mean to improve atmosphere in order to initiate communication channels would appear to be somewhat satisfied. Whatever one may say, the indisputable fact is that since 1972 India-Pakistan have not really fought a full-fledged war. During 1986-87 and 1990 the two countries came close to blows but war was averted. Parts of the contributions were indeed made by the existing CBMs.

The inability of the CBMs to effectively contribute towards the desired peace in South Asia is the product of many factors. First and perhaps the most important is the ongoing Kashmir dispute.⁽¹⁷⁾ Many Pakistanis view Kashmir as part of the unfinished agenda of partition and a symbol of Indian highhandedness and clever manoeuvring. They feel being outwitted and cheated by India. India took over states of Hyderabad and Junagadh on the grounds of overwhelming non-Muslim population and their geographical position whereas in the case of

Kashmir India employed the principle of ruler's right to accede. The ruler of Junagadh opted to join Pakistan and the Nizam of Hyderabad wanted an independent status yet India invaded those states and occupied them. By employing delaying tactics India bought sufficient time to complicate the dispute and systematically projected various arguments for justifying its occupation of the Kashmir. India dislikes to be reminded of its application of different principles to different states and asserts that it is an integral part of India. Many Indian writers also link the retention of Kashmir as an extremely important for its secular polity.

Second, to accord maximum respect to agreed principles and agreement does not seem to be very common in South Asia. Different interpretations of agreements often tend to further facilitate the strengthening of non-compliance and non-adherence. It is often stressed in some quarters that honouring the spirit of agreement are not as sacrosanct in South Asia as it is in Europe, Middle East and Latin America.(18) Not only South Asia lacks cordial spirit deemed so essential for proper implementation of agreements and understanding, but respect extended to the prerequisites for CBMs as codified in the Helsinki Final Act and Stockholm Documents namely the inviolability of frontiers, non-use of force, and non interference in internal affairs have also been unable to elicit deserving support. Perhaps that's what has led to the advent of less than desired level of what is called 'sense of ownership for the existing CBMs'.

Third factor revolves around perceptions and negative images.(19) Both India and Pakistan continue to entertain negative images of each other. The most attractive view of India among the Pakistani elite and decision makers is that of a hegemonic and a bully. The Indian view of Pakistan is that of a theocratic and militaristic state. An objective view probably disagrees with both of them. While there are many factors and developments that assist the formation of both perceptions and misperceptions as well as self and adversary's images, three factors seemed to have contributed relatively more and strengthened such negative images; history, media, weak and irrational leadership. A historian has to be mercilessly accurate with his facts. Unless the histories are written accurately, the lessons bequeathed would be somewhat distorted encouraging inaccurate images. Ample evidence is available confirming that the histories are not written properly, the contributions from both print and electronic media have

also been more contributively towards adversarial images rather than reflecting accuracy of the existing situation. Being in selling business most newspaper tend to publish what they thing is newsworthy and it is a well known that negative developments attract more attention than the positive one. The governments control the electronic media in both countries though some new independent channels have also come into existence in India recently but even they seem to be towing government fines rather than demonstrating complete independence. In general one finds media highlighting negativity much more than even extending deserving coverage to positive developments. Finally the weak and irrational politicians whose main preoccupation is to get power in one form or the other have also made impressive contribution towards adversarial images and misperceptions. Admittedly one has to recognise that most politicians have their own agenda and they have generally demonstrated their inability to rise above their petty gains and almost consistently pushed the long-term positive regional gains for others to pursue. Lack of political wills in both countries to make CBMs work has been almost continuously impeding the conflict resolution efforts.

Given the less than expected performances of the CBMs in South Asia, what recipe can be pursued in order to make them work? At the outset it needs to be recognised that the CBM is not a device to resolve conflict, it is just a piece in the process-an important piece that needs to be promoted.(20) With the nuclearisation of South Asia, it is somewhat imperative for both India and Pakistan to demonstrate their rational qualities. Both sides should not only encourage a balanced approaches to history writings and positive pursuits by media, the political leaders should also demonstrate their determination to resolve the outstanding issues impeding the progress on peace path. Both the Indian and Pakistani PMs have demonstrated rational behaviour in recent times. PM Vajpayee's tough stand against Shiv Sena's threats to Pakistani sports teams' Indian visits was matched by Nawaz Sharif's equally strong measures against the disruptive activities of Jamat during Vajpayee's Lahore visit. Such pursuits would indeed resuscitate the effectiveness of CBMs as well. Besides there exist a need to introduce more CBMs in economic and social areas. This is not to suggest that military CBMs are not to injected. In fact there should be web of more and more CBMs. The following suggested CBMs could further improve the atmosphere enabling the two governments to address the contentious issues with patience and perseverance.

A. Military CBMs

1. More transparency in Defence budgets
2. Publication of annual calendar of exercises
3. Increasing the number of observers including international observers for military exercises.
4. Allowing participation from across the border in Defence Colleges' courses.
5. Exchanges of military instructors at various levels
6. Registration of weapons sales agreements with SAARC
7. To promote joint security studies.
8. No War Proposal in some acceptable form
9. An agreement in principle for reduction of forces without going into details initially.
10. Proposal for collaborative arrangement for nuclear waste disposal.
11. Withdrawal of troops from border areas and creating a ten miles (on both sides) a troop free Security zone.
12. Proposal to freeze defence budgets for at least two years initially.

B. Economic CBMs

1. Encouraging Chambers of Trade and Commerce contacts-exchange of visits
2. Promoting SAPTA and SAFTA
3. Joint Ventures-may be initially in third country
4. Joint Commission on Agriculture
5. Promoting increased trade- mutually agreed increase in the trading items.
6. Collaborative schemes tackling two countries energy problems

C. Cultural and Social CBMs

1. Joint archaeological excavation and monument preservation
2. Visa relaxation-country visa should be introduced instead of continuing with city visa-drop police reporting.
3. Visits tours to historical and religious places needs to be encouraged and facilitated.

4. A cultural agreement needs to be finalised.
5. Flow of Books, Journals and Newspapers need to be encouraged- start with allowing selected papers and journals (Sport).
6. Contact between medical and scientific institutes.
7. UGC of the two countries must plan joint project-exchange of student and teachers initially for a short period but later it could be extended.
8. People to people contacts must be encouraged-track II diplomacy- NGOs work
9. Joint research projects regarding minimising the adverse effects of religious intolerance.
10. Energising SAARC-revamping it by improvising its charter-establishing SAARC Chairs
11. Establishing contact between Professional Associations.

D. Political CBMs

1. Inviting election observers from across the border.
2. Encouraging contact between parties and parliamentarians.
3. Holding Speakers conferences.
4. Curbing propaganda.
5. Adherence to non-interference in each other's internal affairs
6. Creating institutional linkages-like Judiciary etc.

While one can think of many CBMs but it needs to be kept in mind that progress in core areas as well as regarding the outstanding disputes is absolutely imperative. While a core dispute like the Kashmir remain unresolved and no progress towards its resolution is registered, the achievements in other relative less significant areas would soon be eroded. Thus it is important that the two sides clearly recognise what they consider as the core issues.

Track II and Pakistan's Experience: Pakistan's experience with Track II process has been a mixed one. Those who are keen to see the advent of peace in the region have viewed it as a useful exercise. They feel that it can encourage the much-desired interactions and highlight new approaches with fresh ideas. They are convinced that at the minimum Track II can facilitate the advent of realistic perceptions. But there are those who dismiss it as a western concept and therefore regard it as irrelevant. Most right wing extremists view it as a foreign inspired conspiracy aimed to promote US goals in the region. Just as in India, the bureaucracy in Pakistan looks at all the non-governmental dialogues with controlled suspicions.

The advent of Track II process seemed to have caused four positive developments. First, it has started a debate within the country regarding the normalisation with India. The advantages and disadvantages of reconciliation with India has been subjected to serious academic as well as general discussion. Second, the existing stereotype enemy images have also been undergoing changes. Much more realistic assessments have been put forward. Third, growing recognition that in the absence of normalisation both India and Pakistan would suffer in the long run. Fourth, the need to have increased economic interaction as well as people to people contact is gaining widespread recognition.

On the negative side, the militants and many religious parties view the process as an American device, which is meant to safeguard the American interest in the region. They tend to link the process with the developments both in Kashmir and Afghanistan. The view that normalisation with the Indians amounts to a betrayal of Kashmiris freedom struggle is quite popular. The American policies towards Afghanistan (especially the Afghan war and the accompanying quest to arrest Osama Bin Laden and to destroy al-Quaida network) are viewed as part of America's anti-Islamic pursuits by many. They regard American responsible for what is happening in both Afghanistan and Israel. After all it is indeed difficult to deny that the Americans are not responsible for the Afghanistan's current mess. The ousted Talibans were the same group of warriors which were praised and used by the Americans to oust the Soviets from Afghanistan. Second, the hardliner politicians on both sides invariably dislike the process. India's hegemonic

pursuits coupled with its regular modification of original commitments or even outright reversal makes the task rather easy for such politicians. Third, the government in Pakistan is just as ambivalent and distrustful of the process as it is the case in India but it also is aware of its useful aspect of the process. While it quietly endorsed the process that was linked with the presence of a third party, it remained somewhat averse to direct people-to-people contacts. On the other hand the Indians are not keen to initiate a dialogue with government unless the environment becomes conducive. The current excessive emphasis on the cross border terrorism is also meant to buy time.

Future Requirements for Track II: 1) Promotion of economic dialogues-Chamber of Commerce

2) The vernacular press needs to be associated more with the Track II processes.

3) To make Track II more balanced and representative in terms of gender and younger participants.

4) Encourage more contacts among the parliamentarians.

5) Educational and Research institutions need to have regular contacts.

6) Institutionalised contact between sports bodies.

7) Cultural interaction needs to be encouraged.

8) SAARC should be brought in and play effective role in encouraging mutual contact and strengthening Track II processes.

Concluding Remarks: The peace in South Asia is heavily dependent upon the normalization of relationship between India and Pakistan. The only way both could attain a desired level of normalcy is directly linked with the resolution of the ongoing Kashmir dispute and the political will of the leaders in both countries. The ongoing complex Kashmir dispute continues to take a very heavy toll of all peace efforts as well as those developments that can be even remotely contribute towards peace oriented building blocs. Undoubtedly the most appropriate approach would be a political rather than military. Both need to recognize the fact that militarily the Kashmir dispute is unlikely to be settled. Temporarily the situation in Kashmir has been frequently controlled but it rebounds soon with the passage of time. To secure a lasting solution the two countries

need to initiate a dialogue. Indulgence in mutual recriminations and accusations would not lead anywhere. India's allergic reaction to the involvement of third party is somewhat incomprehensible. Since both parties are prone to interpret and misinterpret the situation according to their own policy pursuits, it would not be all that useless pursuit to consider seriously allowing independent observers in Indo-Pak Talks.

While the need to initiate dialogue on the ongoing Kashmir dispute is undoubtedly recognized by many powers, the existence of political will among the regional leaders is still confronted with a question mark. The minority government or a coalition governments are inherently handicapped to take quick and firm decisions even if they recognize the need to do so. The effectiveness of the CBMs and Track II diplomacy is often adversely influenced by such governments. Nevertheless the process of confidence building has its own utility which cannot be brushed aside. Efforts aimed at the reduction of tensions and acceleration of the process moving towards the conflict resolution should always be encouraged and supported.

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NASKAH PEMELIHARAAN
PERPUSTAKAAN NEGARA MALAYSIA
22 JUL 2002

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Published by the International Development Research Centre
PO Box 8500, Ottawa, ON, Canada K1G 3H9
<http://www.idrc.ca>

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as represented by the Minister of Foreign Affairs

National Library of Canada cataloguing in publication data

International Commission on Intervention and State Sovereignty

The Responsibility to Protect
Report of the International Commission on Intervention and State Sovereignty

Issued also in French under title: *La responsabilité de protéger*.
Issued by the International Development Research Centre.
Accompanied by CD-ROM.

ISBN 0-88936-960-7

1. Intervention (International law).
 2. Sovereignty.
 3. Security, international.
 4. United Nations. Security Council.
 5. Humanitarian assistance.
- I. International Development Research Centre (Canada).
II. Title.

I2G368.I57 2001 327.1'7 C2001-980327-3

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FOREWORD

This report is about the so-called "right of humanitarian intervention": the question of when, if ever, it is appropriate for states to take coercive – and in particular military – action, against another state for the purpose of protecting people at risk in that other state. At least until the horrifying events of 11 September 2001 brought to center stage the international response to terrorism, the issue of intervention for human protection purposes has been seen as one of the most controversial and difficult of all international relations questions. With the end of the Cold War, it became a live issue as never before. Many calls for intervention have been made over the last decade – some of them answered and some of them ignored. But there continues to be disagreement as to whether, if there is a right of intervention, how and when it should be exercised, and under whose authority.

The Policy Challenge

External military intervention for human protection purposes has been controversial both when it has happened – as in Somalia, Bosnia and Kosovo – and when it has failed to happen, as in Rwanda. For some the new activism has been a long overdue internationalization of the human conscience; for others it has been an alarming breach of an international state order dependent on the sovereignty of states and the inviolability of their territory. For some, again, the only real issue is ensuring that coercive interventions are effective; for others, questions about legality, process and the possible misuse of precedent loom much larger.

NATO's intervention in Kosovo in 1999 brought the controversy to its most intense head. Security Council members were divided; the legal justification for military action without new Security Council authority was asserted but largely unargued; the moral or humanitarian justification for the action, which on the face of it was much stronger, was clouded by allegations that the intervention generated more carnage than it averted; and there were many criticisms of the way in which the NATO allies conducted the operation.

At the United Nations General Assembly in 1999, and again in 2000, Secretary-General Kofi Annan made compelling pleas to the international community to try to find, once and for all, a new consensus on how to approach these issues, to "forge unity" around the basic questions of principle and process involved. He posed the central question starkly and directly:

...if humanitarian intervention is, indeed, an unacceptable assault on sovereignty, how should we respond to a Rwanda, to a Srebrenica – to gross and systematic violations of human rights that affect every precept of our common humanity?

It was in response to this challenge that the Government of Canada, together with a group of major foundations, announced at the General Assembly in September 2000 the establishment of the International Commission on Intervention and State Sovereignty (ICISS). Our Commission was asked to wrestle with the whole range of questions – legal, moral, operational and political – rolled up in this debate, to consult with the widest possible range of opinion around the world, and to bring back a report that would help the Secretary-General and everyone else find some new common ground.

The Commission's Report

The report which we now present has been unanimously agreed by the twelve Commissioners. Its central theme, reflected in the title, is "The Responsibility to Protect", the idea that sovereign states have a responsibility to protect their own citizens from avoidable catastrophe - from mass murder and rape, from starvation - but that when they are unwilling or unable to do so, that responsibility must be borne by the broader community of states. The nature and dimensions of that responsibility are argued out, as are all the questions that must be answered about who should exercise it, under whose authority, and when, where and how. We hope very much that the report will break new ground in a way that helps generate a new international consensus on these issues. It is desperately needed.

As Co-Chairs we are indebted to our fellow Commissioners for the extraordinary qualities of knowledge, experience and judgement they brought to the preparation of this report over a long and gruelling year of meetings. The Commissioners brought many different personal views to the table, and the report on which we have agreed does not reflect in all respects the preferred views of any one of them. In particular, some of our members preferred a wider range of threshold criteria for military intervention than those proposed in our report, and others a narrower range. Again, some Commissioners preferred more, and others less, flexibility for military intervention outside the scope of Security Council approval.

But the text on which we have found consensus does reflect the shared views of all Commissioners as to what is politically achievable in the world as we know it today. We want no more Rwandas, and we believe that the adoption of the proposals in our report is the best way of ensuring that. We share a belief that it is critical to move the international consensus forward, and we know that we cannot begin to achieve that if we cannot find consensus among ourselves. We simply hope that what we have achieved can now be mirrored in the wider international community.

The Report and the Events of 11 September 2001

The Commission's report was largely completed before the appalling attacks of 11 September 2001 on New York and Washington DC, and was not conceived as addressing the kind of challenge posed by such attacks. Our report has aimed at providing precise guidance for states faced with human protection claims in other states; it has not been framed to guide the policy of states when faced with attack on their own nationals, or the nationals of other states residing within their borders.

The two situations in our judgement are fundamentally different. The framework the Commission, after consultations around the world, has developed to address the first case (coping with human protection claims in other states) must not be confused with the framework necessary to deal with the second (responding to terrorist attacks in one's own state). Not the least of the differences is that in the latter case the UN Charter provides much more explicit authority for a military response than in the case of intervention for human protection purposes: Article 51 acknowledges "the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations", though requiring that the measures taken be immediately reported to the Security Council. In Resolutions 1368 and 1373, passed unanimously in the aftermath of the September attacks, the Security Council left no doubt as to the scope of measures that states could and should take in response.

While for the reasons stated we have not – except in passing – addressed in the body of our report the issues raised by the 11 September attacks, there are aspects of our report which do have some relevance to the issues with which the international community has been grappling in the aftermath of those attacks. In particular, the precautionary principles outlined in our report do seem to be relevant to military operations, both multilateral and unilateral, against the scourge of terrorism. We have no difficulty in principle with focused military action being taken against international terrorists and those who harbour them. But military power should always be exercised in a principled way, and the principles of right intention, last resort, proportional means and reasonable prospects outlined in our report are, on the face of it, all applicable to such action.

Acknowledgements

The research and consultations on which the Commission report is based, and the way in which we went about our task, are described in detail in the accompanying supplementary volume, titled *Research, Bibliography, Background*. We are indebted to former Canadian Foreign Affairs Minister Lloyd Axworthy, who initiated the Commission and chaired our Advisory Board, and to his successor John Manley who carried it through; to our Canadian support team, headed by Jill Sinclair and Heidi Hulan, for their boundless enthusiasm and energy; and to our research team, headed by Thomas Weiss and Stanlake Samkange, for their dedication and wise counsel. Our work has also benefited profoundly from that of many others who have researched and published on the many different issues on which this report touches, and we acknowledge that contribution more fully in the supplementary volume. We have not tried to reproduce in our report work which has been well and fully done elsewhere – for example on the subject of prevention or operational issues – but we are profoundly conscious of the many debts we owe.

We particularly want to emphasize the benefit we derived from the series of lengthy roundtable discussions we conducted in Beijing, Cairo, Geneva, London, Maputo, New Delhi, New York, Ottawa, Paris, St Petersburg, Santiago and Washington. The meetings involved representatives from governments and inter-governmental organizations, from non-governmental organizations and civil society, and from universities, research institutes and think tanks – in all, over 200 people. These roundtable meetings proved to be a wonderfully rich source of information, ideas and diverse political perspectives, and an excellent real world environment in which the Commission could test its own ideas as they evolved. If we have in our report succeeded in breaking new ground, finding new and constructive ways to tackle the long-standing policy dilemmas associated with intervention for human protection purposes, there are a great many others who can justly claim a share of that success.

GARETH EVANS
MOHAMED SAHNOUN
Co-Chairs
30 September 2001

SYNOPSIS

THE RESPONSIBILITY TO PROTECT: CORE PRINCIPLES

(1) BASIC PRINCIPLES

- A. State sovereignty implies responsibility, and the primary responsibility for the protection of its people lies with the state itself.
- B. Where a population is suffering serious harm, as a result of internal war, insurgency, repression or state failure, and the state in question is unwilling or unable to halt or avert it, the principle of non-intervention yields to the international responsibility to protect.

(2) FOUNDATIONS

The foundations of the responsibility to protect, as a guiding principle for the international community of states, lie in:

- A. obligations inherent in the concept of sovereignty;
- B. the responsibility of the Security Council, under Article 24 of the UN Charter, for the maintenance of international peace and security;
- C. specific legal obligations under human rights and human protection declarations, covenants and treaties, international humanitarian law and national law;
- D. the developing practice of states, regional organizations and the Security Council itself.

(3) ELEMENTS

The responsibility to protect embraces three specific responsibilities:

- A. **The responsibility to prevent:** to address both the root causes and direct causes of internal conflict and other man-made crises putting populations at risk.
- B. **The responsibility to react:** to respond to situations of compelling human need with appropriate measures, which may include coercive measures like sanctions and international prosecution, and in extreme cases military intervention.
- C. **The responsibility to rebuild:** to provide, particularly after a military intervention, full assistance with recovery, reconstruction and reconciliation, addressing the causes of the harm the intervention was designed to halt or avert.

(4) PRIORITIES

- A. Prevention is the single most important dimension of the responsibility to protect: prevention options should always be exhausted before intervention is contemplated, and more commitment and resources must be devoted to it.
- B. The exercise of the responsibility to both prevent and react should always involve less intrusive and coercive measures being considered before more coercive and intrusive ones are applied.

THE RESPONSIBILITY TO PROTECT: PRINCIPLES FOR MILITARY INTERVENTION

(1) THE JUST CAUSE THRESHOLD

Military intervention for human protection purposes is an exceptional and extraordinary measure. To be warranted, there must be serious and irreparable harm occurring to human beings, or imminently likely to occur, of the following kind:

- A. large scale loss of life, actual or apprehended, with genocidal intent or not, which is the product either of deliberate state action, or state neglect or inability to act, or a failed state situation; or
- B. large scale 'ethnic cleansing', actual or apprehended, whether carried out by killing, forced expulsion, acts of terror or rape.

(2) THE PRECAUTIONARY PRINCIPLES

- A. **Right intention:** The primary purpose of the intervention, whatever other motives intervening states may have, must be to halt or avert human suffering. Right intention is better assured with multilateral operations, clearly supported by regional opinion and the victims concerned.
- B. **Last resort:** Military intervention can only be justified when every non-military option for the prevention or peaceful resolution of the crisis has been explored, with reasonable grounds for believing lesser measures would not have succeeded.
- C. **Proportional means:** The scale, duration and intensity of the planned military intervention should be the minimum necessary to secure the defined human protection objective.
- D. **Reasonable prospects:** There must be a reasonable chance of success in halting or averting the suffering which has justified the intervention, with the consequences of action not likely to be worse than the consequences of inaction.

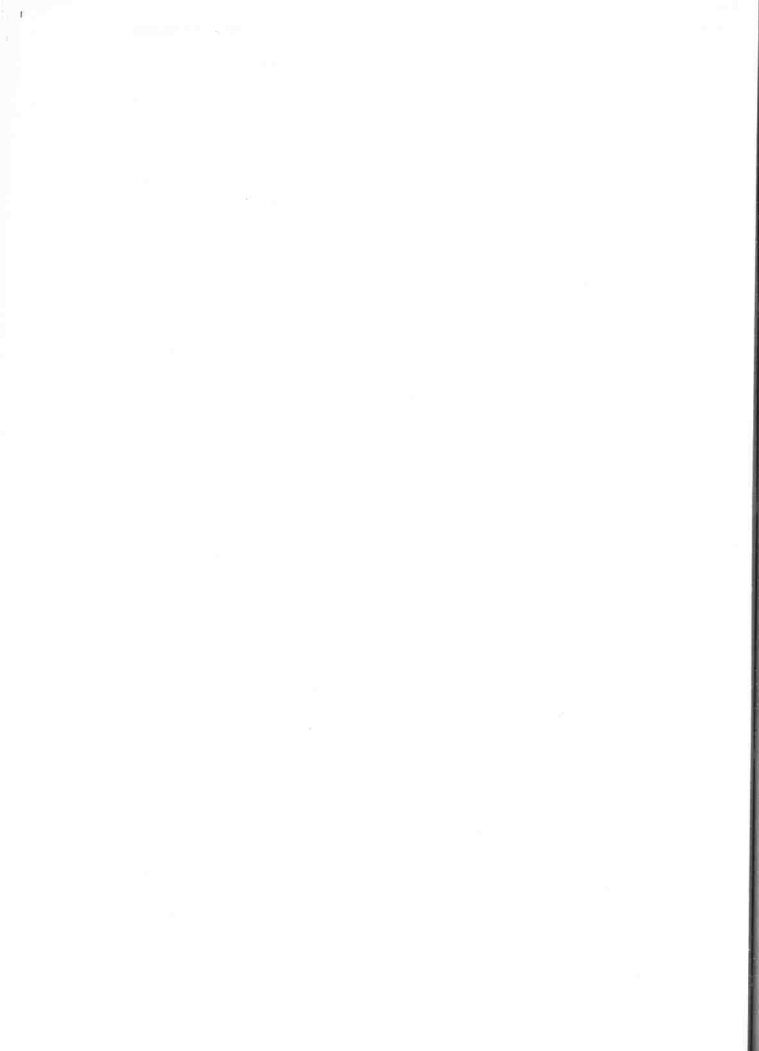
(3) RIGHT AUTHORITY

- A. There is no better or more appropriate body than the United Nations Security Council to authorize military intervention for human protection purposes. The task is not to find alternatives to the Security Council as a source of authority, but to make the Security Council work better than it has.
- B. Security Council authorization should in all cases be sought prior to any military intervention action being carried out. Those calling for an intervention should formally request such authorization, or have the Council raise the matter on its own initiative, or have the Secretary-General raise it under Article 99 of the UN Charter.
- C. The Security Council should deal promptly with any request for authority to intervene where there are allegations of large scale loss of human life or ethnic cleansing. It should in this context seek adequate verification of facts or conditions on the ground that might support a military intervention.

- D. The Permanent Five members of the Security Council should agree not to apply their veto power, in matters where their vital state interests are not involved, to obstruct the passage of resolutions authorizing military intervention for human protection purposes for which there is otherwise majority support.
- E. If the Security Council rejects a proposal or fails to deal with it in a reasonable time, alternative options are:
 - I. consideration of the matter by the General Assembly in Emergency Special Session under the "Uniting for Peace" procedure; and
 - II. action within area of jurisdiction by regional or sub-regional organizations under Chapter VIII of the Charter, subject to their seeking subsequent authorization from the Security Council.
- F. The Security Council should take into account in all its deliberations that, if it fails to discharge its responsibility to protect in conscience-shocking situations crying out for action, concerned states may not rule out other means to meet the gravity and urgency of that situation - and that the stature and credibility of the United Nations may suffer thereby.

(4) OPERATIONAL PRINCIPLES

- A. Clear objectives; clear and unambiguous mandate at all times; and resources to match.
- B. Common military approach among involved partners; unity of command; clear and unequivocal communications and chain of command.
- C. Acceptance of limitations, incrementalism and gradualism in the application of force, the objective being protection of a population, not defeat of a state.
- D. Rules of engagement which fit the operational concept; are precise; reflect the principle of proportionality; and involve total adherence to international humanitarian law.
- E. Acceptance that force protection cannot become the principal objective.
- F. Maximum possible coordination with humanitarian organizations.



Indonesia: A Failed State?

Is Indonesia a failed state? Even after almost five years of multiple crises—economic, political, social, and cultural—one could not say that of Indonesia today. Indonesia has become a weak state, but not a failed one. Nevertheless, the question is valid: If the crises Indonesia faces continue for another 5–10 years, could the country become a failed state? Because this outcome is not impossible, the Indonesian elite should overcome its differences and forge a degree of unity to try to find solutions to the various crises besetting the country. The leadership must prioritize their actions, but are they able to do so?

After the fall of President Suharto (1971–1997), the elite gave little attention to unity and the national interest because the government had mismanaged these objectives during Suharto's rule, which used authoritarian methods. Instead, the pendulum swung in the other direction, and the focus became group or individual interests. At last, after so many years of misery and strife, a sense of urgency and willingness to put the Indonesian house in order again is emerging. The elite seem to be renewing a sense of national unity and ordering the government's priorities to restart the engine of economic development that just recently held so much promise for Indonesia.

History of the Nation-Building Process

Observers often refer to some earlier Hindu kingdoms such as Sriwijaya and Majapahit as the precursors of the Indonesian nation. In the modern sense, however, the country's existence is based on Indonesia's nationalist movement, which first started in Java in 1908 and then spread throughout the ar-

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The Washington Quarterly • 25:3 pp. 135–146.

chipelago. In 1928, youth from across the islands pledged to build one country, one language, and one nation—a pledge that became the basic principle of the nation and the state. Indeed, the battle against Dutch colonialism in the form of the Netherlands East Indies was the only real unifying factor that led to the establishment of the Indonesian nation and state.

After the Republic of Indonesia was established in 1945 following colonialism, nationalism, and revolution, the elite among the various ethnic groups, religions, and races were all determined to establish a new national

There are more than 490 ethnic groups in Indonesia.

identity and, in so doing, subdue the political consciousness of their own separate groups. Indonesia has more than 490 ethnic groups. Although almost 90 percent of Indonesians follow Islam, Indonesia has many Protestants, Catholics, Hindus, and Buddhists, among other religious groups. The state has no official religion but recognizes the aforementioned ones. Racial groups such as Chinese, Arabs, and Eu-

ropeans constitute Indonesia's minorities.

Although a federal system of government may be most suitable for accommodating these groups, Indonesians never seriously considered constructing one because of the overwhelming depth of the diversity. Moreover, because the Dutch first proposed a federal system in 1948 for neocolonialist reasons, a stigma attached to this form of government, which became unacceptable to the political elite.

Presidents Sukarno and Suharto addressed the problem of unity by adopting an authoritarian system that lasted for 40 years (8 years and 32 years under each ruler, respectively). The two presidents tried to strengthen Jakarta's role as manager of the various regions. Sukarno initially tried to accomplish this task with his charisma and charm; he eventually resorted to authoritarianism and military might to solve some conflicts. Suharto mainly used the army as a second line of authority to centralize the political system and the bureaucracy. As a result, extensive regional autonomy has now become an important issue on the national agenda. The government can never enforce Indonesia's unity by might alone. In the end, a political system so stymied by force from the center in Jakarta will arouse only rebellions and insurgencies.

In 1999 the government enacted new autonomy laws (Laws No. 22 and 25) that provide for full participation of about 400 districts (*kabupaten*) in governing the country. Implementation could begin messily, but in the long run, the new laws should give the regions a strong sense of belonging and, in turn, give Indonesia another chance to retain its unity in the future. While Jakarta tries to weather the crisis, the district leaders energetically continue to develop their districts, saving their respective parts from stagnation and chaos.

Suharto's use of force to maintain unity does not work for a diverse country such as Indonesia. The challenge for the future is recreating the sense of solidarity that existed when the nation was created. At that time, the political elite coalesced in Jakarta and in other cities on Java for education and political training. Today, special efforts such as training, seminars, and conferences, as well as networking among themselves, might be needed for the local elites to come together regularly. They should know each other better and discuss common problems and find solutions to improve Indonesia's future. These efforts should involve not only the bureaucratic elite but also political parties, nongovernmental organizations (NGOs), intellectuals, and the private sector, among others.

Despite a rapid reduction in the number of people living below the poverty line, from more than 60 percent to less than 15 percent, in the 30 years of Suharto's rule, the distribution of income remains greatly uneven and has put pressure on the Indonesian society and state. Income discrepancies exist among the population at large as well as between the western part of Indonesia, where most of the economic development has taken place, and the eastern part, which has continually been falling behind. This disparity has compounded the political tensions that exist between the center and the regions. The status of the large number of people living just above the poverty line remains quite precarious; after the crisis in 1997, for example, 20 million people just above the poverty line immediately dropped back below it.

The economic system of monopolies and oligopolies created by Suharto from 1978 to 1997, in addition to the corruption encouraged by the example of the country's first family, benefited groups such as the Sino-Indonesians more heavily than others. Consequently, anti-Chinese sentiment, which has existed since the Dutch used the Chinese as intermediaries, thus distinguishing them from indigenous Indonesians, has become more readily apparent. Anti-Sino-Indonesian feelings will likely remain as long as income gaps and poverty are widespread. At this juncture, religious or other ethnic conflicts have somewhat obscured the problem.

The Sense of Being a Failed State

Several weaknesses are evident in Indonesia's sociopolitical arena. Most pronounced is the limited power available to the highest level, namely the presidency and the cabinet. An equally serious problem's source lies with the Parliament and the leadership of the country's political parties, where the sense of unity and social purpose has been lost and individual or group interests have become paramount.

NGOs possessed a common bond in undermining Suharto, but since his downfall these groups have had difficulty cooperating with one another. In addition, the leadership of the armed forces continues to be demoralized and divided. Although the police force has more responsibility today than in the past, it is also split among generations and many interest groups, impeding its already limited capabilities to enforce law and order. The judicial system is corrupt and untrustworthy. Suharto's two worst legacies are corruption, which has permeated every sector of Indonesian life and could take a generation of strenuous efforts to overcome, and the absence of any successor

Extensive regional autonomy has become an important issue on the national agenda.

capable of governing the country. Because Suharto wanted to wield power forever, he always blocked anybody with the potential to lead. As a result, a country of 220 million people has difficulty finding capable leaders at the national level.

Yet another change in the presidency before 2004 would be detrimental to the country's democracy. Three presidents have been elected in the last four years; each of their terms should have lasted five years. Nor have candidates

emerged to replace President Megawati Sukarnoputri. The few existing ones, namely Hamzah Haz (the vice president) and Amien Rais (the chairperson of the People's Consultative Assembly, the highest constitutional body), are not widely accepted. Therefore, the emergence of a people's movement consisting of civil society, elements of political parties, mass organizations, media, and the private sector is critically needed to support good and effective leadership for the country.

Indonesia's economy grew by 3.4 percent in 2001 and will likely grow 3.2–3.8 percent in 2002. The country's large population base, however, facilitated much of this growth rate, which is itself not good enough. A minimum of 6 percent annual growth is necessary to absorb the new workforce entering the market each year. Furthermore, without an injection of new capital, the economy will not be able to sustain growth during the next few years.

The government's domestic debt totals more than U.S.\$60 billion, largely because of the need to recapitalize the nation's banks. Without more income, the state cannot jump-start further economic development in the face of the huge amounts of money needed for debt servicing. The situation becomes critical in 2004 when the government begins to repay the principal of its domestic debt. In the meantime, the government has undertaken economic restructuring and reform only halfheartedly because of political con-

straints in the executive branch (with its lack of strong leadership) and Parliament (with its newfound assertiveness and narrow-minded political, group, and individual interests).

The need for social safety nets is very real, especially in health and education. An increasing number of children are not immunized against various diseases. In addition, the education of the country's youth is deteriorating because of the financial crisis.

The country's most devastating deficiency, however, lies in the realm of security and law and order. The sense that law and order are breaking down is evident throughout the many horizontal conflicts in various parts of the country attributable to religious, ethnic, economic, and political causes. The transgression of rules every day by so many people in all types of situations compounds the feeling. People take the law into their own hands because they no longer trust law enforcement agencies (police, attorneys, and judges)—a truly disturbing outcome. These problems have no easy answers because the situations in places such as Aceh, West Papua, Moluccas, Poso (Central Sulawesi), and West as well as Central Kalimantan are complicated and will take years to resolve. Even where the problems are small and simple, overcoming them is not easy because of the corruption that has permeated all law enforcement agency levels.

Regional Conflicts

Regional conflicts are the most visible sign of the breakdown of the central government's authority, and no clear strategy to overcome these problems seems to exist. One has a sense of drift. The political elite knows only one way to solve conflicts: by force, a method used many times. Yet, force has never been completely successful; simply repeating tried tactics will not solve these problems.

The most debilitating conflict is in the province of Aceh, where three rebellions have occurred in the last 20 years. The government is still looking for a military victory even though it could not solve the problem through force even at the height of its military might in the early 1990s. The government had subdued the rebellion twice by military means, but the conflict resurfaced after several years. At the same time, 10,000 people, many of them innocent civilians, have become victims; hundreds of thousands have become internal refugees.

The problem began when the Acehnese felt the Suharto regime had neglected and marginalized them and they exhibited their defiance. Because Golkar, the government's party, had never won a majority in Aceh, the government marginalized the province. Military abuses were so horrendous that

the situation turned into a full-fledged rebellion. The Acehese now demand, first and foremost, judicial condemnation for the perpetrators of human rights violations, especially those conducted at the end of the 1980s and the beginning of the 1990s. They also demand a fairer share of the revenues from their abundant natural resources.

Even though the government has stated that it has a full-fledged development program for Aceh, it has apparently only given attention to military operations, while neglecting the rest, including the economic and political arena. With the assistance of the Henri Dunant Center in Geneva and with the support of a group of advisers chaired by Surin Pitsuwan, the former foreign minister of Thailand and a Muslim, negotiations have resumed. Ambassador Wiryono Sastrohandoyo, a capable former diplomat who facilitated negotiations between the government of the Philippines and the Moro National Liberation Front a few years ago, chairs the Jakarta negotiating team.

Nevertheless, Jakarta hints that military options are the only valid method for facing the rebellion. This approach became apparent in the military killing of Syafei, the commander of Gerakan Aceh Merdeka (GAM, the Aceh independence movement) and recreation of a special military command in Aceh, which had been disbanded in 1998 when the Indonesian army withdrew from the province at that time. The military command's resurrection suggests that remilitarization is occurring.

The basis of the Geneva talks has been the new law on the special status of Aceh, which experts consider a very liberal law. GAM will hopefully agree to implement the law at the end of the negotiations. The hostilities are supposed to end this year with the disarmament of the combatants. A National Conference on Aceh will follow in 2003 for all sectors of Indonesian society to discuss Aceh's future. Then, perhaps in 2004, GAM is expected to transform from a military rebel group into a local political party, when GAM representatives will participate in general and local elections. Although the road map is clear and generally accepted, a great deal of effort is needed, especially by Jakarta, to implement it successfully.

In the meantime, no one should confuse the internal insurgency in Aceh with international terrorism. The Aceh problem has domestic root causes and should be handled as an internal affair. Here, a political solution is best for the future stability of the locality and for the whole of Indonesia. Attention to the rule of law and human rights concerns are very important issues in this effort. Without strong judicial action against the perpetrators of human rights abuses, the Aceh people will never feel that the conflict has been resolved.

The issues in West Papua and Aceh differ. Whereas Aceh has always been part of the nationalist struggle against the Dutch and played an important role

in the fight for independence (1945–1950), West Papua came under Indonesian rule only in 1963. Dutch neocolonialist efforts prevented West Papua from being incorporated as part of Indonesia in 1949, when the transfer of sovereignty to the republic took effect. For this reason, Papuans' emotional attachment to the republic has been limited. In the future, the case for the independence of West Papua could therefore be stronger than it is in Aceh.

On the other hand, the West Papuan argument has limitations. First, the population on this huge island is quite sparse. Of the three million inhabitants, only a little more than one million are Papuans; the rest are immigrants from other places in Indonesia. Second, many inhabitants are tribal and dispersed, speaking in more than 400 dialects; they could not even communicate with each other, except in the Indonesian language. Third, local leadership is extremely weak. Fourth, the region is rich and has become the last frontier for Indonesia's economic development.

That Indonesia would allow an independent Papua is almost impossible to believe. Most importantly, unlike East Timor, West Papua was part of the Netherlands Indies and Indonesia sacrificed quite a bit to retrieve the island from the Dutch. All of these factors would make organizing an effective anti-Indonesian movement difficult for West Papuans.

Unlike the situation in East Timor, the Indonesian government must not abuse the Papuan people. The idea of a Greater Melanesia as supported by Papua New Guinea, Vanuatu, and others could be a real attraction to the Papuans in the future. NGO activists in Australia and New Zealand, and the West in general, are also willing to support an independent West Papua because of the shared Christian religion and the perception of Papua as the underdog, among other reasons.

The new law on the special system of governance in West Papua is welcome because the law considers many of the locals' wishes. Well-implemented legislation promises to be a good basis for a new relationship with the central government of Indonesia. To achieve this goal, Jakarta should do three things. First, the government should appoint someone to coordinate the implementation of the new law in Jakarta. Because the minister in charge of eastern Indonesia has not been effective, coordination on behalf of the president could be critically important. The coordinator must be well respected in eastern Indonesia and should have some real experience in regional government. Dr. Ben Mboi, a possible candidate, would be a good co-

Uneven distribution of income remains great, pressuring the Indonesian society and state.

ordinator, given his 10 years of experience as governor of East Nusa Tenggara. He is a medical doctor and also happens to be a Catholic.

Next, the government should increase human resource development, especially in the sorely neglected fields of health and education. The government should also improve the economic infrastructure.

Finally, the government should take effective control of the natural resources in West Papua, which are prone to contraband activities such as illegal cutting, illegal fisheries, and smuggling—all of which are costly for the treasury as well as damaging to the environment.

The internal insurgency in Aceh should not be confused with international terrorism.

Transition periods provide excellent opportunities for all sorts of abuses, and the government must prevent them at all costs. The murder of Theys, one of the few Papuan leaders who wanted an independent West Papua in the future—but only through peaceful means—was a real loss to the country and the region. His murder demonstrates a potential harm for future development, hampering the

relationship between the center and the local leaders and the populace. Many believe that Theys could have been persuaded to accept the idea of self-governance instead of full independence under a more benevolent Indonesian regime. Finding more capable Papuan leaders, whom the Papuans also trust, to succeed Theys is a real challenge for the central government.

The problem in the eastern Indonesian islands called the Moluccas has some similarity with problems in Poso (central Sulawesi), the scene of fighting and conflicts between Muslims and Christians. Although the situation in the Moluccas is more complicated and involves more people, the problem was similarly more political and economic at first, later developing into a religious conflict. It is comparable to the situation in Lebanon at the end of the 1970s and early 1980s, when Christians, overwhelmed by the increasing number of Muslims and the Muslims' improved status and roles in society, felt cornered and reacted by attempting to change the balance of power again.

The problem in the Moluccas has been compounded not only by external factors, such as the involvement of the Laskar Jihad, a Muslim paramilitary group based in parts of Java, but also by the involvement on either side, depending on their religious loyalties, of individual army and police officers stationed there for some time or originally from that part of the country. Attention to such groups as the Laskar Jihad has been overblown. They are rather noisy groups, but small and marginal. Other mainstream Muslim

groups, such as Nahdlatul Ulama (35 million members) and Muhammadiyah (30 million members), are more moderate, open, and democratic in outlook. Extremist groups protesting U.S. policies on global terrorism are small and temporary in nature. These groups have gained some influence by involving themselves in local conflicts such as in the Moluccas and Poso because of the weak government and collusion with some police and military elements.

After so many failures, the agreements now concluded, first on Poso (Malino I) and in mid-February 2002 on the Moluccas (Malino II), are considered the best chance for success. Prior to any further progress toward reconciliation and peace, Laskar Jihad and TNI-police personnel must cease their actions, especially in the Moluccas, where more people are involved and the history and political development are more complicated. Involving neutral troops from Java could be another positive step. If successful, both Malino agreements between conflicting parties would demonstrate that, if the government is proactive and takes the lead in overcoming conflicts, a solution is possible. The government is the only entity that has the credibility as an honest broker and the power to implement the agreement reached.

Parties could emulate this strategy in West and Central Kalimantan, where conflicts arose between two ethnic groups, namely the Madurese "migrants" and the local Dayaks. The government must have credibility and be proactive for success in conflicts such as these, which can be anticipated and are aptly described as small skirmishes. One of the main constraints for the government has been its reliance on the military. Since Suharto's downfall, the military has lost its political clout and become demoralized, and no effective civilian government is guiding its operations.

The police, who are now in charge of law and order, are even less capable and less disciplined than the army. They have never had any training or experience dealing with insurgencies such as the one in Aceh. When they try to assert themselves in those areas, more abuses are likely to occur, and security tends to deteriorate. Regional conflicts and insurgencies are a matter of concern, with thousands of people having died as a result. The breakdown of law and order in the simplest facets of daily life in cities and villages is even more distressing. In some places, citizens reacted to police abuses by attacking them and setting their offices on fire.

Past abuses, and corruption that has permeated every sector of life, has eroded trust in government agencies and institutions. If this trend continues, law and order could break down and anarchy could take its place. In politics, when and how that breakdown would happen is uncertain. To restore authority and legitimacy, the country must fundamentally correct government agencies, especially the legal authorities (police, attorneys, and the judicial system), and rid them of corruption. Although not a simple task or

an easy proposition, the continuity and success of the government and the system of governance in Indonesia depends on it.

Turning the Corner?

In the last two months, the government has begun attending to some of the priorities mentioned above, slightly stabilizing Indonesia's weak state. In April 2002, Megawati proposed a new commander in chief for the military, former chief of staff of the army General Endriartono Sutarto. He is professionally inclined and able to unite the armed forces, which are still divided and demoralized five years after the fall of Suharto. If Sutarto is successful, the government will be able to push the military to do its job once more and support the police against insurgencies, without worrying too much that the military could again cause mischief.

The economy has also improved recently, as the government slowly implements reforms. In part, increases in domestic consumption and the price of oil have driven growth. Despite more than two years of political resistance, the BCA Bank, the biggest asset of the IBRA (Indonesian Bank Restructuring Agency), was sold, exemplifying the government's promising decisiveness. The Indonesian currency, the rupiah, has strengthened by 10–12 percent; economic growth is expected to be nearly 4 percent; and unemployment appears to have decreased. Exports are also expected to rise in the second half of 2002 as the U.S. and European Union economies recover.

In the meantime, regional conflicts have subsided. The Poso conflict in Central Sulawesi has basically ended, and the agreement negotiated by Jusuf Kalla (coordinating minister for people's welfare) is working. The situation in the Moluccas Islands conflict has improved, although not completely ended due to implementation problems, namely how to remove the Laskar Jihad and some army and police members from the islands. The conflict in Aceh has entered a negotiating mode again and is moving in the right direction. At this stage, 60 percent of the Aceh people are considered to be pro-Indonesia, as opposed to two years ago when 90 percent were considered to be pro-independence. Megawati has even established an ad hoc human rights tribunal to prosecute the abusers of human rights in East Timor during the time of the referendum in 1999.

Officials are making progress in the fight against corruption. The attorney general's office has again brought more serious accusations against Tommy Suharto, the son of President Suharto, for masterminding the killing of a Supreme Court judge in 2000. Authorities have detained some shady businessmen, who have not made any serious attempts to pay their debt, for interrogation and prosecutorial purposes. Even high-ranking officials such as

the governor of the Central Bank, Syahril Sabirin, who was sentenced to three years in prison, have been tried in court, while officials detained the speaker of Parliament, Akbar Tandjung, for interrogation in a corruption case.

The tide toward a calamity in Indonesia appears to have been averted. If one considers that these developments occurred within an anarchic political situation, the result has indeed been remarkable by all standards. If, despite these efforts, Indonesia became a failed state, it would be devastating for its existence and for Southeast Asia's stability. Indonesia could implode into several entities, beginning with Aceh and West Papua. More distressing is the anarchy that failure would create in Java, the most political and important polity in Indonesia. The chaos in, and deterioration of, Indonesia would destabilize Southeast Asia—at a minimum through the flows of refugees from many parts of Indonesia. The Association of Southeast Asian Nations, as a regional institution, would become dormant for at least a decade if its largest member descended into chaos and potentially split into multiple states.

The most critical component to any reform is the country's political leadership.

Conclusion

The last seven years have witnessed a cathartic development in Indonesia in particular and the whole of the Southeast Asian region in general. This description of the Indonesian state of affairs after five years of multiple crises—the end of which is still not in sight—shows that political development is complex. The crisis Indonesia faces is more political than economic. Despite some stuttering since the 1997 crisis, Indonesia's existence is not truly jeopardized. Indonesia has, however, become a weaker state. Although conflicts in the many regions have not led to the breakdown of the country, they present an enormous challenge to the Indonesian government.

Indonesia has survived thus far mainly because of two characteristics. First, the resilience and patience of the Indonesian people is almost unlimited; their tolerance for pain is very high. The Indonesian people accepted setbacks during the crisis as fate, and an atmosphere leading to social revolution has not yet emerged.

Second, at least until now, the populace's sense of patriotism and nationalism has held the nation together. The Indonesian people have been united for 100 years; despite their regional conflicts, history is a potent force for

unity. Even with the lack of leadership, rampant corruption, and priorities on personal and group interests, the body politic in Indonesia still has some sense of sacrifice and willingness to try again for the benefit of the nation. This asset has made the regional conflicts less likely to lead to separation and implosion.

The danger of anarchy, where people take the law into their own hands and where various sides use force to solve conflicts, is surely a concern. The economy is not moving very fast, and the sluggish economic growth has various causes. Fortunately, Indonesia has not yet reached a point where its society is falling apart. The most critical component to any reforms, however, is the country's political leadership. Unless the political elite can unite, formulate the right priorities, and implement its programs, efforts at reform will falter. A people's movement to pres-

A sense of patriotism and nationalism has been able to hold the nation together.

sure and support the country's unity could become a decisive factor in the near future.

Time is limited, Indonesia's leadership is weak, its institutions are inadequate, and the multiple crises are deep. For Indonesia's continued survival, the people must believe the problems are solvable in the near term. Only that perception will give the people hope that Indonesia still has a future. If the elite cannot provide this vision, then Indonesia may be in danger of turning into a failed state in the longer term.

Forging an Indirect Strategy in Southeast Asia

Even as the campaign by the U.S.-led coalition against the radical Islamist Al Qaeda terrorist network and its Taliban protectors in Afghanistan is winding down, recognizing that a terrorist threat still exists in other parts of the world is vital. Any hubris generated by the swift and successful ouster of the Taliban regime and the elimination of Al Qaeda terrorist training camps and personnel should not obscure the fact that Afghanistan is but one theater in the war against terrorism. An estimated 5,000 Islamist recruits from Saudi Arabia, Egypt, Algeria, and other countries have trained as Al Qaeda operatives in Osama bin Laden's camps in Afghanistan. Many of these individuals returned to their homelands to train new recruits and to found new cells. Additionally, about 50,000 volunteers from 50 countries passed through Al Qaeda camps during the Afghan jihad against Soviet occupation more than 20 years ago; many of them returned to their homelands as well, infused with a dangerously radical "jihad mentality." Thus, even after the end of the current campaign in Afghanistan, the international community must still eradicate not just Al Qaeda but also the much larger radical Islamic network worldwide.

As a result, intelligence analysts are now focusing on Asia. Rohan Gunaratna, a former chief investigator for the United Nations Terrorism Prevention Branch now based at the Centre for the Study of Terrorism and Political Violence at St. Andrew's University in Scotland, has argued that the center of gravity of terrorism has shifted from the Middle East to Asia since the 1993 Oslo peace accords between Israel and the Palestinians. Gunaratna observes that Asia is currently experiencing the highest incidence of terror-

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The Washington Quarterly • 25:2 pp. 161-176.

THE WASHINGTON QUARTERLY ■ SPRING 2002

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NASKAH PEMELIHARAAN
PERPUSTAKAAN NEGARA MALAYSIA

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ist attacks in the world.¹ In fact, following the security crackdown by U.S. and European governments in the wake of the September 11 attacks, Western intelligence analysts believe that Al Qaeda operatives have been seeking safer waters in Southeast Asia, a region notorious for its porous borders, large populations of urban and rural poor, and both Muslim and non-Muslim armed extremist groups. The U.S. State Department recently named the Philippines, Indonesia, and Malaysia as "potential Al Qaeda hubs."²

What strategy will root out the terrorist network within Southeast Asia? At the strategic level, the war against terrorism must be understood as a political and ideological war for the hearts and minds of the borderless, transnational Muslim state, or *ummah*. Hence, instead of pursuing a predominantly military approach to wiping out Al Qaeda cells worldwide, adopting an indirect strategy in which military power is carefully calibrated, and political, economic, and ideological measures are emphasized, is necessary to project the overarching message that the West is a friend of Islam and wants to help Muslims preserve their core values while they make the painful transition to modernity.

Al Qaeda and the Southeast Asian Radical Islamic Movement

Maritime Southeast Asia—a key theater of conflict during the Cold War—has reemerged with good reason as a region of prime strategic importance to the United States. About 20 percent of the world's one billion Muslims live in the area, and Indonesia hosts the world's largest Muslim population—170 million. The majority of the populations of Indonesia, Malaysia, and Brunei are Muslim, and sizable Muslim minorities reside in the Philippines, Singapore, and Thailand. Although most of the region's Muslims practice a tolerant form of Islam, oppose terrorism, and do not hold explicitly anti-American views, the links between regional radical Islamic groups and the Al Qaeda network are evident.

The most extensive exposé of these linkages was contained in a statement by the Singaporean government on January 11, 2002, that revealed that it had detained 13 members of Jemaah Islamiah (JI), a clandestine network with cells in Singapore, Malaysia, and Indonesia. The Singaporean government also released a surveillance videotape, prepared by one of the detainees, and handwritten notes in Arabic that were discovered in the rubble of an Al Qaeda leader's house in Afghanistan in December 2001. Three JI cells had targeted shuttle bus services used by U.S. naval personnel as well as U.S. naval vessels transiting Singapore waters. They also kept watch on the U.S., Israeli, British, and Australian embassies; the Singaporean Ministry of Defense; and U.S. companies in Singapore. The

group had existed since 1997, and eight members had undergone training at Al Qaeda camps in Afghanistan.³

Jl has extensive regional linkages. Its leader is Hambali, alias Riduan Isamuddin, an Indonesian resident in Malaysia who is also being sought by the Malaysian and Indonesian police. While in Malaysia, he met two of the hijackers of the airliner that crashed into the Pentagon on September 11 and also reportedly met a man suspected of involvement in the bombing of the U.S.S. *Cole* in Yemen.⁴ The Singaporean government's statement said that, under the direction of a foreign Al Qaeda operative and a trainer and bombmaker with the Moro Islamic Liberation Front (MILF) in the Philippines, Jl attempted to purchase 21 tons of ammonium nitrate to make several truck bombs. The activities in Singapore were surprising and indicate the extent of the problem elsewhere in Southeast Asia.⁵

Malaysia has also served as a transit point for arms and personnel throughout the region.⁶ Nevertheless, of the three Southeast Asian countries on the U.S. State Department's list of potential Al Qaeda hubs, Malaysia arouses the least concern, perhaps because Kuala Lumpur has managed to maintain both its economic and political stability despite being adversely affected by the 1997-1998 financial crisis. The germane issue for the wider struggle against Al Qaeda, however, is the political contest within Malaysia for the hearts and minds of the majority of the population. Dr. Mahathir Muhammad's ruling United Malay National Organization (UMNO) and the main opposition party, Parti Islam Se Malaysia (PAS), an extremely conservative Muslim party, are waging the country's political war. In many ways, Mahathir may be considered a modern, progressive Muslim leader who seeks to mesh traditional Islamic ideas with the requirements of a modern multiracial, globalized society. PAS, which controls two northern Malaysian states, preaches a fundamentalist form of Islam that has much in common with northern India's Deobandism, which ultimately gave rise to the Taliban.⁷ In fact, Datuk Nik Aziz Nik Mat, the spiritual leader of PAS, absorbed Deobandi teachings himself while studying in northern India in the 1940s.

In August 2001, Malaysia detained Datuk Nik's son, Nik Adli, a veteran of the Afghan war against the Soviets. According to Kuala Lumpur, Adli was leading a Muslim extremist group plotting to oust Mahathir's moderate, secular government and to create an Islamic state linking Malaysia to Indonesia and the southern Philippines. Because the Malaysian government has not released evidence to support its allegations, PAS naturally accuses Mahathir of seeking to capitalize on the climate of fear over terrorism for

The center of gravity of terrorism has shifted from the Middle East to Asia.

domestic political purposes.⁸ Kuala Lumpur, however, does have reason to accuse radical Islamic groups of seeking to destabilize the country clandestinely. In July 2000, a previously unknown group called Al Maunah stole weapons from a Malaysian army camp and killed two security personnel before surrendering. In recent months, Kuala Lumpur has detained at least 40 members of another militant Islamic group, the Kumpulan Mujahideen Movement (KMM), which had been implicated in bank robberies, murders, and kidnapping.⁹ Al Qaeda has also reportedly established "military links" with the KMM, which operates in both Malaysia and Indonesia.¹⁰

The war against terrorism must be understood as a political and ideological war.

Whereas the Malaysian state seems to be facing a greater threat of clandestine subversion rather than armed Islamic revolt, Indonesia, where armed Muslim radicals linked to Al Qaeda are operating in the open, presents a different case. Indonesian Mujahideen Council head Abu Bakar Bashir, alias Abdus Samad, whom the Malaysian authorities have identified as one of the "directing figures" of detained militants in Malaysia, continues to operate openly in Indonesia. Furthermore, on

December 12, 2001, Lieutenant General Abdullah Hendropriyono, head of Indonesia's national intelligence service, revealed that Al Qaeda operatives were providing assistance to the Indonesian radical Islamic group Laskar Jihad in its battles with Christians in Poso in central Sulawesi. Jafar Umar Thalib, who apparently fought beside bin Laden against the Soviets in the 1980s, heads Laskar Jihad. Since 1999, this group, which seeks to establish Islamic law in Indonesia, has been leading thousands of Muslims into battles with Christians for control of the islands in central and eastern Indonesia. Although Thalib denies any connection with Al Qaeda, Laskar Jihad has set up secret training camps in Indonesia and claims that thousands of its supporters have received ideological and military training there. Laskar Jihad, based in the central Javanese city of Yogyakarta, even established a media center in Jakarta, which hosts a Web site and produces radical Islamic publications.¹¹ As Diarmid O'Sullivan of the Brussels-based International Crisis Group's Indonesia Project has pointed out, "Laskar Jihad stands out because of its strong ideological motivation and its military strength."¹² Al Qaeda operatives appear to have trained members of the Indonesian Islamic Liberation Front too.

The Philippines is believed to harbor Al Qaeda's regional center. Bin Laden's brother-in-law, Muhammad Jamal Khalifa, arrived in the country in the early 1990s and served as the original Al Qaeda representative in the

Far East. Following Khalifa's arrest in Saudi Arabia after September 11, however, Ahmad Fauzi, alias Abdul al-Hakim, has apparently replaced Khalifa.¹³ The Philippines is reportedly a major planning hub for Al Qaeda missions worldwide. Lax immigration controls are the country's basic problem, which expedites infiltration by Al Qaeda operatives now apparently active in Manila. Moreover, radical Islamic Filipinos returning from training camps in Afghanistan in the early 1990s had little difficulty infiltrating the southern Philippines. What has today become the leading radical Islamic group Abu Sayyaf first emerged in 1995 and has grown rapidly from fewer than 200 members in 1997 to about 1,200 men in 2001. Abu Sayyaf has well-established ties with Al Qaeda and has constructed training camps in the southern Philippines modeled on the Al Qaeda setup in Afghanistan. Another significant militant Islamic group, the Moro Islamic Liberation Front (MILF), has also received funding from Al Qaeda.

The Philippines has also served as a regional hub for financing radical Islamic organizations. Khalifa established local branches of the Saudi-based International Islamic Relief Organization (IIRO), which channeled funds to both the Abu Sayyaf and Al Qaeda cells in the country. IIRO even compensated the widows of Filipino Muslim radicals whom security forces had killed, a practice that helps attract young men to IIRO because of assurances that IIRO would look after their families if they were eliminated. IIRO is not the only charitable organization in the Philippines suspected of financing terrorism. Manila is investigating five other Muslim charities active in the Philippines: the Association of Islamic Development, the World Alliance of Muslim Youth, the Darul Hijra Foundation, United Overseas Bangsa Moro, and Islamic Wisdom Worldwide.

As previously stated, the Philippines serves as the major supply source and transit point for weapons and explosives provided to other radical Islamic groups in the region. India's intelligence services have reported that the Pakistani group Harakat al-Mujahideen, which has close ties to Al Qaeda, funnels arms to Abu Sayyaf on boats owned by the Sri Lankan Liberation Tigers of Tamil Eelam. The Filipino radicals then transfer some of the weapons to Indonesian groups. In August 2001, for instance, Malaysian police intercepted a group of Indonesians who were smuggling weapons from Setangkai Island in the southern Philippines to eastern Indonesia. Thanks to the ransom money from its lucrative kidnapping operations—Libya paid \$20 million to secure the release of hostages in 2000—Abu Sayyaf is flush with funds with which to purchase new weapons and equipment, such as state-of-the-art speedboats, advanced communications devices, and even weapons obtained from corrupt Filipino troops. Unsurprisingly, some observers believe that Abu Sayyaf has better equipment than the Filipino military.

The Al Qaeda Hydra

President George W. Bush's administration quickly grasped that it needed not only to execute military action against Al Qaeda and its Taliban associates in Afghanistan but also to begin nonmilitary initiatives aimed at disrupting radical Islamic funding, logistics supply lines, and terrorist networks in several countries. These measures, however, really attack the symptoms, not the causes, of the threat from radical Muslims. Al Qaeda clearly knows that it must first defeat the United States in order to set up Islamic territories free of Western influence. Yet, it recognizes that it lacks the military

means to engage U.S. forces directly; therefore, it needs to strike at what it considers its foe's critical vulnerability, or soft underbelly: the American people. The September 11 strikes in the United States resulted.

In contrast, the United States and, more generally, the West believe their center of gravity in the war against radical Islamic terrorism resides not in specific states such as Afghanistan, Iraq, Sudan, or Somalia. Rather, it lies in

the hearts and minds of the borderless, transnational Muslim nation. Even if the coalition roots out existing Al Qaeda operatives from their secret lairs across the world, cripples the international infrastructure for terrorist funding, and somehow denies radical Muslims the capabilities to produce and deliver weapons of mass destruction (WMD), it would not necessarily eradicate the threat.

Globalization has expedited what Thomas Friedman calls the "democratization" of finance, technology, and information. Consequently, with sufficient determination, a radical Islamic core that is scattered throughout the world, but has access to communications technology to coordinate activities, can reconstitute disrupted logistics and funding networks over time while clandestinely restoring access to WMD capabilities. The reconstruction of terrorist cells, however, is not the main problem.

At a more basic level, as long as sizable pockets of ideologically exclusionist and politically repressed young Muslims in countries from Nigeria to the Philippines remain an angry radical Islamic movement with "sufficient determination," they will always pose an existential threat to Western and especially U.S. interests. For this reason, characterizing Al Qaeda as a "living organism that generates new cells as old ones die"¹⁴ and a "many-headed hydra"¹⁵ is an accurate representation. Forgetting the still-palpable unease among Muslims in the Middle East and in Southeast Asia when the coalition's

Twenty percent of the world's billion Muslims live in Southeast Asia.

air campaign against the Taliban began on October 7, 2001, even though most Muslim governments supported it, is easy in the flush of victory over the Taliban's defeat. In Malaysia, PAS called on Malaysian Muslims to wage a jihad against the United States¹⁶ while Jakarta was hit by waves of anti-American demonstrations.¹⁷ Even after the campaign in Afghanistan concludes, and especially if additional military campaigns are undertaken elsewhere in the Muslim world—accompanied by more civilian deaths, however inadvertent—the potential for significant Muslim unrest in Southeast Asia should not be discounted too readily. Deputy Secretary of Defense Paul Wolfowitz's comment soon after September 11 retains its prescience: victory over the radical Islamic threat in general and in Southeast Asia in particular will ultimately require the West to "drain the swamp" of disgruntled, anti-Western Muslims. The West needs to disembowel the radical Islamic hydra, not interminably snip at its many heads.

Emphasizing Political over Military Measures

Because the strategic center of gravity of the war against radical Islamic terrorists resides in the hearts and minds of the Muslim *ummah*, it behooves the West to persuade Muslims to wean themselves away from the radical Islamic movement. In other words, this war is a political and ideological war—political because the West must convince Muslims that the West is a friend of Islam and ideological because the West must assist moderate, progressive Muslim leaders and intellectuals who want Islam to make a successful transition to modernity. In this way, the West's efforts can enable the Muslim masses to coexist peacefully with other creeds while enjoying personal freedom and prosperity. The essential political and ideological nature of the war against radical Islamic terrorism implies that the West has to counter Al Qaeda by using what the French strategist André Beaufré called an indirect strategy—one that elevates nonmilitary instruments of policy over military options.

Seen in this light, three policy measures are particularly important if the West is to improve its image in the eyes of Muslims everywhere, including Southeast Asia. The first step is the reconstruction and rehabilitation of Afghanistan. Having defeated the Taliban regime, the United States and its coalition allies must work together—and be seen working together—to ensure that a viable and durable post-Taliban administration emerges in Kabul. Moreover, Western governments should encourage foreign investment in Afghanistan to expedite postwar reconstruction. The United States must erase the widely articulated Muslim perception, which came in the wake of the closure of the U.S. embassy in Kabul after the Soviet with-

drawal in 1989, that the United States "abandoned" Afghanistan in its time of greatest need.¹⁸ The United States needs an enhanced image throughout the Muslim world to undercut the anti-Western propaganda of the radical Islamists.

The second stage of a Western indirect strategy must include progress to resolve the current impasse over the status of Jerusalem and Palestine. As Surin Pitsuwan, the Muslim former foreign minister of Thailand, argued recently, a strong sense of "primordial" resentment exists among "all Muslims around the world, particularly here in Southeast Asia," rooted in the belief that their sentiments about Jerusalem, which after Mecca and Medina is the third holiest site in Islam, have never been seriously accommodated.¹⁹ According to Pitsuwan, the failure of the international community to seek a just solution to the problem has resulted in "frustration, inadequacy, the sense of being left out, the sense of being done injustice"—sentiments that have been "overwhelming to the point of desperation."²⁰

The potential for significant Muslim unrest in Southeast Asia should not be discounted.

Thus, in Muslim eyes, the issue of Palestine and Jerusalem symbolizes the historical arrogance that Western civilization has displayed toward Islam since the Crusades of the eleventh through thirteenth centuries. Consequently, the United States in particular must strive to be viewed as acting justly on the question of Palestine.

Third, because of the indirect, political nature of this war as well as the need to persuade Muslims that the West is a friend of Islam, any necessary military operations against other state supporters of radical Islamic terrorism such as Iraq, Sudan, and Somalia must be carefully calibrated and controlled. One cannot overemphasize the importance of gearing military operations toward supporting, not undermining, the more important diplomatic, socioeconomic, and public diplomacy measures aimed at persuading Muslims that the West harbors no ulterior motive—no desire to subjugate them—as the radical Islamic movement suggests. In a world dramatically shrunk by globalization and the "CNN effect," radical Islamic propagandists, aided and abetted by sympathetic television networks such as the Arabic-language Al Jazeera in Qatar, can rapidly exploit every errant bomb that kills innocent Muslim women and children to persuade Muslims that the West, despite its friendly rhetoric, is indeed at war with the Islamic nation. Serious anti-American protests on the streets of Kuala Lumpur and Jakarta following the onset of the U.S. air campaign on October 7 suggest that this statement is not overblown.

Fleshing Out a Southeast Asian Indirect Strategy

Within the region, in what ways can an effective indirect strategy be waged within Southeast Asia? Actors could implement four measures:

- Strengthen the organic capacity of the governments of the Philippines, Indonesia, and Malaysia to root out radical Islamic networks within their territories;
- Encourage regional Southeast Asian cooperation to counter terrorism;
- Help the Southeast Asian governments improve the quality of governance for their populations; and
- Assist local governments in promoting a more moderate form of Islam.

For a number of reasons, the United States must not hijack, and must appear to avoid hijacking, the battle against radical Islamic terrorism from the national governments in Jakarta, Manila, and Kuala Lumpur. First, all three countries are former Western colonies. These governments cannot be perceived as handing over responsibility for internal security to a foreign power, thereby undermining their political legitimacy. Second, and more importantly, all three countries have sizable Muslim populations that would not react kindly to the sudden injection of significant numbers of U.S. troops on their soil. Unsurprisingly, all three governments rejected the U.S. administration's offers of direct combat assistance to fight terrorist groups within their national borders. Thus, helping these governments improve their organic capabilities to fight terrorism rather than doing the job for them would be a wise indirect strategy.

At this writing, the approach that should be taken is, in fact, being taken. As Admiral Dennis Blair, commander in chief of the U.S. Pacific Command, observed in December 2001, U.S. military forces would provide logistical and other support rather than combat terrorist groups directly.²¹ In other words, U.S. involvement, although "significant," would be "secondary and nuanced."²² In fact, the Filipino government accepted \$100 million in training assistance, military equipment, and maintenance support for the Armed Forces of the Philippines (AFP). The Indonesian government, which on December 12, 2001, officially admitted that Al Qaeda cells were active in its country, has also accepted offers to share intelligence and to have U.S. Special Forces train its security forces. In passing the fiscal year 2002 foreign operations bill in late December, the U.S. Congress maintained the ban on International Military Education and Training (IMET) programs that it first imposed on Indonesia following the 1991 debacle in East Timor. At the same time, however, Capitol Hill wisely passed the Defense Department ap-

propriations bill, which allows U.S. defense officials essentially to organize much-needed antiterrorist training for the Indonesian Armed Forces (TNI).²³ Particularly relevant for the relatively cash-strapped Filipino and Indonesian armed forces would be receiving new helicopters, aircraft, and patrol boats, as well as advanced training in counterinsurgency techniques—all required to deal far more effectively with armed radical Islamic groups such as Abu Sayyaf and Laskar Jihad. The recent Indonesian record of counterinsurgency operations, for instance, especially in its ongoing conflict with the Free Aceh Movement in northern Sumatra, has been singularly undistinguished, to say the least.²⁴

A second component of an indirect strategy for the United States to use in dealing with Southeast Asia would be to strengthen intraregional cooperation countering the activities of radical Islamic terrorists. In fact, Manila has recently made plans with Kuala Lumpur and Jakarta to form a regional antiterrorist coalition, which would focus on intelligence sharing, maritime border security, and possible joint antiterrorist military operations. Additionally, a working group of the Conference for Security Cooperation in the Asia Pacific (CSCAP), meeting in Jakarta in November 2001, suggested that the governments of the Association of Southeast Asian Nations (ASEAN) member nations might find several options useful, including (1) cooperation in building a database of terrorist organizations to be used by governments inside and outside the region; (2) adoption of common standards or best practices in investigating terrorist groups and incidents; and (3) accumulation of the expertise needed to conduct strategic work in identifying intraregional linkages of terrorist networks and financial links between regional networks and extraregional sources. The United States and other developed countries could contribute to this regional effort by providing technical assistance, training, and funding.

The third component of an indirect strategy for U.S. policy toward Southeast Asia would consist of efforts to improve the quality of governance in the region. Whereas Malaysia has had the relatively good fortune of having inherited a well-functioning state bureaucracy from the British, the Philippines and post-Suharto Indonesia have not featured a strong central administration. Thus, the primary problem the Indonesian state faces is governance: the state apparatus must be strengthened so that directives from Jakarta are implemented on the ground. For example, some claim that rogue elements of the country's armed forces secretly support Laskar Jihad and have provided manpower and weapons. The U.S. government should emphasize to the TNI that, in return for the resumption of U.S. military aid and training, TNI's leaders must mount a serious effort to rein in maverick elements that operate at the local level. The state's ability to pay proper salaries to its pub-

lic servants, especially the military, is another aspect of better governance. In the Philippines, underpaid AFP soldiers sell arms to Abu Sayyaf, while others make money by alerting the radical group when the police and army are about to strike—a practice that may help explain Abu Sayyaf's longevity and effectiveness.

The ability to generate wealth is critical not only to compensate public servants but also ultimately to meet the basic needs of the country's populace. The current economic downturn has hurt Malaysia's growth, but Indonesia and the Philippines are in even worse financial straits. This situation affects the ability of these two governments to meet their citizens' basic needs. For example, Indonesia's coordinating minister for the economy, Dorodjatun Kuntjoro-Jakti, despite the respectable growth in the country's economy (3.2–3.5 percent in 2001), warned that transitioning from an authoritarian, centralized political system to a democratic, decentralized one would be very difficult while preparing domestic firms to face the challenges of regional economic cooperation when the ASEAN Free Trade Area goes into effect in 2003. The socioeconomic dislocations resulting from a decrepit Indonesian economy mean that a very large pool of economically downtrodden young Muslims are easy prey for groups such as Laskar Jihad, which, like its Middle Eastern counterparts Hamas and Hizballah, advocate armed struggle and, quite importantly, promote social welfare. Thus, the West has a strong incentive to boost trade with and aid to Southeast Asian governments in an effort to strengthen their capacities to help Southeast Asia's populations enjoy decent living standards, thereby diminishing the appeal of radical Islamism.

Finally and most critically, given that the current conflict has exposed the contest within the Islamic world for the soul of Islam, the West must assist Southeast Asian Muslim communities to promulgate a moderate brand of Islam. In a sense, the ideological battlefield is already aptly configured because of historical reasons. Islam came to Southeast Asia by way of traders who engaged in commerce first and preached their faith afterward. Hence, Islam in Southeast Asia was compelled to "accommodate and reconcile with the existing traditions and values" that the "high cultures of Hinduism and Buddhism" propounded. The net result was the gradual emergence of a Southeast Asian Islam, which was "basically tolerant, peaceful, and smiling," in the words of a leading Indonesian Islamic scholar.²⁵ Although the 1979 Iranian revolution, as in other parts of the world, nudged Southeast

**The U.S. must
rebuild the decrepit
machinery that
conducts its public
diplomacy.**

Asian Islam toward a more fundamentalist interpretation, this trend did not necessarily mean that believers became less tolerant. Muslims became more culturally conservative rather than politically militant. More frequent sightings of Islamic dress in society did not, ipso facto, signal the "Talibanization" of Islam in Southeast Asia.

Nevertheless, radical Islamic intellectuals must be undercut. Wahhabism, an extremely fundamentalist and exclusionary form of Islam that originated in eighteenth-century Saudi Arabia has, thanks to Saudi petrodollars, been carrying more than its weight ideologically in religious schools and mosques

from Pakistan to Malaysia since the 1960s. The Taliban was "the final and most formidable product of this long-term strategy," and, even though Western analysts have traditionally shied away from using the term Wahhabism, "the fact that Wahhabi-inspired ideas have been promoted in Pakistan, Afghanistan, and Central Asia in the last thirty years through a variety of semi-official and official actors is undeniable."²⁶

Moreover, since the mid-1970s, Saudi fund-

The West needs to disembowel the radical Islamic hydra, not snip at its many heads.

ing from official and private sources has gone to more radical Islamic groups influenced by Wahhabi teachings. Therefore, demurring from including "Wahhabism in one's analysis handicaps understanding."²⁷

As one Malaysian intellectual advocates, it is thus imperative that "moderate Muslims ... reclaim center stage."²⁸ At the moment, another well-known Malaysian scholar complains, a "moral and ideological crisis" has beset "the collective Muslim mind."²⁹ Hence, Pitsuwan laments that the spirit of inquiry which led Arab Muslim intellectuals of the past to attain great heights of achievement in science, philosophy, and the arts has long been absent from the faith. He argues that, today, the general principle in Southeast Asian religious schools appears to be "memorization, stop thinking, stop rationalizing."³⁰

Moderate Muslim voices must begin to reclaim ideological ground that has been lost. Muslims in Southeast Asia should be exposed, through all available technical means, to the ideas of contemporary moderate scholars, such as Indonesia's Nurcholish Majid and Iran's Abdul Saroush. Both these scholars are "trying to extract the prophetic truths from the Koran to show the inherent compatibility of modern-day concerns with the sacred texts."³¹ Educational agencies and moderate Muslim religious authorities in Southeast Asia should also be urged to design modern Islamic curriculums for use in religious schools; these efforts should receive adequate funding and assistance. Apart from education in science and technical subjects, the young

must be exposed to well-articulated moderate alternatives to Wahhabi-inspired exclusionary worldviews. Ulil Abshar Abdallah, an official of the moderate Nadlatul Ulama, Indonesia's largest Muslim organization, conceded that, rather than "mulling over religious paradoxes and disputes about the lives of long-dead saints," moderate intellectuals must match the radical Muslims in "presenting a simple yet comprehensive ideology that can be grasped by common people."²²

Finally, U.S. public diplomacy measures must saturate Southeast Asian airwaves with images and stories of amity between Western and Muslim societies. Pictures of joyful Afghans pointedly celebrating the demise of the Taliban in the company of Western forces, and photos of U.S. and European Muslims living comfortably with the accoutrements of postindustrial society and, importantly, in daily rapport with their non-Muslim colleagues, can send and repeatedly emphasize the clear message that the West is a friend of Islam and is willing to assist Muslims' successful transition to modernity without sacrificing their core beliefs. To promote this concept effectively, the United States must rebuild the decrepit machinery that conducts its public diplomacy. An essential step is to enhance congressional funding for the Voice of America and Worldnet, enabling them to increase vernacular broadcasts on radio frequencies, television, and the Internet substantially. Washington must help to shape opinions in parts of the world where a negative perception of the United States has developed and where CNN is not the media of choice.

Most critically, however, the West must genuinely address three key issues: (1) reconstruction of post-Taliban Afghanistan, (2) a viable and secure Palestinian homeland, and (3) appropriate conduct of future military campaigns against Muslim states that support Al Qaeda. Only then can the Muslim world regard the West as sincere in proclaiming itself a friend of Islam. Without deeds that send this message, no amount of rhetoric to that effect will be credible to the Muslim *ummah*. As the late great British counterinsurgent Sir Robert Thompson put it, one cannot make bricks without straw.

'Rolling Back' Radical Islamic Terrorism

Almost 50 years ago, during the Malayan government's counterinsurgency campaign against the Malayan Communist Party, the legendary British high commissioner General Sir Gerald Templer declared a "White area" that was generally free of Communist terrorist activity in the settlement of Malacca. The harsh restrictions on movement and other freedoms that the emergency regulations imposed were removed in the White area, and its residents could

live normally again. Because people in neighboring states coveted such freedoms, they intensified cooperation with the government, and soon the terrorist infrastructure in their areas collapsed. Templer and his successors patiently "projected success" outward from Malacca until eventually the whole of Malaya was cleared of the Communist threat and declared "White."

The current war against Al Qaeda and the radical Islamic movement that the network embodies is, of course, not an exact facsimile of the campaign against Communist terrorism in 1950s Malaya. Nevertheless, a similar principle of projecting success outward from Southeast Asia can apply to the

Southeast Asian Islam can serve as an ideological counterweight to radical exclusionists.

war against terrorism. At one level, this approach involves the important legal and operational task of mounting a "rollback" of Al Qaeda's funding, personnel, and weapons pipelines leading from Southeast Asia to the Middle East and elsewhere. In this indirect political and ideological war to capture the hearts and minds of Muslims around the world, however, projecting success outward means something much more critical: it implies deliberately and extensively promot-

ing Southeast Asian Islam, along with its intrinsic tolerance of other faiths and creeds as well as its relative success in embracing secular modernity, as a powerful, ideological counterweight to the worldview of the radical Islamic exclusionists.

In this respect, Malaysia's intrareligious harmony and prosperity should be projected more extensively, as should Indonesia's, which Wolfowitz, former U.S. ambassador to Indonesia, has said, "stands for a country that practices religious tolerance and democracy, treats women properly, and believes Islam is a religion of peace."³³ Therefore, the world's largest Muslim country "ought to be a model to the rest of the world [of] what Islam can be."³⁴ Just as the ordinary people of 1950s Malaya dearly wanted to be free from harsh secular restrictions, so too can the images from newly liberated Kabul and Kandahar clearly demonstrate that ordinary Muslims, like mainstream Jews and Christians, want to be similarly liberated from draconian religious restrictions. In particular, Muslims want to know that combining personal piety with peace, freedom, and prosperity is permissible; and they want to learn how to achieve this balance. To the extent that the West, by helping to preserve and promote tolerant Southeast Asian Islam, can help Muslims elsewhere answer these questions, it will have taken a critical step in the quest to disembowel the radical Islamic hydra.

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Can East Timor Be a Blueprint for Burden Sharing?

Should the United States turn over leadership of responses to regional conflicts to reliable allies?¹ The United States underpins the security and stability of Europe, the Asia-Pacific region, and the Middle East. In addition, the protection of its own sovereignty since September 11 has become more demanding. These are weighty burdens. The United States may not be stretched too far, but it is limited in what it can achieve without weakening existing commitments. How much attention can Washington spare to manage crises in places of secondary strategic interest (realistically, the Southern Hemisphere, including all of Southeast Asia, Africa, and Latin America), especially where allies and friends have much better local knowledge?

The international intervention in East Timor, led by Australia, may serve as a model for how the United States can turn over leadership of regional interventions to reliable allies. Australia led the operation, and the United States supported it. Australia and coalition partners provided ground troops while the United States gave intelligence, planning, transport, logistics, and communication support. Referring to Indonesia, U.S. secretary of state Colin Powell has talked about "let[ting] our ally Australia take the lead as they have done so well." He said that the United States would prefer to let regional allies deal with regional security problems "rather than [the United States] feeling it has to respond to every [call] that's out there."² Former U.S. assistant secretary of state for East Asia Stanley Roth commented in testimony to the Senate that East Timor was a "role model about how nations can take the lead in responding to crises in their own region."³

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The Washington Quarterly • 25:3 pp. 29–40.

Yet, is East Timor truly a viable blueprint for how the United States can relinquish the leadership of regional operations to partners? Washington seems to have a bipartisan hope that the answer is "yes." Before addressing this question, however, the ingredients of success in East Timor must be identified.⁴

Why Did the East Timor Model Work?

The operation in East Timor succeeded because Australia possessed key capacities that are the prerequisites to leadership. These capacities are byproducts of Australia's self-reliant defense posture. During the last 25 years, Australia has developed sophisticated defense machinery and the military means to implement its defense strategy. In addition, Australia has reformed and revitalized its alliance with the United States (embodied in the ANZUS Treaty) and developed a sophisticated web of defense relationships with Southeast Asian nations, its neighbors in the South Pacific including New Zealand and France (which maintains a respectable military presence there), Northeast Asian states, and Great Britain. At least nine identifiable characteristics of the East Timor model enabled Australian leadership to be successful.

An independent strategic decisionmaking capacity: This capacity enables decisionmakers to mobilize the resources of their own state, build coalitions, and develop regional as well as international support. Canberra was capable of making strategic decisions, gathering intelligence and interpreting it, and staffing military and diplomatic organizations with experienced professionals. This infrastructure gave decisionmakers the capacity to manage the crisis. Australia was then able to mobilize international and regional support efficiently and to convince the United Nations to agree to a Chapter Seven-mandated mission in East Timor (Chapter Seven of the UN Charter authorizes UN Security Council coercive action). Without this mandate, Australia's military position on the ground would have been tenuous.⁵

Defense relationships with other states: States that are long-standing members of defense arrangements and working partnerships are in a good position to mobilize support when needed. Key decisionmakers will most likely know each other and be familiar with working together. Australia's web of defense relationships with Southeast and Northeast Asian states, New Zealand, and the United Kingdom enabled it to garner political and military support quickly.

Australia's sophisticated bilateral relationship with Indonesia, although failing to prevent the crisis, served as a conduit for discussion and information sharing. Consequently, Indonesia agreed that Australia would lead the

international response to East Timor. Without this agreement, Australia would not have intervened.

Alliance with the United States: A long-standing alliance relationship with the United States allows the potential leader of a regional operation to mobilize U.S. assistance. Decisionmakers used to working with the United States know who to call in Washington and what to ask of them. ANZUS membership enabled key Australian decisionmakers to mobilize U.S. support within two days. Australia was able to get the kind of support it wanted from the United States when it needed it, a "perfect example of the Australian doctrine of alliance support."⁶ Australia also asked for coalition support for certain critical areas, such as strategic and tactical intelligence (receipt of an EP-3 and other assets), naval presence and protection of sea lines of communication (allocation of the Aegis-class cruiser USS *Mobile Bay* and other force elements), and communications and strategic lift (dispatch of a C-130 detachment and the USS *Belleau Wood*). These U.S. force elements were placed under Australian control, which ensured unity of command. Although the U.S. military support was mostly concentrated on intelligence matters, combat services, and logistic support, the USS *Mobile Bay* was described by one Australian naval expert as the "vital enabler" of the combat maritime presence located off the coast of East Timor.⁷

Threats: Their absence was important. Australia could not have dedicated its armed forces to the East Timor intervention if it had been preoccupied with a grave threat to its national survival.

Political constraints: Countries in the Asia-Pacific region and others internationally generally supported Australia's leadership of the East Timor operation. Good fortune also played a role. By pure coincidence, the annual Asia-Pacific Economic Cooperation (APEC) forum meeting was held in Auckland, New Zealand, just as the East Timor crisis came to a head. At the APEC meeting, political support was garnered from the states of the Asia-Pacific and the European Union (EU) (whose representatives also attended the meeting).

Strategic intelligence capacity: An indigenous strategic intelligence capacity is vital. Australian experience allowed it to develop its own intelligence assessments and, as importantly, enabled the United States to plug into the Australian systems seamlessly. Consequently, Australia could use additional intelligence that the United States supplied, which was critical, especially when Indonesia's political and military leaders were promising co-

Should the U.S. turn over leadership of regional conflicts to reliable allies?

operation while other segments of the Indonesian military were acting inconsistently. Not only did the Indonesian military wreak havoc throughout East Timor but it also backed the militia and aggressively forward-deployed potent forces, such as submarines and fighters.

Military capacity: Australia's credibility as a potential leader of a major military coalition rested on the reputation of the Australian Defence Force (ADF). The structure, equipment, command and support systems, and training of the ADF are modeled on NATO standards. Consequently the ADF is interoperable with the armed forces of all NATO states—including the United States, Great Britain, and France—and regional allies such as New Zealand, the Philippines, Thailand, and Singapore. Although the ADF is designed for the defense of Australia, its organization and capabilities were rel-

Is East Timor
really a viable
blueprint?

levant. Key capabilities are:

- **C4ISR (or Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance).** These enablers are essential to leadership at the operational level. The potential leader will need a strategic headquarters, an operational joint-force headquarters, and a tactical-level command-and-control capacity. C4ISR interoperability with the United States is an essential determinant of possible U.S. support.⁸ If U.S. C4ISR systems cannot communicate with those of the potential leader, possible cooperation may be delayed, complicated, or even prevented.
- **Deployable utility forces.** A potential leader must have the core of the peacemaking force that will deploy to a regional contingency. The potential leader's force structure and capability mix will need the flexibility to respond to planned as well as contingency tasks and the ability to operate in all kinds of terrain and weather within the theater of operations. In East Timor, Australia provided the core special forces (fleshed out with British Special Boat Service and New Zealand Special Air Service soldiers) and a light infantry brigade to gain control on the ground. Contingents from Great Britain, New Zealand, Thailand, the Philippines, Singapore, Malaysia, South Korea, Canada, and Ireland were incorporated (with specialist support from the United States) around this brigade structure.
- **Logistics/lift.** A potential leader will be expected to provide the organizational core and capacity for the support, sustenance, and movement of a force. Lines of communication may span very long distances. The East Timor operation, for instance, was sustained entirely by sea and air lines

of communication between various bases in the north of Australia and East Timor. Australia provided the nucleus of the tactical and strategic lift, and, as importantly, the command and control of logistics movement across this gap. However, East Timor was within Australia's reach. Had it been more than a few hundred miles away, it would not have been accessible. Here, the U.S. provision of logistics and lift was critical (although other states such as Canada, Germany, New Zealand, and Singapore also provided extra tactical lift).

- **Force protection and deterrence.** Any leader must possess this essential capacity if it expects other states to allocate forces to an operation. The leader of a regional operation must be able to overcome any potential adversary. Levels of required force protection and deterrence will vary depending on the threat. In East Timor, the land component, although lightly equipped, was provided with very robust rules of engagement, could deploy force elements with much greater levels of firepower if necessary, and had close air support on demand. A powerful fleet of warships (built around an Australian core, with the USS *Mobile Bay* and additional warships from Great Britain, France, New Zealand, and Portugal) protected sea lines of communication, and air power in turn protected the ships.⁹ Australia developed offensive sea and air plans, and the full spectrum of its sea and air power force elements were deployed forward to deter an attack from forward-deployed Indonesian submarines, warships, and fighter aircraft. Leaders communicated the purpose of Australian deterrence in public and private messages to Indonesia. Consequently, Indonesia withdrew its maritime and air assets, an action that Australia matched in kind.

East Timor was unique in the sense that vital national interests were not involved.

Synchronization with the United States: The United States can realistically only support states with which it can interoperate. It has a limited capacity to support states that have standards of military organization, doctrine, operating procedures, and equipment that lack synergy with U.S. systems. The ADF and the U.S. armed forces have a high degree of commonality that is a consequence of common doctrine, standards, systems, and equipment, reinforced through combined training.

Leadership record: A historical record of leadership provides a strong indicator of whether a state is willing to lead a particular operation. Australia led a major peacekeeping mission in Cambodia in the early 1990s and a

smaller operation in Bougainville, in addition to contributing forces to peacekeeping missions in Somalia and elsewhere. As important, if not more, is Australia's leadership of its own defense, involvement in regional military cooperation, and ANZUS cooperation with the United States.

Identifying Leadership Candidates

Few would disagree with the assessment of Commander-in-Chief of the U.S. Pacific Command (CINCPAC) Admiral Dennis Blair that the coalition, led by Australia and backed by the United States, was a resounding success and "brought security" to East Timor.¹⁰ Australia was undoubtedly a leader, but what about other states? Can the United States really expect to turn over leadership of regional interventions to reliable allies?

A word of caution must first be given. The situation in East Timor was unique because pressing national interests were not involved. The important consideration of most states that got involved, or backed intervention, was their bilateral relationship with Indonesia. Canberra now must work through the longer-term implications for its relationship with Jakarta stemming from Australia's leadership during the East Timor crisis. Despite its well-developed institutional capacity, Australia found the leadership of the East Timor campaign exhausting. This one operation absorbed much of Australia's political and defense capacity from late 1999 into early 2000. Australia is still faced with the challenge of the consequences to its defense force of the cost of the East Timor operation while sustaining a long-term military commitment to that small and impoverished country. This state of affairs does not mean that Australia could not assume the leadership of another regional contingency in the future. In the short term, however, Australia would most likely think through the consequences of assuming the leadership of any regional operation very carefully. Nonetheless, by highlighting weaknesses that have since been, or are being, addressed, the operation in East Timor in fact strengthened Australia's capacity for leadership.

How Would Others Measure Up?

Thailand and the Philippines both led the UN force in East Timor after Australia relinquished control. Both states have strong regional and international credentials. Both have experience in peacekeeping and are allies of the United States. Internal security problems, however, are especially serious for the Philippines, which imposes a significant limitation on its ability for force projections. Although both states possess professional armed

forces, especially light, deployable utility forces, they have limited strategic intelligence and C4ISR capacities. Neither state has an adequate force-protection capacity. The technical professional competence of the Thai military is a level above that of the Philippines. (Thailand's greater wealth, which gives its military more resources, partly explains this difference. The continual strain on the Philippine military of maintaining large numbers of military personnel on active service does as well.) Thailand and the Philippines are especially adept at peacekeeping, rather than robust peace enforcement. This distinction limits the types of regional operation that both states would feel comfortable leading, though it also makes them contenders to lead operations once the peace enforcement phase is completed. U.S. familiarity with the armed forces of both the Philippines and Thailand would offset some of the problems of interoperability.

Malaysia is also a contender for leadership. Although not a U.S. ally, Malaysia is a member of the Five Power Defense Arrangements with Australia, Great Britain, New Zealand, and Singapore. Its military operating procedures are largely derived from British practice and adapted to local conditions. It has a strong record of involvement in peacekeeping (most recently in Somalia and Bosnia) and has deployable utility forces and a good lift capacity. Its C4ISR and logistics capacity are uneven, however, and its force-protection deployment capacity is somewhat limited. Its technical military capacity for leadership would be enhanced if it drew on Singapore's command, control, intelligence, and logistics expertise. Unfortunately, political tensions between Malaysia and Singapore limit the potential for closer military cooperation between them. Malaysia's willingness to take the lead is also questionable. During the East Timor crisis, Malaysia called for Asian leadership of the operation, yet did not readily provide forces.

Southeast Asian states possess the great political attraction of being seen by China as credible and nonthreatening leaders of operations in the Asia-Pacific region. Among them, Indonesia also has a capacity for leadership. Indonesian peacekeepers performed especially well in Cambodia. An uncertain political environment and demanding internal problems, however, sap Indonesia's leadership potential in the short term.

Of the Northeast Asian countries, only two states may be considered contenders to assume a leadership role: Japan and South Korea. The Japanese armed forces are thoroughly interoperable with U.S. forces and are well equipped and trained. Japan has reasonable strategic and tactical lift, which

Australia found the leadership of the East Timor campaign exhausting.

U.S. support could compliment. The critical limitation, however, is Japan's reluctance to assume a greater role in regional security, a domestic judgment attuned to lingering suspicions about Japan's ambitions in some parts of the Asia-Pacific region. Except for a dramatic reassessment of its own security role, this impediment effectively excludes Japan from consideration.

South Korea possesses many of the strengths of a potentially strong leader of regional operations. South Korea is faced with a genuine threat to its own security, however, of such a magnitude that any diversion of attention and resources from the deterrence of its unpredictable neighbor is unlikely. For these reasons, Seoul's enthusiasm for leadership of a regional operation would be constrained.

The U.S. does not have many reliable allies of the quality of Australia.

India has an excellent record of leadership in regional operations. It has a large, professional, and reasonably well-equipped military. India's armed forces are structured along British

lines but its operating procedures are genuinely unique—derived from British standards and adapted to its own circumstances through trial and error. The Indian armed forces are equipped with a mix of indigenous, European, and Russian equipment and possess particularly strong, mobile light forces, a good strategic and tactical lift capacity, and an impressive force-protection capacity. India's command-and-control systems are indigenous, which presents a challenge rather than a barrier to interoperability. India has successfully controlled deployed forces in the past. India has yet to overcome logistics (as demonstrated during the Kargil crisis) and communications limitations. Cooperation with the United States has resumed with a new vigor, possibly helping both states overcome existing barriers (especially the lack of systems commonality) to interoperability. The greatest barrier to Indian leadership is a self-imposed reluctance (after its experience in Sierra Leone) to lead unless unity of command can be guaranteed. The threat to India from Pakistan may be a constraint (especially if, at the time when Indian leadership was needed, a periodic crisis with Islamabad preoccupied New Delhi).

Tensions with India are a major constraint on potential Pakistani leadership of a regional operation. Other significant limitations are the challenges of combating Islamic militancy and controlling its border with Afghanistan. Pakistan has participated in a number of peacekeeping missions and is an ally of the United States. Pakistan's armed forces have similar strengths and limitations as those of India. In the current strategic environment, Islamabad seems unlikely to seek the leadership of a regional operation.

Of states in Africa, Nigeria and South Africa stand out as potential leaders. Nigeria has strong ambitions as a leader of regional operations and has participated in numerous UN and regional interventions, with varying degrees of success. However, its latest efforts in Sierra Leone were counterproductive. Nigeria's armed forces are large but poorly equipped, undisciplined, and have very limited C4ISR, logistics, and force-protection capacities. The central limitation to Nigerian leadership is its lack of political credibility. Nigeria is also a military dictatorship with an uneven human rights record.

South Africa, in contrast, has considerable political credibility and military capacity. South Africa's defense machinery is well organized and competent. South Africa has strong links with the armed forces of other African states, as well as India, Great Britain, and several other NATO states. South Africa's armed forces are the best in Africa, are professional, and possess a deployable command-and-control, communications, logistics, lift, and force-protection capacity. Despite years of isolation, and the challenges of broadening the recruitment base of the military, South Africa's armed forces have retained their competence. The procedures and doctrine of the South African Defence Force are modeled on the British, which makes interoperability with the United States a practical option.

Three South American states, Brazil, Argentina, and Mexico, are possible leaders. All have mobile forces that possess the capacity to deploy in Central and South America and possibly further abroad. Argentina and Brazil possess a maritime deployment capacity as well as the ability to move light forces by land or air. All three states structure and organize their military with a mix of indigenous and Western practices and are used to cooperating with the United States in a variety of settings.

Canada also has the capacity to lead a regional operation. Although it has the organizational capability to build an international coalition at the political level, its capacity to pull together a military coalition is much weaker than a country such as Australia. Canada has not diversified from its long-standing relationship with NATO and lacks the dense network of defense cooperative relationships in the Asia-Pacific region that Australia has patiently constructed. Canada is an alliance partner of the United States; its C4ISR and logistics systems are interoperable; and it can control, deploy, and to an extent sustain light utility forces. Surprisingly, given Canada's self-proclaimed emphasis on peacekeeping, it lacks a strategic lift capacity. Canada does, however, have the capacity to provide the nucleus of force

The strongest credentials for leadership rest with the British.

protection for a deployed force. Overall, on paper, Canada is an ideal candidate for leadership of a regional operation where U.S. support could cover a variety of Canadian logistic, lift, force protection, and strategic intelligence deficiencies. The greatest limit on Canada's potential is the variability of its political resolve.

Of the states discussed in this survey, the strongest credentials for leadership rest with the British. The British possess the most capable political, diplomatic, and strategic machinery and have more experience, confidence, and a better track record of controlling out-of-area operations than any other state. The British, thanks to an excellent C4ISR and balanced force structure, have the capacity to command and deploy the nucleus of the force needed to mount an operation in almost any region. The British armed forces are more interoperable with the United States than those of any other state. In some relevant roles, the force structure and capabilities of the British military compliment deficiencies in U.S. force structure. Great Britain sets the standard for the leadership of regional operations.

France, Germany, Italy, Spain, and the Netherlands are other strong European candidates for leadership of regional operations. Of these states, perhaps only the French possess the capacity to pull together a coalition at the political and military level. All are U.S. allies, and their military capacity is balanced and interoperable (with some exceptions) with the United States. All have deployable joint-force headquarters or experience in higher-level command. The Netherlands has a particularly strong record of working alongside deployable British forces such as the Royal Marines. The French, Spanish, and Italian force structures include aircraft carrier-based force projection and respectable strategic lift, though the Netherlands has only a limited strategic lift capacity and Germany has none. U.S. support could offset these limitations. With U.S. support, each of these European allies could project force almost anywhere in the world. All of these states have considerable peacekeeping experience: France has led a number of major regional operations, and Germany is currently commanding a NATO Task Force in Macedonia.

Although all may be considered potential leaders of a coalition force, the political will of these states can be questioned. France has consistently adopted an independent stance on international affairs. Germany is cautiously taking a more outward-looking role in international security affairs. Italy led a major operation in Albania, but its domestic political fragility restricts its capacity to lead. Spain lacks a record of leadership, and the Netherlands's experience in Bosnia exposed limits in its strategic decision-making capacity and the culture of its army. The military doctrines of France, Germany, and Italy are perhaps less suited to robust peacemaking than those of the British or Australians. All these countries, however, provide substantial contributions to the EU's Rapid Reaction Force.¹¹

Table 1: Potential Leadership for Regional Operations¹²

Tier 1	Great Britain, Australia	Alliance partners of the United States; robust political will; fully interoperable armed forces; advanced military infrastructure; support systems and a military culture adaptable to regional operations.
Tier 2	Canada, France, Germany, Italy, Spain, the Netherlands	Variable political will; alliance partners of the United States; advanced deployable military infrastructure; support systems limit military cultures' adaptability to regional operations.
Tier 3	Thailand, Malaysia, the Philippines, Brazil, Argentina, Mexico, India	Bounded political leadership aspirations; military relationship with the United States varies; military infrastructure, support systems, and deployment limitations; military cultures focused on particular regional operations.
Tier 4	Japan, Indonesia, South Korea, Nigeria, Pakistan	Major political constraints or threats.

Policy Implications for Washington

As Table 1 shows, the United States has only a limited number of friends and allies upon whom it can confidently rely to assume leadership of responses to regional conflicts. For U.S. decisionmakers looking for partners to share the burden of security, this news is not good. Yet, some observations are heartening, if indirect. The experience in East Timor may not be a blueprint for future engagement, but it does highlight the direct payoff of maintaining very close military interoperability and cooperation with like-minded allies. It also demonstrates the benefit over time of nourishing alliance and defense relationships with less like-minded states, which may be the central lesson of the East Timor endeavor. The United States does not have many reliable allies of the quality of Australia. If Washington would like others to assume responsibility for the leadership of regional contingencies, a reasonable number of states must be nurtured and developed so that more will have the capacity and will to do so.

The United States was able to support Australia because of the interoperability between the armed forces of both countries. The growing gap between the military technology of the United States and its friends and allies

may unintentionally limit the number of states (even if they may be willing to assume leadership of a regional contingency) that the United States can logistically support.

The United States should maintain or increase relevant military assistance and cooperation with states that have the potential, but lack the current capacity, for leadership of regional operations. The payoff will be a longer list of states that can share the burden of leadership of humanitarian interventions and other regional contingencies.

Notes

1. By "response," I mean command of peace support operations.
2. "To Arms," *Economist*, February 3, 2001, p. 43.
3. Assistant Secretary of State for East Asian and Pacific Affairs Stanley Roth, testimony before the Senate Foreign Relations Committee, February 22, 2000.
4. Most observations and judgments in this article are based on my research of Australian leadership in East Timor, first published in "The United Nations in East Timor: Intervention at the Military Operational Level," *Contemporary Southeast Asia* 23, no. 23 (2001): 213-232.
5. Hugh White, interviews by the author, 2000-2002; Hugh White, correspondence with the author, 2000-2002. White, as deputy secretary for strategy at the Department of Defence, was responsible for the day-to-day management of Australia's response to East Timor.
6. Hugh White, interview by the author.
7. James Goldrick, "East Timor, Maritime Lessons," RAN Maritime Studies Centre, HMAS CRESWELL, 2000, pp. 2-3.
8. Alan Ryan, "C4ISR Interoperability in Coalition Operations on Complex Terrain: Learning from Operation Stabilise in East Timor," Land Warfare Studies Centre, Canberra, 2000, pp. 2-3.
9. The deployment of combat forces with the capacity to deter an attack eliminates most small powers from leadership.
10. Admiral Dennis Blair, remarks at the Senior Policy Symposium, East-West Centre, Honolulu, Hawaii, August 6, 2001.
11. Although this force presents a credible capacity to respond to a major regional contingency independently of the United States, the issue is beyond the scope of this article.
12. The author is indebted to Professor Paul Dibb of the Australian National University for granting permission to draw on an idea of how to rank states by military capacity. See Paul Dibb, "The Revolution in Military Affairs and Asian Security," *Survival* 39, no. 4 (1997-98): 98.

Remarks as Prepared for Delivery
by U.S. Deputy Secretary of Defense Paul Wolfowitz
International Institute for Strategic Studies
Asia Security Conference: The Shangri-La Dialogue
Singapore
Saturday, June 1, 2002

"The Gathering Storm: The Threat of Global Terror and Asia/Pacific Security"

I well remember the day thirteen years ago when I left the post of ambassador to Indonesia to return to the United States to begin my second tour of duty at the Defense Department. I had mixed feelings: I looked forward with anticipation to my new post, but I knew I would miss a remarkable region that I had grown to deeply admire. I am always delighted to have a chance to come back.

I am especially pleased to be able to be here to take part in this conference. Through the years, the IISS has promoted discussions of important international issues and provided a forum to put these issues into perspective. And I can't think of a time when that perspective is needed more. I'd like to thank all of you who have made this conference possible.

Like most in this audience, I share the view that the Pacific is as important as any region in this world, perhaps the most important when we contemplate the challenges of the next half-century and the extraordinary dynamism of the Asia-Pacific region. Developing America's relationship with our Pacific partners is one of our highest security priorities. Twelve months ago, I might have called it our biggest challenge. But last September 11th, another enormous challenge intruded. We are now engaged in a relentless war on international terrorism. Yet it remains equally important to work on building a better and more secure future, and a large part of that future will be built right here in the Asia-Pacific region.

Terrorism is Everyone's Problem

How vibrant that future might be depends in great measure on our ability to preserve stability and security. Last September, terrorists struck America's shores. But terrorism is no stranger to Asia. I still recall my own experience sixteen years ago this month when a terrorist bomb, launched by an improvised mortar, struck the roof of my office in the American Embassy in Jakarta and landed in the courtyard. Fortunately, the fuse did not work so the bomb failed to spread its deadly load of nails and shrapnel. Almost simultaneously, the Japanese Embassy and the British Cultural Center were struck, while the Japanese Red Army terrorist who set up all three devices was on a plane out of the country.

Thanks to close cooperation between Japanese and Americans, he was eventually caught and tried and now serves a long sentence in an American jail. But fanatics like him later produced the much more serious attack on the Tokyo subway. And much worse can happen if the Al Qaeda terrorists who are plotting today in East Asia realize their evil aims. For make no mistake: while New York and Washington may be thousands of miles away, the terrorists have Asia in their sights as well. I stand before you—as someone who cares deeply about the future of this region—to tell you in no uncertain terms that this scourge of terrorism threatens us all—all of us. It is a truly global threat, and we must respond forcefully, thoughtfully and decisively.

When evil of this magnitude is loose in the world, it will not stop until it has claimed for itself the ultimate power of wrenching from people across the globe any sense of peace and security they now enjoy. Unchecked, this evil will spread. It threatens not only America. It threatens hundreds of millions of moderate Muslims in East Asia who are among the principal targets of the terrorists. And it threatens the fundamental dreams of freedom and tolerance and democracy that embody what the terrorists hate.

In the first volume of his memoirs, called "The Gathering Storm," Winston Churchill describes the events that combined to bring about the deadliest and costliest war the world has known. Looking back over those events, Churchill concluded: "There never was a war more easy to stop than that which has just wrecked what was left of the world from the previous struggle."

Now, certainly no one would say that terrorists willing to lose their own lives will be easy to stop. But like the world between the two World Wars there are warning signs to help us chart our response. The signs tell us that as terrorists continue to murder innocents, their methods will only grow more deadly. It would be a mistake to think that we have seen either the last or the worst of such attacks. It would be a mistake to think that, in the future, they will strike only in the United States. A mistake, too, to think that a precision-guided airplane would be the deadliest bomb that terrorists would use, if they could get their hands on weapons that could kill thousands or even millions. How attractive they would find that. How efficient. How horrific. While it will not be easy to stop them, through a great deal of cooperation and a very great deal of hard work by those dedicated to victory over terror, we can win this historic war against global terrorism.

We will never completely eradicate the threat posed by those who are willing to kill themselves to kill others. But there is much we can do: to preempt their actions; to keep them from acquiring the most deadly weapons ever invented; to expose the lies at the heart of their methods; to convince their potential followers that their path is a blind alley leading to defeat and ignominy. But make no mistake. Unless we dissipate its energy, the gathering storm of terrorism will unleash its fury on us all.

Words are inadequate to describe how Americans experienced the fury of September 11th; how it affected the people of the United States, how it changed our day-

to-day life. We had long grown used to the idea that the oceans that embrace our shores somehow isolate us from the sort of violence that has been commonplace in other parts of the world. We were shocked into a stark reality on that September morning. Many people are still in shock. One woman who works in Washington, D.C., said recently, "I can't get over the fact that people are still out there whose sole intent is to try once again to kill my children."

Mothers and fathers now face a new reality—being alert to danger, wondering if sporting events or American national holidays will be occasions for more evil. In short, the very liberty we had come to take for granted—going where we wanted, doing what we wanted, when we wanted, living free from the fear of attack—has been curtailed in ways that are very real to us.

And yet, although the attacks took place in the United States, we should not lose sight of the fact that when the World Trade Towers were brought down, people from some 80 nations were killed as well. And many of citizens of the Asia-Pacific region were lost that day: People from Japan, China, South Korea, Australia, New Zealand, Taiwan, Indonesia, Russia, India, Bangladesh, Sri Lanka, Thailand, Malaysia and the Philippines are numbered among the victims. And those innocent victims were not only Christians and Jews. The dead included innocent Muslims as well.

This global attack requires a global response, and we have received support from close to 70 nations. The commitment of our allies and partners demonstrates that we are not alone in this defense of freedom and justice and peace. And, as President Bush said in his State of the Union address in January, our objective is greater than "eliminating threats and containing resentment. We seek a just and peaceful world beyond the war on terror."

President Bush also affirmed that we will continue to work with our coalition partners to thwart those states and their terrorist allies who seek even greater weapons of mass destruction to threaten peace in the world. "America," he went on to say, "will do what is necessary to ensure our nation's security. We'll be deliberate, yet time is not on our side. I will not wait on events, while dangers gather. I will not stand by, as peril draws closer and closer. The United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons. Our war on terror is well begun," he said four months ago, "but it is only begun. This campaign may not be finished on our watch—yet it must be and it will be waged on our watch." "The price of indifference," he said, "would be catastrophic."

We've had wonderful support from our NATO allies in this campaign, including Britain and France who are represented here at this conference. And we have had great support from our partners in this region. Singapore, our gracious host country, has provided critical support for U.S. forces, and has also made tremendous strides in rounding up terrorists linked to al Qaeda—both here and in the region.

In this same spirit of cooperation, Japan's Self Defense Forces have refueled American and British ships, as well as a number of C-130s, and recently pledged to a six-month extension of these efforts. Even more important, Japan has taken a leadership role in organizing the international effort to provide critically needed assistance for the reconstruction and economic development of Afghanistan. The United States is committed to helping Afghanistan become a viable nation that can provide for its own safety and security. We are grateful that many other nations see this an obligation—not only to the people of Afghanistan, but to the world community as well.

Australia has once again proven to be one of our most reliable and militarily effective allies, joining in combat in Afghanistan with its Special Operations Forces as well as sending fighter aircraft for combat air patrol at Diego Garcia.

Korea has contributed key logistics support and has helped ferry humanitarian relief supplies for Afghanistan.

Speaking in Tokyo recently, Philippines President Gloria Macapagal Arroyo, observed the unfortunate truth that "even terrorism [rides] the wave of globalization," adding that one of the means of fighting this development is for [the Asia-Pacific] "to cultivate deeper security relations." The Philippines has taken bold steps to contend with terrorist groups on its own soil, including the Abu Sayyaf Group, a terrorist organization with ties to al Qaeda. And it has been a leader in the region in organizing multilateral cooperation against terrorism.

New Zealand has provided logistics and humanitarian support and its troops work alongside the multinational force now in Afghanistan, filling an important role in helping stabilize the area.

Recent arrests in Malaysia, the Philippines and here in Singapore are encouraging signs of what individual countries can do. The recent tri-lateral counter-terrorism agreement between the Philippines, Indonesia and Malaysia gives us hope of even greater success as nations in the region work more closely together. We encourage other countries to see what they can do by themselves or by working with their neighbors.

China has supported our counter-terrorism efforts at the U.N., and it has shared intelligence. It has pledged over \$100 million for the reconstruction of Afghanistan.

This is just a partial list of what countries in this region have done to help in the war on terrorism. In doing so, they are not just helping us, but are also helping themselves. With our transatlantic partners and our NATO allies, whose efforts have also been indispensable to this on-going effort, we have a truly global response that can match the global threat.

Cooperating to Build a Better World

We are determined to fight so hard because what we share and what we stand for is worth fighting for. At the beginning of our nation, our founding fathers understood that a new nation purchased with toil and blood would have lasting meaning only if the character of the nation matched the sacrifice of those who fought for its independence. Only if the independence of that new nation were secured on the pillars of justice and freedom. America is a place where people can live free from persecution and fear, where religion is a matter of personal conscience, where people may enjoy peace and prosperity, safety and security, where they may find God and worship him in their own way. That is what the United States of America stands for.

But, these values are not exclusively American. They are universal values on which people around the world seek to build stable and prosperous societies. We would like nothing better than to see the people of other nations enjoy the benefits of self-determination, justice and freedom and to reap the fruits of their labors.... America remains optimistic. With the steady support of allies and friends, we will win this war on terrorism.

I have long noticed in Asia a similar optimism, optimism tempered by realism—an enormous talent for solving problems and preparing for the future. Not that Asia has a shortage of problems: there are historic animosities that affect relations between almost every pair of Asian neighbors; there are complex territorial disputes; and despite the remarkable economic growth of the last decades of the 20th Century, many Asian economies are still struggling in the wake of the financial collapse of 1997. Moreover, unlike Europe, Asia lacks the integrating institutions and deeper reconciliations that have brought historic peace and freedom to Europe.

But Asia's problems can be solved, and in the last half century, Asians have developed a culture of farsightedness and problem solving. Indeed, if there once may have been truth to the clichéd phrase "oriental fatalism," East Asia's record in the last half century has changed that. One of the great satisfactions of working on Asian policy over the last 20 years has been the opportunity to work with people who put their enormous energies into solving problems rather than creating problems.

This conference is one of many efforts to begin creating Asian structures and Asian institutions that can respond to the unique characteristics of Asia. In building that better future, the Asia-Pacific region has great intrinsic strengths of which five are worth particular mention.

First: the critical U.S. commitment to the region, to our alliances in the region, and to stability and progress in the region is supported by a strong bipartisan consensus among the American public. Fears that the end of the Cold War might lead to an American retreat from Asia have been laid to rest.

America's long-standing relationships with its treaty allies in the Pacific—Japan, Australia, South Korea, Thailand, and the Philippines—are no less critical to regional stability today, even though patterns of multi-lateral cooperation are growing. To the contrary, those bilateral relationships provide a firm foundation on which multi-lateral structures can grow.

America's firm commitment to South Korea's security has enabled that country to prosper economically and transform itself politically, and it has also given them confidence to reach out to North Korea with creative diplomatic initiatives. The U.S.-Japan security relationship enables that great Asian democracy to achieve its security objectives without arousing the fears and antagonisms of past history and to play a constructive role in Asian security. Our Australian ally is a key partner in the global war on terrorism while the Philippines and Thailand play key roles in Southeast Asia.

Second, the countries of the region have shown by their response to a variety of challenges that cooperation—rather than opportunistic quest for unilateral advantage—is becoming a kind of a habit. We can see this in the response of the wealthier countries of the region to the 1997 financial crisis. We have seen it in the willingness of so many countries, including Australia, New Zealand, the Philippines, Fiji, Thailand, Malaysia, South Korea, Singapore and Japan to contribute peacekeepers to secure the future of an independent East Timor.

We see it in the many cooperative efforts led by the ASEAN countries--cooperation that helped to bring about a political solution to the war in Cambodia that welcomed old enemies into new structures of partnership, and that led the way in seeking solutions to the disputes over territorial waters in Southeast Asia.

Third: one particularly important example of that habit of cooperation can be seen in the way the region as a whole has responded to the prospect of China's growing power. Historically, the emergence of major new powers has frequently threatened the stability of the existing order, but we can be much more hopeful of a positive outcome in China's case because all of the countries of the region are prepared to welcome a strong Chinese role in a constructive regional order. Even as we seek to deter conflict, at the same time we are committed to ensuring that the region's problems are solved peacefully.

We have seen some interesting developments in China. It has a substantial private sector whose scope and sphere are growing. And it is in the interests of all of us in the region, certainly the United States, Taiwan and Hong Kong to encourage that growth and trade with the world which will be helped by China's entry into the World Trade Organization.

As we look to where China is going, we cannot ignore our differences, especially on the issues of human rights, the proliferation of weapons of mass destruction and Taiwan. As China's strength grows, it will become increasingly important to encourage

Beijing to see that a continuation of the peaceful status quo in the Western-Pacific best serves China's own interests.

We have made it clear that the United States opposes any effort to determine the future of Taiwan by other than peaceful means. We have reiterated our one China policy. And we have made it clear that we expect Taiwan's future to be determined in a manner acceptable to the people on both sides of the straight. President Bush has also made it clear that he will do whatever it takes to help Taiwan defend itself against any use of force by Beijing.

Secretary Rumsfeld and I recently met with China's Vice President Hu Jintao at the Pentagon, and we discussed several defense-related issues, including military-to-military contacts and the proliferation of weapons of mass destruction. One of the promising outcomes of our meeting is that Assistant Secretary Peter Rodman will travel to Beijing later this month.

As we seek to improve our relations, we hope we may be guided by an old Chinese principle: hu jing, hu hui -- mutual respect, mutual benefit.

Fourth: Russia and India are positioned to play important and positive roles in East Asian security. The relationship between the United States and Russia has been strengthened enormously by our common response to the tragedy of September 11th. The effects of this relationship have been felt most dramatically in Europe, where the recent signing of the Rome Declaration established the NATO-Russia Council. However, it is also important to remember that Russia is a Pacific power, a country that can play an important role in shaping the future of the region and whose own future will be shaped by what happens in this region.

Our relationship with India has also entered a new era. As the world's two largest democracies, India and the United States embrace what we have in common. We look forward to strengthening this relationship, based on the fundamental principles we share, a system of government that makes us, in Prime Minister Vajpayee's words, "natural allies."

Finally, the half billion Muslims in the countries of the Pacific Rim can be key allies in the war against terrorism, particularly since they represent some of the most moderate and tolerant traditions in Islam. Indeed, they can be our allies in bridging what I referred to a month ago in a speech to the World Affairs Council in Monterey, California, as the "dangerous gap" between the West and the Muslim world.

Bridging the Gap with the Muslim World

Now that speech in a small community on the West Coast drew some notice, both at home and abroad. And if it helped spur some serious debate on the significance of this

gap between East and West, I am pleased. Because to succeed in winning the war against terrorism, we must win the larger struggle—the battle of ideas. This larger war is a struggle against the enemies of tolerance and freedom, against the enemies of modernity and secularism, of pluralism and democracy, and real economic development. So, we must work, not only to understand, but to promote a real understanding of, the many facets of the Muslim world, and of the common values that we all share. History has proven that free markets and open societies do improve lives.

To win the war against terrorism and help shape a more peaceful world, we must speak to the hundreds of millions of moderate and tolerant people in the Muslim world, regardless of where they live, who aspire to enjoy the blessings of freedom and democracy and free enterprise. These values are sometimes described as “Western values,” but, in fact, we see them in Asia and elsewhere because they are universal values borne of a common human aspiration. And it is important to realize that nearly half the world’s Muslims live in this region—more than half a billion Muslims live in Indonesia, India, Bangladesh, China and other countries of the Pacific Rim.

We need to recognize that the terrorists target not only the West, but they also target their fellow Muslims, upon whom they would impose a medieval, intolerant and tyrannical way of life. Those hundreds of millions of Muslims who aspire to freedom and prosperity are, in many cases, on the frontlines of the struggle against terrorism. We have an obligation to help them—and we have a self-interest to do so. By helping them stand against the terrorists without fear, we help ourselves. We help to lay the foundations for the just and peaceful world that President Bush envisions after the war against terror has been won.

It would be a mistake for the nations of the West to think we could be the ones to lead the way, but we must do what we can to encourage the moderate Muslim voices that can. This is a debate about Muslim values that must take place among Muslims. But, it makes a difference when we recognize and encourage those who are defending universal values. And, when we help give them moral and material support against the opposition they encounter, we are indeed helping to lay the foundations for peace. These voices are essential to bridging the dangerous gap that now exists between the West and the Muslim world.

According to a Malaysian scholar Karim Raslan, “Moderate Muslims must reclaim center stage. Reform must be driven from within the Islamic world. Such changes cannot be imposed from outside. Muslim elites must ensure that issues concerning good governance, corruption and human rights abuse are given priority.

“The vile interpretations of the Koran,” he continued, “that spawned Osama bin Laden and his Qaida terrorist network can be addressed and rebutted only from within the faith. Muslims,” he continued, “must depend on and promote serious Islamic scholars and thinkers, such as Indonesia’s Nurcholish Majid and Iran’s Abdul Saroush. They are engaged in a battle for the hearts and minds of Muslims, trying to extract the prophetic

truths from the Koran to show the inherent compatibility of modern-day concerns with the sacred texts.”

And in a recent article, Barry Desker, Singapore’s former ambassador to Indonesia during the time I was U.S. ambassador, and his co-author Professor Kumar Ramakrishna write that the war of ideas must project success outward from Southeast Asia. To do so, they say, is critical. “It implies deliberately and extensively promoting Southeast Asian Islam, along with its intrinsic tolerance of other faiths and creeds as well as its relative success in embracing secular modernity, as a powerful, ideological counterweight to the worldview of the radical Islamic exclusionists.”

The gap I have spoken of is not an inevitable clash of civilizations, as has been said, but a collision of misunderstanding.

There are those who would say that the current campaign on terrorism is a war against the people of Afghanistan, or a war against Islam. This is not true. It is neither.

Americans who fight for freedom in Afghanistan are not just fighting for Americans. Their bravery has enabled the people of a tortured nation that lost a million lives to war in the last decade to go back to their homes and their schools, and have a chance for what we have in America. If the people of Afghanistan were not happy to have been delivered from the tyranny they endured so long, they would not have met their liberation with such joy. Women would not have returned to the schools and the learning that they were denied under the Taliban. Even the twisted and tyrannical philosophies of the Taliban and al Qaeda could not extinguish the hopes of the Afghan people, could not put out the dream of liberty that burns within them still. The young men and women of Afghanistan now have a chance at a real future, one that we must all continue to help them build.

The war against terrorism is definitely not a war against Islam or against Muslims. In our own time, the United States has tried to help others achieve the dream of peace, regardless of their creed. In fact, in just the last decade or so, on six different occasions, the men and women of America’s Armed Forces risked their lives to defend others against aggression or war-induced famine. In each one of those cases, we did so, not only because it was in America’s interests, but because it was the right thing to do.

But as it happens, in each one of those cases—whether it was Kuwaitis, or Iraqi Kurds, or Somalis, or Bosnians or Kosovars or, most recently, Afghans—the people we were defending were predominantly Muslim. And we helped them, not because they are Muslims, but because they are human beings.

The ideals of freedom and democracy have been the most powerful engines of change in the last 50 years, and should also give us hope for further development in the Muslim world.

One possible model for the aspirations of the Muslim world for democratic progress and prosperity can be found in a country that straddles the strategic crossroads between East and West—Turkey.

Indonesia, is another important example of a nation seeking to build a democratic government based on a culture of inclusion and participation, even in the face of severe economic obstacles. But, there is every reason to believe Indonesia, with its rich traditions and culture, can move forward.

We must also support countries in the Arab world like Morocco that are struggling to make progress. Although a monarchy, Morocco has held open elections for the parliament and is preparing to do so again. And in what may prove to be one of the most significant, though not well known—developments in the Muslim world today, the king of Morocco established a Royal Commission to reform the laws pertaining to women.

In Pakistan we see a country that has much further to go, but has possibly more at stake in this fight against terrorism than any other. No leader has taken greater risks, or faces more daunting challenges from within and without, than President Musharraf.

Jordan is another Muslim country that is making one of the largest contributions to the coalitions in Afghanistan, and its king, Abdullah, has courageously condemned terrorism in clear and heart-felt language.

Strikingly, even in a portion of Iraq—in the Kurdish-controlled areas in the North—we see an example of the kind of self-government Muslims can achieve. There, beyond the reach of the Baghdad regime, people are healthy and enjoy a level of prosperity that far surpasses the rest of Iraq. Even though this area is under the same sanctions as the rest of Iraq, its people are doing far better economically.

We must help these countries, but we must also reach out beyond governments, good ones as well as bad, to individuals as well. We must work to appeal to a broad population, as well as the voices struggling to rise above the din of extremism, voices that tell us the Islam of Muhammed is not the religion of bin Ladan and suicide bombers.

I am convinced that the vast majority of the world's Muslims have no use for the extreme doctrines espoused by groups such as al Qaeda or the Taliban. Very much to the contrary. They abhor terrorism. They abhor terrorists who have not only hijacked airplanes, but have attempted to hijack one of the world's great religions. They have absolutely no use for people who deny fundamental rights to women or who indoctrinate children with superstition and hatred.

This truth we know: that the single greatest threat to peace and freedom in our time is terrorism. So this truth we should also affirm: that the future does not belong to the terrorists. The future belongs to those who dream the oldest and noblest dream of all, the dream of peace and freedom.

When I was the Assistant Secretary of State for Far East Asia, my boss George Shultz referred me to an idea General Douglas MacArthur had expressed some 50 years ago. In words that are as true today as they were then, the man who had spent a great deal of his life as a warrior in Asia reminded America's lawmakers and diplomats that the most pressing issues are global issues, issues, in his words, "so interlocked that to consider the problems of one sector oblivious to those of another is but to court disaster for the whole. While Asia is commonly referred to as the Gateway to Europe," he said, "it is no less true that Europe is the Gateway to Asia, and the broad influence of the one cannot fail to have its impact on the other."

Implied in his statement, of course, is that what happens in both these regions affects the United States. In the very same way, what happens in the United States cannot fail to have its impact on Asia and Europe and indeed the rest of the world. It was no mistake that the World Trade Center, America's hub of economic activity, was a target last September. While the American market was damaged, shock waves were felt throughout the world. Especially here in Asia, the effects linger still. Quite literally then, an attack on one, is an attack on us all.

I have spent a good deal of my career, some 20 years, thinking about this region; I've been fortunate to work with leaders who have been accustomed to gaze across the vast Pacific and think about what lay beyond the horizon. And my experiences have convinced me that East and West share common ground that only continues to grow. It is on this ground we can build the ancient dreams of peace and prosperity, safety and security that we share. Working together—in the war against terror and to strengthen security in this vitally important region—we can ensure that the peace that the Pacific region enjoys today can be preserved for future generations.

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MEDIA RELEASE

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EMBARGOED TILL AFTER DELIVERY

ADDRESS BY SENIOR MINISTER LEE KUAN YEW AT THE 1ST INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES ASIA SECURITY CONFERENCE ON FRIDAY, 31 MAY 2002 AT SHANGRILA HOTEL

THE EAST ASIAN STRATEGIC BALANCE AFTER 9/11

Had this conference been held a year ago, US-China relations would have dominated our discussions. They are still central to the East Asia strategic balance. As a rising power, China cannot be expected to acquiesce in the *status quo* if it is against its interests. As the pre-eminent global power, US interest is in the preservation of the *status quo*. This fundamental difference of interests cannot be wished away.

To be sure, China is no longer revolutionary and the US has never been reactionary. Conflict is not inevitable. The Bush administration came to office with a more hardheaded and sceptical approach towards China than its predecessors. So on 1 April 2001 when a Chinese fighter collided with an American surveillance aircraft over the South China Sea, we in the region braced ourselves. When the situation was resolved, we heaved a sigh of relief.

All this now seems distant. The terrorist attacks of 11 September 2001 have re-ordered priorities and muted great power frictions.

The anti-terrorism campaign focussed greater attention on Afghanistan, South and Central Asia and the Middle East. The US needed China's acquiescence, if not active support, in its global anti-terrorism war. The differences within the Bush administration on how to deal with China have been deferred. A more restrained approach towards China has accentuated the positive in the relationship.

On its part, China has been acutely aware of its own shortcomings. Its priorities are the succession in the leadership next year and the social, economic and political challenges facing this new generation of leaders arising from its WTO membership. The Chinese are clearly uncomfortable with US unilateralism. It is wary of the US entrenching itself in Central Asia, and is deeply suspicious of Japan's broader interpretation of US-Japan Defence Guidelines in support of US military operations. But China has chosen to be silent.

The crucial issue between US-China is Taiwan. To "lose" Taiwan by its going independent will be unbearable for China. While the Bush administration is sympathetic to Taiwan, it does not support Taiwanese independence. President Bush himself has not subscribed to some of the hardline views articulated in his administration. He wants stable relations with China so that US business can participate in China's growth. For the present, China is drawing confidence from its fast growing economy that is shifting long-term trends in its favour. Taiwan's massive investments in China will continue for many years. Several hundred thousand Taiwanese, including their families, are now permanent residents in Shanghai, Kunshan, Xiamen and other coastal cities. If China can continue this growth, its ever larger economy will be a powerful factor in cross-strait relations. China needs peace to grow and to prepare for the 2008 Olympics in Beijing. It will be a major coming out party for the China of the 21st Century.

The competition for economic and diplomatic influence has started. Last year China proposed an FTA with ASEAN within ten years with early harvesting so that benefits can be reaped early. Japan has called for a Closer Economic Partnership with ASEAN. This is healthy competition. For now, the US-China-Japan strategic balance that underpins East Asian growth is stable.

Terrorism: Immediate Security Threat

However the immediate threats to security in the region are not state-related tensions or dangers of conflicts. These threats come from non-state terrorist Islamic groups. We discovered from interrogation of detained terrorists after 9/11 that these groups have been building up since the early 1990s. Hundreds of Muslims from the region have returned home after fighting with Al-Qaeda and the Taliban forces in Afghanistan. The leaders among them have started their indigenous Al-Qaeda-like groups in Indonesia, Malaysia, the Philippines and, hard to believe, also in Singapore to overthrow these governments and set up an Islamic state.

When Indonesia ran into an Asian financial crisis, the Clinton administration sought 'discontinuity' in Suharto's regime to promote reform. When it became evident that the consequences of 'discontinuity' were too complex to handle, it declared a victory for 'democracy' and human rights after the Indonesian elections in 1999. Since then Indonesians have endured more than three years of political, economic and social turmoil. The end is not in sight.

There are more than 230 million Muslims in Southeast Asia. Nearly all were tolerant and easy to live with. The majority of the 200 million Indonesian Muslims were *abangans*, Muslims who have fused Islam with Buddhism, Hinduism and other beliefs. They were not the intense and strict Muslims of the Arabs in the Middle East.

We were aware that the nature of Islam in Southeast Asia has been changing over the last 30 years. First and foremost, after the price of oil quadrupled in 1973, Saudi Arabia has generously financed the Dakwa (missionary) movement by building mosques and religious schools (madrasahs) and paying for preachers (ulamas) throughout the world, spreading the teachings and practices of its austere version of Wahabist Islam. Next, the overthrow of the Shah in Iran in 1979 in a revolution led by Islamic clerics, has had a profound impact on Muslim beliefs in Islam's power. Finally the participation of large

numbers of Southeast Asian Muslims in the *jihad* in Afghanistan during the 1980s and the 1990s, has radicalised significant numbers of the Southeast Asian Muslims.

Over the last three decades, as part of a world-wide trend, Muslims in the region, including Singapore, are becoming stricter in their dress, diet, religious observances, and even social interaction, especially with non-Muslims. Increasingly Muslim women will not shake hands with males. The generation of convivial and easy-to-get-along-with Muslim leaders in the region has given way to successors who observe a stricter Islamic code of conduct. My original concern was over the growing separateness of our Muslim community, as Singaporean Muslims tended to centre their social and extra-mural activities in their mosques, instead of in multi-racial community clubs. What came as a shock was that this heightened religiosity facilitated Muslim terror groups linked to Al-Qaeda to recruit Singapore Muslims into their network.

When Al-Qaeda became big news after September 11, a Singaporean Muslim informed Singapore's Internal Security Department (ISD) that Muhammad Aslam bin Yar Ali Khan, a Singaporean of Pakistani descent, had links with Al-Qaeda. The ISD immediately put him and his associates under surveillance. On October 4, Aslam left suddenly for Afghanistan. The police did not stop him because they were hot on the trail of his associates. On November 29, a foreign intelligence agency told the ISD that a Singaporean named Aslam had been detained by the Northern Alliance. Before the story leaked widely and Aslam's associates could abscond, ISD arrested 15 of them. Interrogation and examination of their computer hard disks and video compact discs revealed they were targeting US assets in Singapore. Thirteen of those arrested are members of Jemaah Islamiah (JI), a terrorist network based in Indonesia that also spans Malaysia, the Philippines and Singapore. Some 20 members escaped and have fled, first to Malaysia and now probably in Indonesia.

After the arrests a friendly intelligence agency gave the ISD a videotape found in the Afghanistan home of Muhammad Atef, Osama bin Laden's second-in-command, who was reportedly killed in air strikes outside of Kabul. This videotape is of Singapore's Yishun subway station and the shuttle buses that ferry US military personnel to it with a commentary in English by one of the plotters on how it can be bombed. Other video tapes recovered from their homes in Singapore cased the US embassy, the UK and Australian high commissions next to it, the Israeli embassy and other American targets.

ISD information enabled Philippine intelligence in Manila to arrest Fathur Rohman Al Ghozi, an Indonesian and key Al-Qaeda member operating from the Philippines. He was one of two foreign handlers of the Singapore JI cells. A bombmaker, he had in his possession more than a ton of TNT, hundreds of detonators and more than a mile of detonating cord. The other foreign handler was a Canadian national of Kuwaiti descent whom we have identified.

Yazid Sufaat, a Malaysian and another important Al-Qaeda-linked operative, had already obtained and stored 4 tons of ammonium nitrate in a Malaysian town 100 miles north of Singapore. Sufaat had housed two of the September 11 bombers in Kuala Lumpur when they were en route to America for the attacks. The two handlers asked the Singaporeans to purchase another 17 tons of nitrate, to bring the total to 21 tons, for seven bombs – each bigger than the size of the Oklahoma City bomb. When all was ready, the two handlers were to assemble seven truck bombs and direct where they were to be placed and detonated simultaneously. (They knew that after one explosion, security would be tightened.) Had they succeeded, they would have caused many American and Singaporean casualties and horrendous damage.

Interrogation disclosed that Abu Bakar Baasyir, the leader of the Indonesian Mujahideen Council in Indonesia, was the overall leader of the JI organisation which covered both Malaysia and Singapore. He was a member of *Darul Islam* which aimed at the violent establishment of an Islamic state in

Indonesia since the late 1940s. He was in Malaysia for 14 years to avoid detention by the Suharto government and returned in 1999 after Suharto fell from power.

Baasyir's right-hand man, Hambali, an Indonesian, wanted by Malaysia and Singapore governments for personally directing terror groups in both countries is now missing.

Osama bin Laden has successfully twined together a broad range of local groups, each with its own history of struggle for its own objectives, into a common universal jihad against the enemies of Islam. In the region, the groups include the Moro Islamic Liberation Front (MILF), Abu Sayaff (ASY), Kumpulan Mujahideen Malaysia (KMM) and Jemaah Islamiyah (JI). Al-Qaeda has co-opted them into a larger common jihad. For example, JI's original agenda was an Islamic Indonesia. When the leaders like Hambali returned from the Afghan battleground after training with Al-Qaeda, their ambition expanded to an Islamic archipelago, *Dauliah Islam Nusantara*, to include Malaysia, Southern Philippines and Singapore into a larger Islamic Indonesia.

What drove these Singaporean Muslims to support such goals? None complained about racial or religious discrimination. All were educated in our English language schools, held steady jobs and owned their homes. All said they had nothing against Singapore. Their target was the US and their aim to Islamise the region. If in the process innocent Singaporeans, including Muslims, had to die, it could not be helped. What motivated them was a shared ideology of universal *jihad*. The leader, a charismatic preacher, Ibrahim Maidin, a security manager of a condominium, is unrepentant and defiant under detention, very much like the Al-Qaeda captives the Americans are interrogating in Cuba. He told the judge who reviewed his case that he failed only because: "Allah did not will the attack to happen and pre-destination cannot be over-ridden." These are religious fanatics.

We have disrupted their network in Singapore. But the key leaders are at large in the region. They were initially inspired by the war in Afghanistan. Now without Afghanistan, they use Ambon in the Malukus as the new battleground. One Singaporean JI member was taken to Ambon for his baptism of fire by standing guard while Laskar Jihad militia fought and killed Christians. Two Singapore JI members, who were of lighter skin colour, were used to pass off as Christians and bombed two churches in Batam, Indonesia, 20 miles south of Singapore. Others were given sniper, other weapons and unarmed combat training in Malaysia. Their ability to train and procure arms across the region showed that they have become operationally independent of Al-Qaeda. What they have done in Singapore can be repeated elsewhere. To counter terrorists who operate freely across borders, there has to be close co-operation between states.

A Muslim terrorist is more potent operating transnationally than a communist terrorist. Malayan communists (which included Singaporeans) would not put their lives in the hands of Indonesian or Vietnamese communists. An obstacle to co-operation between communists, was ethnicity and nationalism. But Al-Qaeda and similar Muslim terrorists share a deeply-felt sense of Islamic brotherhood that transcends ethnicity and national boundaries.

Militant Islam feeds upon the insecurities and alienation that globalisation generates among the less successful. And because globalisation is largely US-led and driven, militant Islam identifies America and Americans as the threat to Islam. That America steadfastly supports Israel aggravates the ^{ir} sense of threat. But terrorism would continue even were the Middle East problem to be solved. Osama bin Laden's and Al-Qaeda's principal objective is to get American forces out of Saudi Arabia. This Islamic terrorism has been brewing since the 1970s and cannot be taken off the boil easily or soon. The war against terrorism will be long and arduous. Terrorists, the existence of weapons of mass destruction, and the continuing Israeli-Palestinian conflict will be threats for many years.

It is necessary to emphasise that the war against terrorism is not a war against Islam. The majority of Muslims have nothing to do with terrorism or extremism. However, militant terrorists groups have hijacked Islam as their driving force and have given it a virulent twist. Throughout the Muslim world, the militants are out to impose their version of Islam. The majority of Muslims who are moderates are caught in between (1) their sympathy for and identification with the Palestinians and anger against the Israelis, and (2) their desire for a peaceful life of growth and progress. To resolve the problem of terrorism, the US and others must support the tolerant non-militant Muslims so that they will prevail.

In this respect Indonesia faces the most difficult challenge. When Suharto was removed, the centralised system of government he presided over unravelled. Fundamental issues are being contested in a democratic process less than three years old.

Whatever their personal beliefs, Indonesian Muslim leaders now vie for the support of militant Islamic groups to garner votes in the 2004 Presidential elections. At stake is the future of the new Indonesia.

One key institution to hold Indonesia together is the TNI. Its mission since the founding of the state is to keep Indonesia secular, a pancasila state that stays united. The police is not equipped for this task. Despite all its shortcomings, the Indonesian military is still led by a nationalist, not an Islamic, officer corps. It is one of the few national institutions capable of holding together a sprawling country facing centrifugal pressures. But after the 1999 East Timor debacle, the Indonesian military has been denigrated and is only slowly recovering its morale. If the US does not re-engage the TNI and help it reform itself, a young newly elected government will not have an effective institution to support its policies. The stability of Indonesia is crucial to the future of the region and the strategic balance in East Asia.

WELCOMING REMARKS BY CHAIRMAN, ASEAN-ISIS

Dr. Vu Duong Huan
Director-General
IIR Vietnam

*The Honorable Dato' Seri Abdullah Haji Ahmad Badawi, Deputy
Prime Minister and Minister of Home Affairs, Malaysia*

Tan Sri Dr. Noordin Sopiee, Chairman and CEO, ISIS Malaysia

Distinguished Guests,

Ladies and Gentlemen,

On behalf of the ASEAN-ISIS, I would like to warmly welcome all the participants to the 16th Asia Pacific Roundtable. We are indeed very delighted to have the participation of such a big group of well-known scholars, policy leaders and specialists from around the region. Your presence and intellectual inputs will no doubt make our conference a big success.

This year, the Asia Pacific Roundtable is taking place amidst momentous and sweeping changes in the world and in the region. The horrible event of Sep.11 in the United States last year and its aftermath have not only shaken the United States, but also the world at large.

International terrorism is not new phenomenon in the Asia Pacific region and especially in South East Asia. Countries in the region have long suffered from the threat of terrorism. The event of Sep.11 in the United States has further underlined the urgency of the widespread threat of



terrorism and the need to address its root causes. This requires concerted efforts of countries in the region and in the world.

As reflected in the program for this year's conference, while terrorism becomes the primary focus, we will look into various other important issues for the region such as the threat of transnational crime, the future of the ARF, the role of media, or the broad question of the relations between Islam and the West.

All of these issues are complex and difficult. But I believe that our discussion in the days ahead will shed more light and give more insights on the issues and topics for this year's conference.

I would like to place on record our appreciation for the substantive support given by the Southeast Asia Regional Program of CIDA to several ASEAN-ISIS initiatives including this Roundtable. I would also like to thank the University of British Columbia, specifically Prof. Paul Evans and his colleagues for their assistance.

And now, with great honor and pleasure, I would like to invite the Honorable Dato' Seri Abdullah Haji Ahmad Badawi, Deputy Prime Minister and Minister of Home Affairs, Malaysia to deliver the Keynote Address.



"Perspectives on the Multilateral Security Cooperation in the Asia-Pacific Region"

by Mr. Gen Nakatani
Minister of State for Defense ;
Director-General, Japan Defense Agency

1 Opening Remarks

Ladies and gentlemen, I am honored to have this opportunity to address the IISS Asia Security Conference. I would like to express my gratitude to Dr. Chipman as well as the members of this panel and the IISS for inviting me to this conference.

Last year was the first year of the 21st century. We all hoped that in the new century, the world would be a more stable and peaceful place. But a horrifying and unforgivable act of terrorism was conducted on September 11 last year. I would like first to express my deepest condolences to those who have lost lives by and suffered from the terrorist attack.

On the other hand, we have seen an epoch-making movement suitable for a new century. That is what we have seen in Europe, where countries are engaged in a historical project to remove the walls of "states," which have been sources of conflict and confrontation in our recent history. The movement has come so far as to achieve monetary unification. In my view, the very basis of the success of such efforts is the existence of highly stable security environment in the region. Such environment was made possible through long and hard historical development, in which people in the region who longed for peace and stability made every kind of effort. Particularly important was the role of multilateral security system both during and after the Cold War.

A multilateral mechanism of arms control and disarmament was structured in Europe, by which force level was reduced throughout the region, mainly in the area of conventional weapons. Furthermore, multilateral security mechanism that existed was strengthened, and was made multi-fold. Such effort enhanced the function of conflict prevention, crisis management and peace-keeping, thus enabling today's European prosperity.

Of course, the situation in Asia is not completely comparable to that of Europe, and therefore experience in Europe should not be directly applied to Asia. Nevertheless, it is our important challenge today to explore ways to establish basis for robust security environment and to bring about peace and stability in the Asia-Pacific region. And in doing so, we may draw lessons from European experience, while duly taking into consideration the uniqueness of this region.

Today, I would like to express my views on multilateral security in the Asia-Pacific region.

2 Current Security Environment of the Asia-Pacific Region

Compared to Europe, we have not observed in the Asia-Pacific region a dramatic change in the regional security structure. This is due to the geographical and historical diversity among the countries, with security views of each country being so different.

The countries in this region, under various religions, have followed different

histories, with their own traditional and cultural backgrounds having distinctive goodness of each. Such diversity in the region creates dynamism, contributing to the development and prosperity of the area. We should be proud of such diversity, and we should maintain that toward the future. And I believe we have universal consensus in the region that, in order to do so, nothing is more important than securing peace, stability and prosperity. The regional diversity, after all, could only be preserved through maintaining peace and stability.

For such reason, there is recently a heightened interest in regional security in the Asia-Pacific region. There has been an increase in bilateral defense exchanges and multilateral security dialogues, with the purpose of promoting mutual confidence building.

3 Engaging in the Multilateral Security Cooperation

(1) I would like to point out what I believe are some of the key points in examining the approach toward multilateral security in the Asia-Pacific region.

First, with increased globalization and interdependence among countries, nations are being forced to deal with security issues in a regional context rather than as a concern for individual countries.

As I mentioned previously, there is an active exchange between defense authorities in the Asia-Pacific region for the purpose of enhancing confidence building. The Japan Defense Agency is an active participant in such defense exchanges and security dialogues. We have hosted "The Forum for Defense Authorities in the

Asia-Pacific region (Tokyo Defense Forum)" every year since 1996 to discuss regional security concerns with director and deputy-director-level officials in charge of defense policy in this region, and we have already had six such meetings so far. At last year's meeting, participants from nineteen countries and one organization exchanged opinions on such issues as the diversified roles of the military.

We have a famous saying, "Seeing is believing." I believe such defense exchanges and security dialogues have contributed to lessening the mutual distrust in the region and fostered a cooperative work atmosphere. It is about time to bring together the results of the past exchanges on a regional level.

Therefore, there is an increased necessity to structure a multilateral security framework participated by the defense authorities of each country which are directly involved in and responsible for maintaining peace and stability of the region.

At the moment, we have the ASEAN Regional Forum as a multilateral security framework in this region. The ARF has played a major role as the only region-wide forum for security dialogue in the Asia-Pacific region. I find particular importance in the fact that defense authorities are taking part here, and I would like to express my sincere respect to those who worked energetically to establish and develop the Forum.

However, the ARF still remains a place for dialogues, and the role of the defense authorities has been limited. It is our responsibility to assure the peace and security of the region, and with that regard we must make an enduring effort to that goal. From such respect, I think we must either expand ARF or take a step forward using ARF as a springboard.

(2) Second, we must pay attention to the diversified roles of the military. As I have mentioned already, this issue was discussed at the Tokyo Defense Forum last year. The military forces ought to be not only engaged in defending "against" threats but in actively working "for" the peace and stability of this region. In other words, the role of the military is extending into such areas as "policing of regional security order," adding to the traditional "national defense." This role, as you know, is commonly known as "Military Operations other than War (MOOTW)." With this new role, the value the military organizations must pursue is also extending from "the national interest" to "common interest of the regional and international society."

Under these circumstances, operations such as peace-keeping and disaster relief have gained more importance. In this regard, Japan sent approximately 700 Self Defense Forces men and women as an engineering unit to East Timor. We must also realize that the weight of the activities to assist measures to combat piracy, narcotics, and terrorism are increasing in terms of policing the regional security order. These are the areas where consensus for collective effort could be reached relatively easily, both because cooperation among the countries in the region is effective to solve problems, and because countries share common interests. Therefore, cooperation among defense authorities of each country is extremely vital.

4 Proposals

Based on what I have stated so far, I would like to make two proposals regarding the efforts to be made by defense authorities.

First, I would like to propose to seriously study the possibility of a framework for dialogues among the defense authorities within Asia-Pacific region to discuss regional security circumstances, the defense policies of the individual countries, as well as arms control and disarmament issues to better fulfill our responsibility for peace and security of the region as a whole. One idea might be to extend conferences like this one, and regularize them into a multilateral security framework consisting of defense authorities, under the name of "The Asia-Pacific Defense Ministerial Meeting," for instance. I would hope that every country in the region would participate in this framework on an equal footing.

I also propose we should study the possibility of concrete cooperation among defense authorities in activities such as peacekeeping operations, maritime search & rescue, and large-scale disaster relief as well as activities against piracy, narcotics, and terrorism. I acknowledge, however, that every country has different perspectives, and therefore, I think it would be realistic to create first a mechanism for cooperation in the area such as information sharing and then in the future to move to establishing a unit for joint actions to cope with the issues I have just named. Such is my sincere hope. What steps to take to establish such a mechanism would be on the list of important issues to be discussed at "the Asia-Pacific Defense Ministerial Meeting," I am proposing.

Some of you might be wondering "How does such idea go along with US commitment in the region? Doesn't it under-estimate the importance of the American

presence?" I don't think that is true. I believe the proposed multilateral framework would supplement some shortcomings of existing multilateral security frameworks, and also would complement and reinforce in a multi-fold manner the current important role of maintaining regional peace and stability played by bilateral alliances with the US and by American presence. US commitment is vital not only for the defense of my country, but also for the stability of the region.

5 Closing Remarks

Those of us present here today know that to better ensure peace and security is not an easy task. It would be more so in this region where effort to build common security basis has just begun. However, as ministers and secretaries who are responsible for managing military forces, we all understand the degree of tragedy and misery which will be brought about by the collapse of peace and stability. Those who gathered here are the ones who have to stand up to meet these challenges patiently and vigorously, no matter how great the problems to be overcome may be.

Finally, I would like to mention a few words regarding the recent situations between India and Pakistan. The tension between the two countries is further mounting. The international society is calling upon both countries to show restraint and to start dialogues. I sincerely hope the leaders of both countries will listen to the voice of the international society, asking them to ease their strained relations, and will work toward an early settlement of the tension between both countries.

In conclusion, I would like to express my sincere appreciation for this

opportunity to attend this conference, where defense ministers and secretaries and other leaders of the respective countries in the region are together for discussion. Our discussions were fruitful, and the first thing that is needed is to continue to have this kind of opportunity in the future. And I strongly hope that active and meaningful effort will be made on various regional security issues including the two points I have just proposed today. Thank you very much for your kind attention.



The Strategic and Defence Studies Centre (SDSC) at the Australian National University

is pleased to announce the publication of

SMALL ARMS PRODUCTION AND TRANSFERS IN SOUTHEAST ASIA

By David Capie

“Small Arms Production and Transfers in Southeast Asia” is the first monograph to offer a comprehensive analysis of production and transfers (both licit and illicit) of small arms and light weapons in all ten ASEAN states. It includes:

- Data on historical and current production of small arms and light weapons in ASEAN states.
- Known exports of arms by regional producers (including the export of the rights for licensed production).
- Imports of small arms by ASEAN states from extra-regional suppliers.
- An overview of patterns of grey market (covert) and black market transfers of small arms and light weapons in Southeast Asia.

Copies of this new SDSC Canberra Paper can be ordered by contacting Anne Dowling, Strategic and Defence Studies Centre, Australian National University, Canberra, Australia, or by email: sdsc@anu.ed.au

David Capie is a Post-Doctoral Research Fellow in the Institute of International Relations at the University of British Columbia in Vancouver. He is the co-author (with Paul Evans) of *The Asia-Pacific Security Lexicon* (Institute of Southeast Asian Studies: Singapore, 2002)

Future brightens for Southeast Asian arms makers.

By Dan Eaton

624 words

28 May 2002

Reuters News

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BANGKOK, May 29 (Reuters) - Economic recovery and a reluctance to rely on traditional suppliers is breathing new life into Southeast Asia's flagging small arms industry, according to a new report.

Malaysia's decision last month to reopen the arms production operation of state-run Syarikat Malaysian Explosive (SME) marked the start of a trend toward boosting defence capabilities and autonomy in determining national security affairs.

The future of Southeast Asia's mainly loss-making state arms makers hung under a dark cloud as economically struggling countries sought to rationalise spending, according to "Small Arms Production and Transfers in Southeast Asia", published by the Australian National University this week.

But analysts say the September 11 attacks and the subsequent U.S.-led "war on terror" are boosting regional defence budgets and rekindling stalled military spending programmes.

"There are not many economically rational reasons for production of weapons by Association of South East Asian Nations (ASEAN) members, but there are other reasons why people would produce them," David Capie, the study's author, told Reuters in an interview in Bangkok.

"There is a tension between economic rationality and other motivations, like maintaining national autonomy or pork-barrel politics," said Capie, an expert on the small arms trade at the University of British Columbia in Canada.

"The thing since September 11 is that those other motivations are now trumping economic rationality and breathing new life into what was really an industry in decline."

While details of the economics of small arms production are closely guarded secrets in most states in the region, the report says production is costly and not usually economically viable.

"The flood of former-Soviet and eastern bloc small arms into the market and the need to import raw materials for ammunition production makes it extremely difficult for Southeast Asian products to compete internationally on price," the report says.

SME ammunition costs between five and 20 percent more per unit than similar products on the market, the report says.

"But regional governments are going to spend money on maintaining their production lines, even if they have to pay more than they would on the open market," said Capie.

"It shows that they want to maintain a production capability and reduce dependence on outside suppliers."

The study tracks the production of weapons in Southeast Asia over the past three decades. Previously, the region was dependent on guns and ammunition from Europe, China and the United States.

Today at least six ASEAN members - Malaysia, Myanmar, the Philippines, Singapore, Indonesia and Thailand - make small arms and are self-sufficient in small-calibre ammunition and ordnance.

But only Singapore Technologies, another government-owned company, has been able to tap into lucrative export markets in any significant way and join the ranks of internationally competitive defence industries.

Content

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After WW2**
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- **FDI**
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Internationalization of the World Economy

- Started with mercantilism
- Explorers from the then global powers went to the new world to seek economic wealth - they became colonizers
- Example: Spanish, Portuguese, French, British
- The United States took an indirect, but nevertheless very strong, political and economic links

Internationalization of the World Economy

- **These economic powers seek:**
 - raw materials to be used in the production in their home countries and
 - markets for their processed products
- **The world economy was characterized as a core and the periphery**
 - the core is the advanced countries (first world)
 - the periphery is the LDCs (third world)

The Changing World

- Growing economic interdependence of countries is seen in the changing system of global transaction
- Flows of goods, services and factors of production that link world regions of production and consumption
- Effects of recent economic and political events on economic links among major trading countries and region - fundamental restructuring of world industry, accompanied by globalization of production and services

Center of Global Economic Activities After WW2

1950 - late 1970s

- **Western World** **Soviet Block**

1980s

- **US dominance** **Japan emerging**
 EU firming up **demise of the Soviet**
 Block

Center of Global Economic Activities after WW2

1990s onwards

- US started with NAFTA and leading integration of the Americas
- EU has become a monetary union and emerging with the Eastern European economies
- East Asia - Japan, NICs, ASEAN, China and India. Asia has profited from the restructured international economy

Changing Trade and Economic Activities

- **Flow of trade** → **labor** → **services** →
capital → **technology** → **management**
- **Restructuring of industry: based on specialization**
 - global production network
 - global communication
 - standardized technology
 - global transportation

Growth of World Output and Trade 1970 -2001

- GDP grew by 812%
- Exports grew by 1820%

Annual growth rate:

- Real GDP grew by 5%
- Exports grew by 10%

Events that shaped the world economy

- Steady world output and trade growth until early 1970s
- Collapse of the Bretton Woods Agreement
 - end of monetary stability and fixed exchange rate
- Early 1970s saw a sudden rise in prices of industrial raw material particularly oil.
 - OPEC and Iranian revolution
 - collapse of commodity price stability

Events that shaped the world economy

- Global recession and spiralling inflation
- Ended international cooperation
- Higher cost of production in DCs
- Companies in DCs looked for lower cost production location - deindustrialization in north America and western Europe
- Spread of FDI, internationalization of manufacturing

Events that shaped the world economy

- Trade surge again after mid 1980s
- Plaza Accord in 1987 - to appreciate the Japanese yen
- Relocation of Japanese industries
- IT and communication revolution
- Countries become more interdependent: 25% of supplies of finished manufactures in Europe and the US are imported (5 times of the proportion 4 decades ago)
- Global financial integration - freer movement of capital

Channels for change

**The global economy was changed primarily
through two channels:**

- FDI**
- Trade liberalization**

FDI

Factors that drive FDI :

- to find a cheap production location
- to enter a protective market

Characteristics of FDI

- **Trade within firms and trade within industries (with suppliers)**
- **Trade in intermediate products - partially processed**
- **MNCs form alliances**
- **Locate production in a cluster**
- **Transport cost important: just-in-time production**
- **Meet world standards**

Sources of FDI

- **US, Japan, British, France and Germany MNCs dominant**
- **Small countries also have large MNCs - Nestle is from Switzerland, 98% of earnings from foreign operation and 95% of assets outside Switzerland**
- **Malaysia also has a MNC - Sime Darby**

Pros and Con of FDI

- Bring capital, technology and management skills
- Access to world export markets
- Global production network
- Generate employment and export revenue
- Minimal links with domestic economy
- Can relocate if conditions are unfavorable
- Needs incentives
- Influence on the economy

Trade liberalization

- To boost trade after WW2, established **General Agreement on Tariff and Trade (GATT)** in 1946
- Reduce barriers to trade through rounds of negotiations
- In 1995, GATT was replaced with **World Trade Organization (WTO)**

GATT Trade Rounds

Year	Place	Subjects	Countries
1947	Geneva	Tariffs	23
1949	Annecy	Tariffs	13
1951	Torquay	Tariffs	38
1956	Geneva	Tariffs	26

GATT Trade Rounds

Year	Place	Subjects	countries
1960-1961	(Dillion Round)	Tariffs	26
1964-1967	(Kennedy Round)	Tariffs & anti-dumping	62
1973-1979	Tokyo Round	Tariffs, non-tariffs & framework agreements	102
1986-1993	Uruguay Round	Tariffs, non-tariffs, rules, services, IPR, dispute settlement, textiles, agriculture etc	123

Tariff Reductions

Average tariff levels

- 1947 when GATT was formed : 38%
- 1962 pre-Kennedy: 17%
- 1972 post-Kennedy: 9%
- 1987 post-Tokyo: 6%
- 1994 post-Uruguay Round : 4%

Conclusion

**The liberalized and integrated
international financial system will shape
the new global economy**

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**INTERNATIONAL POLITICS AND ECONOMICS FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS II**

14 January 2002 – 27 January 2002

Cititel (Mid Valley), Kuala Lumpur

**POLITICS AND SECURITY IN THE ASIA PACIFIC
REGION**

by

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Organised by

**International Institute of Public Policy and Management
(INPUMA)
University of Malaya**

Sponsored by

**Japan International Cooperation Agency (JICA)
Economic Planning Unit, Prime Minister's Department (EPU)**



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Regionalism and Globalism in Asia Pacific: The Interplay of Economy, Security and Politics

Joseph A. Camilleri

International Studies Association

41st Annual Convention
Los Angeles, CA
March 14-18, 2000

Fashionable though it has become, regionalism remains a multidimensional, ambiguous and highly elusive concept, which can obscure as much as clarify the modalities and implications of functional and institutional interaction. One of the more helpful theoretical expositions is that offered by Andrew Hurrell who subdivides the notion of regionalism into five categories: regionalization, regional awareness and identity, regional inter-state co-operation, state-promoted regional integration, and regional cohesion (Hurrell 1995, 37-73). By endowing each category with distinctive meaning and content, he is able to retain the richness and complexity of the concept, while highlighting the diverse and at times contradictory pressures to which it is invariably subjected in practice. Given that the third and fourth categories are closely connected in that they both focus on the role of the state, the intention here is to conflate them into one category, the emphasis being on the negotiation and development of inter-state agreements, régimes and institutions. As for the fifth category, it may be more helpful to postpone consideration of the potential for regional cohesion to a later stage, since it represents the combined impact of the other four categories. To these three categories borrowed from Hurrell's analytical framework a fourth will be added, which specifically draws attention to the emergence of dual-track diplomacy, foreshadowing the subsequent and more detailed discussion of the contribution of non-state actors and civil society more generally to the processes of regionalization.

Though regionalism clearly lends itself to comparative analysis, care must be taken to avoid the trap of assessing Asia-Pacific regionalism purely in terms of the European experience. Here it may be useful to distinguish between *de jure* integration which has made considerable headway in Western Europe and *de facto* integration which is perhaps more attuned to the circumstances of Asia Pacific. It is also well to remember that integrative processes in each of the three sub-regions are likely to proceed at a different pace, assume different forms, and have differential, even contradictory effects on the region as a whole.

Regionalization

Hurrell uses the term 'regionalization' to refer to the complex network of flows across state boundaries, involving the movement of goods and services, capital, technology, information and people. He lays particular stress on the role of markets and private economic actors, including transnational firms and regional business networks, in establishing higher levels of economic specialization and interdependence within a given geographical region. Trade and investment flows, international mergers and takeovers, and regional production alliances are seen as key indicators of regionalization. Trade is perhaps the most striking manifestation of Asia-Pacific economic regionalization. Intra-Asian trade now accounts for

about 45 per cent of East Asia's total trade.

Between 1980 and 1992 Asia's share of exports originating in Asian newly industrializing economies NIES: rose from 32.2 per cent to 43.5 percent. During the same period the comparable share for the ASEAN countries fell slightly, but rose sharply for China from 52.9 per cent to 70.3 per cent, and the United States from 21.2 per cent to 26.3 per cent (Katzenstein 1996, 126). In the case of China, the last few years have seen much higher levels of economic interaction with the rest of Asia. Sino-Japanese trade reached \$39 billion in 1993. Japan was now China's largest trading partner, while China was Japan's second largest trading partner. Hong Kong, Taiwan, South Korea, Singapore and Thailand are now also among China's top ten trading partners. Bilateral trade between China and Taiwan increased from \$77 million in 1979 to \$14.4 billion in 1993. According to one estimate, South Korea will displace Japan as China's largest trading partner by the end of the century, with bilateral trade expected to rise from \$11.7 billion in 1994 to \$56 billion in the space of six years (Hu 1996, 45-46).

The regional concentration of trade is but one of several indicators. Of particular significance has been the accelerated relocation of Japanese production in different parts of Asia, thereby establishing Japan as "the undisputed leader in Asia in terms of technology, capital goods and economic aid" (Katzenstein 1996, 128). Having achieved a secure foothold in Korea and Taiwan, Japan has since rapidly expanded its stake in the ASEAN economies, and is now developing a substantial presence in China and Indochina. In each case Japanese firms have taken advantage of lower labour costs and highly favourable fiscal and other regulatory conditions to meet the growing demand for producer and consumer goods in these countries. Another important factor contributing to regional economic integration has been the economic growth of 'Greater China', with overseas Chinese currently accounting for nearly four-fifths of direct foreign investment in the PRC. To give but one example, the four Special Economic Zones in Guangdong and Fujian have become increasingly enmeshed with the economies of Hong Kong, Macau, Taiwan and the Chinese business communities of Southeast Asia. China is now the third largest recipient of foreign investment from Hong Kong, Taiwan, South Korea, Singapore and Thailand. The interpenetration of national economies is also stimulated by the exponential growth of financial flows across national boundaries, coupled with the increasing dominance of intra-company as a proportion of bilateral trade. Intra-company trade currently accounts for nearly four-fifths of Japan's total exports and half of its imports (Encarnation 1994, 2). Complementing and reinforcing these transnational production structures is the emergence of such regional economic zones as the Johor - Singapore - Riau growth triangle, the Indonesia-Malaysia-Thailand Growth Triangle, the East Asia Growth Area, the Southern China growth triangle, and the Tumen River Delta Economic Zone (Thant, Tang and Kakaza 1995; Jordon and Khanna 1995, 433-462). Finally mention must be made of the increasing mobility of labour, with the strongly performing economies of the region attracting large numbers of legal and illegal immigrants. There are nevertheless clear limits to the extent, intensity and efficiency of these economic and functional linkages. There are many states (Cambodia, Laos, North Korea, several of the Pacific island states) and many areas within states (eg. non-coastal areas of China, parts of Burma and the Russian Far East), where these linkages are non-existent or at best tenuous. Moreover, many of the linkages which are said to contribute to regional interdependence (eg. Japan-ASEAN trade and investment flows) are acutely asymmetrical, and to that extent likely to promote social and political tensions both within and across national boundaries.

Regional Identity

Notwithstanding these unmistakable asymmetries and the domestic fissiparous tendencies which they mirror and reinforce, regionalization in Asia Pacific is also reflected in the development of a wide range of transnational flows and social networks. This trend is still very much at an embryonic stage, but there is enough evidence to suggest the emergence of new forms of identity, or at least new attitudes and perceptions, which bypass but also influence the conscious policies of existing territorially defined states.

For observers wedded to a Eurocentric perspective, national differences still seem pervasive. A case in point are the sharp tensions that still separate Japan from many of its neighbours, notably Korea and

China for whom Japanese aggression and brutality in the Second World War remain a major source of friction. According to Aaron Friedberg, Asian nationalism rooted firstly in ethnic and racial differences is "a reflection of the region's diversity, its geographical dispersal, its troubled past and its lack to date of the soothing interconnections that have existed for some time in Western Europe (Friedberg 1993/94, 17). Numerous conflicts over the delineation of land frontiers or maritime boundaries, and disputed control over newly discovered natural resources are portrayed as the geopolitical or geoeconomic expression of deeper national animosities. History is itself a subject of disagreement, with different Asian societies (eg. China and Japan) intent on reconstructing the past in ways which serve national purposes and accentuate the national divide. The extreme sensitivity surrounding such issues as the content of history textbooks and the commemoration of past wars is seen as evidence of the absence of cultural affinities. A sharp contrast is thus drawn between Europe where "political similarities are supported by rough cultural unity", and the Pacific where "the similarities are barely skin deep" (Segal 1993, 179-181).

In recent years an opposing view has emerged highlighting the signs of a growing Asian identity, with frequent references to such notions as 'Asian values' (Zakaria 1994; Kausikan 1993), the 'Pacific Way' (Mahbubani 1995), and an Asian 'strategic culture'. Exponents of the Asian identity thesis have tended to reaffirm the principles of sovereignty and non-interference in inter-state relations, to challenge universalist claims of human rights, and to emphasise instead duties and obligations, respect for authority, and forms of economic and political organization which privilege social harmony and family and kinship ties. It is doubtful, however, whether this social cosmology, sometimes labelled as Confucian, accurately reflects the diversity of Asia's religious and cultural traditions, let alone the much wider cultural net which encompasses Australia, New Zealand, Canada and the United States.

There is reason, then, to question the facile formulations which depict the region as either culturally cohesive or hopelessly fragmented. A more plausible assessment is of a region which, though incorporating a great many ethical and normative influences, is nevertheless, by dint of increasing social and economic interaction, developing a heightened sense of common interests, perhaps common destinies. Contributing to this outcome is the consumerist culture of middle-class capitalism, coupled with the homogenizing impact of economic regionalization and globalization, and as a consequence of this an emerging cultural and political discourse which, though it cannot always reconcile differences, must in practice negotiate agreements across a wide range of issues, including trade, human rights, security and environment.

Inter-State Agreements, Regimes and Institutions

In the course of the last fifty years Asia Pacific has witnessed a great deal of regionalist activity involving the negotiation and implementation of interstate norms, agreements and régimes. Even during the Cold War cooperative arrangements flourished on many fronts, although it is true that political and strategic cooperation was shaped largely by the dictates of ideological bipolarity, hence the proliferation of bilateral and multilateral alliances and security arrangements (eg. US-Japan alliance, ANZUS treaty, Sino-Soviet alliance, Southeast Asian Treaty Organization) within which the United States and to a lesser extent the Soviet Union exercised a hegemonic role. US hegemony was generally more solidly grounded for it rested on a number of economic arrangements reflecting in different forms and to varying degrees American preeminence within the world economy. By the same token, whereas a number of organizations established between 1945 and 1975 bore the imprimatur of the United States or had as their primary focus the containment of communism (eg. Far Eastern Commission and Allied Council for Japan, Asian Development Bank, Asian and Pacific Council), a great many other organizations were much less constrained either by the logic of Cold War antagonisms or the primacy of US strategic interests. Some institutional arrangements were directly or indirectly created by the United Nations (eg. Economic Commission for Asia and the Far East, Asia-Pacific Institute for Broadcasting Development), while others resulted primarily from the initiatives of Japan (eg. Asian Productivity Organization, Asia Pacific Parliamentary Union, Ministerial Conference for the Economic Development of Southeast Asia), Australia (eg. Colombo Plan, South Pacific Commission, Central Banks of Southeast Asia, Australia and New Zealand), or one or more Southeast Asian states (eg. Asia-Pacific Postal Union,

Association of Southeast Asia, Association for Science Cooperation in Asia, Cultural and Social Center for the Asia and Pacific Region). To a greater or lesser extent, most of the organizations created during the 1950s and 1960s were subject to a number of limitations: *geographical* (ie. they were confined to a particular sub-region), *temporal* (ie. they operated over a relatively short timespan), *functional* (ie. their responsibilities extended to the performance of a few technical tasks), *ideological* (ie. they were designed to promote the interests or worldviews of a particular camp and were therefore *exclusivist* in membership). While they contributed to the development of regional diplomacy and a culture of technical and economic cooperation, it was only after the end of the Vietnam war and the decline of the Cold War rivalries, that the institutionalization of norms would gather pace over the entire Asia-Pacific region and across the spectrum of issues.

The 1970s are best characterized as a period of transition, during which ASEAN gradually assumed a pivotal role in regional institution-building. Though formed in 1967 with the express purpose of promoting active collaboration and mutual assistance in the economic, social, cultural, technical, scientific and administrative fields, ASEAN would over time develop a comprehensive security framework which Michael Leifer has aptly described as an institutionalized vehicle 'for intra-mural conflict avoidance and management' on the one hand, and 'extra-mural management of order' on the other (Leifer 1995, 132-133). When the Bangkok Declaration was signed in August 1967, it could be argued that there was little binding together the five founding members of ASEAN except a common desire to contain threats to internal security, normally associated with the activities of revolutionary or secessionist movements. Anti-communism was perhaps the ideological glue which helped to cement an otherwise disparate group of states, whose elites were often suspicious of each other's intentions and until recently embroiled in serious territorial and other diplomatic disputes.

Partly in response to but also in anticipation of the decline of Cold War rivalries, ASEAN's conception of regional security cooperation gradually assumed a more encompassing perspective, with greater emphasis on uncertainties rather than external threats, and confidence-building measures rather than zero-sum perceptions. Increasingly, the accent was on inclusiveness, that is on ensuring maximum participation in the dialogue, regardless of differences in levels of economic development, ideological orientation or geostrategic location. As a consequence ASEAN membership was progressively expanded with a view to encompassing the whole of Southeast Asia and, as we shall see, the number of dialogue partners substantially increased, eventually incorporating the greater part of the Asia-Pacific region.

By the late 1980s several independent but closely interacting influences, not least ASEAN's catalytic role in regional diplomacy, were conducive to a number of region-wide proposals and initiatives, of which the most important were the ASEAN Post-Ministerial Conference (ASEAN PMC), the ASEAN Regional Forum (ARF) and the Asia Pacific Economic Cooperation (APEC) process. Throughout the 1970s ASEAN had established a series of bilateral dialogues - with the European Community in 1972, Australia in 1974, New Zealand in 1975, UNDP in 1976 and Canada, Japan and the United States in 1977 - as a means of promoting economic cooperation, in such areas as agriculture, fishing, forestry, communications, air transportation, shipping, trade and stabilization of commodity prices. With the progressive widening of ASEAN's membership and agenda, this dialogue framework eventually paved the way for the ASEAN Prime Ministerial Conference (ASEAN PMC) which, by bringing together all the dialogue partners at the same table, established an embryonic institutional infrastructure, including meetings of senior officials (SOMs) of the ASEAN states and the dialogue partners. The ensuing exchange of views on political and security issues signalled a broadening of the security dialogue in that it now encompassed the wider Asia-Pacific region. Several limitations were nevertheless still apparent. The ASEAN PMC has found it difficult to grapple with the more sensitive sub-regional issues (eg. Korea, Russo-Japanese territorial dispute), or to develop the principles which might guide and nurture the security dialogue. The task has proved especially difficult in the face of significant differences between ASEAN and its Western interlocutors, especially in relation to the unconventional aspects of comprehensive security (eg. environment, human rights, good governance). The decision to establish the ASEAN Regional Forum was taken partly with a view to overcoming some, though by no means all, of these limitations.

As in the field of security so in economic relations, the notion of an emerging 'Pacific Community' had been steadily gaining ground throughout the 1960s and 1970s, with Japan and Australia often taking the lead in encouraging the establishment of new institutions, notably the Pacific Basin Economic Council

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The Origins and Evolution of the Korean-American Alliance: An American Perspective

Nancy Bernkopf Tucker

Asia/Pacific Research Center

June 1998

We cannot give democracy, as we know it, to any people or cram it down their throats... Money cannot buy it; outside force and pressure [sic] cannot nurture it.

Joseph E. Jacobs, political adviser in Korea to George Marshall, 1947 ¹

The people of Asia today fear starvation and poverty more than the oppressive duties thrust upon them by totalitarianism.

Park Chung-hee, 1971 ²

I'd argue that our investment in Korea far exceeds our strategic interest.

Robert Komer, National Security Council, 1963 ³

The most striking thing about the relationship between the United States and South Korea has been its persistence in the face of chronic fragility. As analysts in the late 1990s worry about the impact of the Four-Party Talks, the Nuclear Agreed Framework, economic crisis, and reunification upon the ties that bind Seoul and Washington, it behooves them to learn from the lessons of the past: that the linkages have always been weak and that indifference and ignorance have always been a troublesome and threatening reality. The strains of today are simply the frictions of yesterday in a new guise. But the strains of today are more important than before because of the altered international environment.

That this is true follows from the fundamentally different rationales behind alliance in Washington and Seoul. For Washington the alliance occupied a place in a global geostrategic framework where the Cold War was the key and where fear of the Soviet Union and China dictated commitment to South Korea that its intrinsic value would not have mandated. Thus the United States invariably focused its attention elsewhere and minimized its involvement on the peninsula, keeping its support circumscribed and its emotional and cultural bonds weak. At the same time, the South Koreans viewed the alliance as crucial to survival, their total dependence on the power of the American military and the American economy rendering the United States central to their concerns. For Seoul, however, the alliance aimed not at Moscow or Beijing, but at the more immediate menace of Pyongyang. So long as the Cold War prevailed, this divergence could safely be ignored since disparate security requirements merged under the overarching threat. With the Cold War over and the reunification of the peninsula an issue of immediate moment, however, the security imperatives have become fluid and both sides will have to work far harder at sustaining a relationship not firmly anchored in history or culture and too often buffeted by economic competition.

To Build a Strong Korea

Enduring ties between the United States and Korea could not have been imagined by the people of either nation before World War II. To Americans, who rarely focused on foreign affairs and sustained, when they did, an Atlantic orientation, Korea meant little. They had no particular cultural affinity or fascination for Korea. The history of Korean-American relations involved no sustained contact or serious commitment and created no legacy of shared institutions or values. Under virtually any circumstances, Americans would happily have ignored the land and its people. Why, then, did a relationship develop? Two imperatives made it impossible for the government of the United States to do anything else: containing communism and safeguarding Japan. Therefore, Washington sought to devise a policy that would create, as rapidly as possible, a viable Korea able to stand as a bulwark in Northeast Asia. Once accomplished, this would free the Americans to go home. The task turned out to be neither quick nor easy.

Korea did not command much attention as American forces swept toward Japan in the final months of the Pacific War. Although part of the Japanese empire and a pivotal point of Russo-Japanese-Chinese conflict in earlier times, Korea and its future did not appear vital at a moment when the world was in flames. Americans never anticipated fighting Japanese armies on the peninsula and few military or civilian officials knew much about Korean affairs or invested effort planning for the liberation and independence of the territory. Korea remained, as it had been through much of its history, a pawn in the maneuvering among greater powers whose priorities were elsewhere.

Those priorities began rapidly to impinge upon the peninsula during 1945. U.S. military operations overwhelmed Japan through an island assault strategy, followed by massive conventional bombing and, ultimately, two devastating atomic explosions. Japan's mainland empire, however, did not warrant such a direct application of resources. Washington tried to control Japan's defeat and surrender in China using the Nationalist forces of Chiang Kai-shek and in Indochina it allowed Chinese Nationalist and British units to push aside the Vietnamese and restore French colonialism. But in Korea, lacking a surrogate, the United States accepted the inevitable occupation of part, if not all, of the area by Soviet troops. This seemed reasonable and practical. Then conflict in Europe intervened. As Washington and Moscow disagreed more and more fervently about political conditions there, concerned officials appealed to the president not to allow Soviet influence to go uncontested in Korea. ⁴

As a result, Korea did not emerge from the war a unified state, but rather a divided entity dominated by Moscow and Washington in place of local forces. The line drawn at the 38th parallel to delimit where American and Soviet troops would accept Japanese surrender actually gave United States forces greater scope than conditions on the ground could have been expected to produce. Moscow may have been trying to trade flexibility in Korea for flexibility vis-à-vis occupation policies in Japan. Or it might have believed that generosity would deter the Americans from contesting a Soviet presence in Korea in the future. Washington clearly sought to contain Soviet troops as far north as possible. Not an inadvertent decision made with scarce time and thought as Dean Rusk later insisted, the choice of the 38th parallel accomplished for the Americans important political goals both in gaining territory and testing Soviet intentions. ⁵

Initially the Roosevelt administration viewed the division of Korea as a temporary expedient which would be replaced by an international framework designed to lead to eventual independence. Roosevelt believed in tutelage of backward colonial peoples, who must be freed from colonialism, but only after they had been prepared for their new responsibilities under the guidance of a trustee state. Although by the time of Japan's defeat Harry Truman sat in the White House, the new president turned easily to the idea of a four-power trusteeship for Korea; an idea rejected by both north and south Koreans who had anticipated immediate unity and freedom. American allies Britain and France also opposed such an arrangement for Korea and more broadly trusteeship as a concept, making it clear as early as 1943 that they disliked the transparent American effort, not just to wrest their colonies from them, but to render their peoples dependent upon the United States. Washington ignored such objections, however, and, believing that Stalin had accepted the compromise for Korea at Teheran in 1943 and again in conversation with Harry Hopkins in May 1945, pressed ahead.

Anxiety about overcommitment to an area of marginal importance balanced Washington's determination

to prevent Soviet control over the entire Korean peninsula. Policymakers wanted a formula that would involve other governments and spread responsibilities to other shoulders. Thus the United States struggled to make trusteeship work.

It also plunged into the unfamiliar world of Korean politics to try to find reliable indigenous elements who could create a new government pledged to democracy and reform. In these efforts Washington was neither as selfless as some analysts have asserted nor as benighted as critics would contend.⁶ Policymakers did genuinely hope to install representative institutions and free market capitalism in order to bring the Korean masses political participation and prosperity. But American statesmen and politicians, suffering from a lack of expertise and preoccupied with the occupation of Japan, civil war in China and, above all, the disposition of Germany, did not have a clear Korea policy. The broadest consensus could be found in their deep conviction that they needed to counteract conditions which might lead either to an expansion of communism or an expectation that the United States would remain in Korea indefinitely. Put simply they wanted a Korea that would be stable, subservient, and not act as a drain upon American resources.

Alerted by the departing Japanese that communist agitators intended to disrupt American control, U.S. military officers ironically arrived in Korea suspicious of anti-colonial activists.⁷ Commanding General John R. Hodge, a good field officer lacking political skills and an understanding of Korean affairs, not only possessed intensely conservative inclinations, but came with orders to distance himself from the leftist Korean People's Republic which had been established just two days before on September 6, 1945. So apprehensive were Hodge and his staff that they briefly tried to use Japanese personnel to rule and then turned to Syngman Rhee, whose conservative credentials seemed more important than his autocratic inclinations.⁸ Continuing efforts to build a centrist coalition ended in the summer of 1947 even though Rhee had already begun to demonstrate the rigidity and repression that would produce purges and riots and challenge the sanctity of the national constitution. By then, the Americans working with him had been thoroughly disillusioned, Rhee took their aid, ignored their advice,⁹ and not only criticized the United States for trying to deal with the Soviet Union but also stirred up local anti-American feeling to pressure Washington into abandoning the trusteeship plan. None of this was new, of course, as State Department officials had opposed returning Rhee to Korea after the war precisely because of his intractable nature and had given way only reluctantly to War Department importuning. But, not unlike policy toward Chiang Kai-shek in China, having opted for the man on anti-communist grounds, Washington supported Rhee for head of state, ignoring flaws that would make collaboration exceedingly difficult.⁹

As for reunification, the Americans did not give it a high priority. If Koreans could be brought together under a regime that would hearken to American leadership, then unity should be promoted. Through 1946 and 1947 American negotiators tried to reach a compromise with the Soviet occupiers of the north for free elections and merging of the military zones. But, as in Germany at the same time, maintenance of even a fragmentary pro-American government and elimination of a threat to neighboring countries—in this case Japan—appeared more important than unification or compromise with Moscow.¹⁰ The Soviets, in turn, could not abide a regime that might be anti-Soviet or beyond Moscow's control and suspected Washington of sabotaging Soviet interests as well as the very idea of trusteeship.¹¹

Of greater moment was the desire of the United States to liquidate the American presence in Korea, leaving behind a state that would be strong enough to survive in the difficult climate of Northeast Asia. Despite impassioned rhetoric which talked of Korea as an "ideological battleground upon which our entire success in Asia may depend," the military increasingly argued in confidential government forums that Korea had little real significance for American security.¹² In the eventuality of war, U.S. forces there would be vulnerable and the entire peninsula better bypassed. By April 1947, the Joint Strategic Survey Committee had ranked Korea 15th and last on a list of countries whose security was vital to the United States.¹² At the same time, State Department officials had come to understand that they could not build democracy in Korea. Although Rhee strongly opposed departure of American troops, he did not offer to liberalize his regime in order to persuade the United States to stay. American officials also considered themselves "handicapped by the political immaturity of the Korean people" and urged resolution of the situation in such a way as to "enable the U.S. to withdraw from Korea as soon as

possible with the minimum of bad effects." Articulation of the Truman Doctrine only served to reinforce the feeling that American resources were needed elsewhere and not so plentiful as to be wasted in Korea.

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The United States could not, of course, just leave and allow Korea to collapse. A strategy had to be devised to minimize the negative repercussions of the American withdrawal. That strategy dictated two initiatives. On the one hand, the United Nations would be induced to hold elections for a new government that would, ideally, unite the north and south. When terms could not be reached for peninsula-wide balloting, however, Washington insisted that elections go forward in the south, abandoning unity and creating a separate government in August 1948. 15

The second initiative entailed assistance to South Korea of sufficient proportions to create a viable state. Military aid included a 500-man-strong Military Advisory Group to train Korean fighting units and weaponry for an effective defense posture. But Washington did not trust Seoul. The possibility that Rhee would try to march north and entangle the United States in war was too great. The National Security Council cautioned that the United States should "not become so irrevocably involved in the Korean situation that any action taken by any faction in Korea or by any power in Korea could be considered a *casus belli* for the U.S." 16 In fact, the United States proved slow in delivering the hardware and—loath to equip Rhee with offensive weapons—it sent no tanks, heavy artillery, or combat aircraft. The realities of Truman's reduced military budgets, moreover, compelled the armed services to accept limits on their ability to respond to secondary challenges like an attack on South Korea. Although in NSC 8/2 (March 23, 1949) the administration asserted the need to equip a Korean force of 100,000, assistance continued to move glacially. Even the \$11 million appropriated by Congress for the Korean military in March 1950 had not begun to trickle into Seoul by June 25th.

Economic assistance similarly fell short of expectations. In 1947 an interdepartmental Korea Committee planned for a three-year program costing \$600 million to compensate southern Korea for the loss of the industrial and mineral-rich north and the resulting shortfalls in raw materials and power generation capacity. It would also restore Korean agricultural production in order to feed Japan as well as hungry Koreans. But the initial proposal suffered repeated cuts and finally was set aside as congressional distress at rising foreign aid requests made approval unlikely and deliberations among the departments of State, War, and Navy produced a new policy (SWNCC 176/30) which sought to minimize assistance to Korea. 17 Early in 1948 the idea of aid arose again with approval of NSC 8, which called for \$185 million in economic assistance, just enough to "forestall economic breakdown." NSC 8/2 took the responsibility more seriously, returning to the idea of a three-year package which the House of Representatives voted down on January 19, 1950. Only after President Truman and Secretary of State Dean Acheson mounted a concerted campaign, reduced the size of the request, and capitulated in broadening the Korean Aid Bill to include moneys for Chiang Kai-shek did it finally become law in February 1950. Congress made clear here, as it would do later, that Korea was expendable and that it would feel no hesitancy in risking the welfare of Korea's people in the continuing struggle to change the balance between the legislature and the president in the making of American foreign policy.

As it happened, Moscow too sought a rapid exit from Korea. After setting up a government in Pyongyang in September 1948, Moscow pulled its troops out, not even waiting for the Americans to comply with its call for mutual withdrawal. Aid, on the other hand, did not stop and the large number of weapons left behind for Kim Il Sung's army in December was but a part of continuing material and technical assistance. The Soviets, like their American counterparts, could not risk the loss of prestige inherent in allowing a Korean ally to fall, but no more than the Americans did they want to find themselves at war on the peninsula.

Nevertheless, war quickly ensued. In north and south Korea the passion for reunification did not diminish over time despite difficulties in persuading foreign supporters to countenance military operations. Washington, recognizing the dangers inherent in arming Syngman Rhee, limited supplies and discouraged thoughts of marching north. In January 1950, Secretary of State Acheson repeated at the National Press Club what had long been said by military officials, publicly and privately, that Korea, along with Taiwan, was outside the American defensive perimeter. Thus the attack from Pyongyang, when it came, should have been ignored by the United States government.

Clearly neither Kim Il Sung, Joseph Stalin, nor Mao Zedong anticipated the massive American and United Nations response that the north Korean invasion triggered. As recently released documents from Soviet and Chinese archives make clear, the impetus for the war came from Kim, who was a puppet of neither the Soviets nor the Chinese. Stalin agreed reluctantly to the idea in order to retain Moscow's leadership of the communist movement and only when convinced both that the United States would not intervene, threatening Soviet security, and that Mao had committed himself to the enterprise. All three may have gained confidence for the operation from Acheson's Press Club speech, just as the right wing in America contended, believing that the affair could be carried to success rapidly against a less well-trained and armed foe lacking external assistance. The Chinese probably would have preferred that Kim not attack until after their liberation of Taiwan, but Mao could not publicize his concerns regarding American intervention lest Stalin then oppose action against Chiang Kai-shek. ¹⁸

Although Washington had been eager to withdraw from Korea, the outbreak of war radically changed perceptions among American officials. Surprised by the attack, which intelligence sources had not predicted, the administration reacted reflexively, determined not to allow Korea to become another Manchuria or Munich. The invasion swept away restraints posed by the peripheral status of Korea, hopes that a Sino-Soviet rift might develop, and public disinterest in Asia. Policymakers had to defend American credibility, preserve the sanctity of the United Nations, and punish aggression. ¹⁹

Fighting in Korea had profound effects upon the future of both the peninsula and the Cold War. The two Koreas sustained devastating losses in people and infrastructure. Division was consolidated and dependency upon allies escalated. More broadly, the Cold War everywhere became hotter and more militarized as defense budgets rose and armies expanded. Washington's willingness to declare Korea a peripheral area and let it fend for itself, so obvious in the days before the conflict erupted, disappeared. Indeed, British diplomats meeting with the Americans on July 12, 1950, feared nothing more than that the United States would waste its might in the East instead of focusing on Europe and perhaps even provoke World War III. ²⁰ Korea, in the minds of Washington policymakers, had become a necessary showcase of American power and its survival crucial to American prestige.

The Rhee Era: The Ties That Bind

Nevertheless, the US-ROK Mutual Defense Treaty, which crystallized Washington's commitment to Seoul, was not the product of American designs. Much like the US-ROC Mutual Defense Treaty signed in 1954, the alliance with Rhee resulted from the maneuverings of a dependent head of state who understood how to manipulate reluctant U.S. officials despite their preference for flexibility over treaty obligations. ²¹ Although prolongation of the war meant greater destruction in Korea, urgency to end the war was felt more by American than Korean officials. The United States government worried about the high American casualty rate and the domestic political costs of an endless conflict. Indeed, Eisenhower had garnered considerable popularity at home by pledging during the presidential election campaign in 1952 that his visit to Korea would eventuate in an armistice agreement.

For Rhee, on the other hand, an end to the fighting without reunification of the country entailed few political or personal advantages. He resisted all argument and his desperation suggested that he might try to continue the war on his own. ²² In fact, Rhee unexpectedly released 25,000 North Korean prisoners of war in a vain attempt to derail negotiations. To secure Rhee's adherence to an armistice, Dwight D. Eisenhower had little choice but to pledge a security pact, long-term economic aid, military assistance, and careful consultation over details of the armistice accord. ²³ Frustrated officials had briefly contemplated staging a military coup to eliminate the recalcitrant president but shrank from such drastic action. ²⁴ So Rhee got his treaty minus only the provision mimicking NATO guarantees of automatic response that he had desired.

Ties did not stop with the treaty. After the Korean War ended, the United Nations commander, always a U.S. general, retained operational control of Korean forces and with that the responsibility for national defense. This bolstered the most attractive feature of the alliance: the powerful restraint upon Rhee's opportunities to instigate military clashes with the north. In the diplomatic sphere, Washington protected

South Korea's interests in international organizations. The United States also carried out the recommendations of NSC 157/1 on "Strengthening the Korean Economy" and poured assistance into Rhee's regime. Economic and military aid totaled \$12.6 billion between 1946 and 1976, more than twice what Taiwan amassed. Korea alone received almost as much in economic grants and loans as all of Africa between 1946 and 1978. During the 1950s aid funds amounted to 100 percent of the government's budget. ²⁵ As Eisenhower observed in a 1956 NSC meeting, "South Korea was getting to be a pretty expensive plaything." ²⁶

The U.S.-Korean alliance did not, however, flourish unencumbered. Frictions between Rhee and those Americans who tried to bring advice along with money mounted. Rhee's resistance to reform and tight control over the economy antagonized officials responsible for making the South Korean state thrive. ²⁷ Ellis O. Briggs, the American ambassador, complained that "instead of helping row the boat, Rhee persists in throwing out anchors. Instead of collaborating in strengthening the dike, Rhee keeps boring holes in it." ²⁸ When Rhee did attend to economic growth issues he emphasized import substitution and the development of an industrial sector both to reduce dependence on Japan and to become another Japan. At the same time he stubbornly disregarded budgetary and planning problems as well as the country's inadequate infrastructure. ²⁹ By the mid-1950s many Americans officials had given up, concluding that "there appears no prospect for Korean economic viability." ³⁰

Furthermore, Rhee demonstrated an absolute unwillingness to cut defense spending, and pressed relentlessly for expansion of his forces beyond what the Joint Chiefs of Staff thought necessary or viable. ³¹ U.S. officials resented having to bribe Rhee to act in his own best interests. To secure his agreement to attend the 1954 Geneva conference on Korea and Vietnam, for instance, Rhee wanted promises that the United States would assist with reunification or supply aid significantly to expand ground, air, and seagoing units. Instead, an irate Dulles delayed final action on the Mutual Defense Treaty and the administration balked on force levels. ³² Nevertheless, Eisenhower, although equally exasperated, pledged some assistance since it would not do to "throw a wet fish in his face." Washington should let Rhee know "we still love you, you s.o.b." ³³

Yet Rhee could not be satisfied and American officials grew increasingly disenchanted. By 1956 Eisenhower's complaints regarding the burden of subsidizing Korea were plaintive and his anger at "penny ante dictators" tempted him to "tell Rhee off." Secretary of the Treasury George Humphrey contended forcefully that the United States could not afford the \$1 billion it spent annually for overseas forces. And Secretary of Defense Charles Wilson, noting South Korean lack of cooperation, asserted that even large expenditures would not prevent collapse. ³⁴ Americans wanted Rhee to relax behind a relatively low-cost and low-maintenance U.S. nuclear shield and focus on modernizing and strengthening the nation's economy. In 1958 they placed 280-mm nuclear cannons and Honest John missiles in the South and the following year added Matadors whose range reached as far as China and the Soviet Union. Suggestions from Rhee that he and Chiang Kai-shek hoped to join together to attack Asian communists seemed an irrational and diabolical plot to plunge the United States into the midst of a new world war in pursuit of their selfish interests. ³⁵

Much of the difference in attitude between Washington and Seoul followed from the differences in historical experience. Washington had to deal with global balances of power and found Rhee's concentration on past injustices and the narrow goal of unification frustrating. Plans to depose him resurfaced periodically as his single-minded determination to march north threatened stability in Northeast Asia. ³⁶ Assistant Secretary of State Walter Robertson, generally a friend to Asian conservatives, reminded Rhee that even Britain and France had been cut off by the United States when they tried to force Washington into a war with Egypt at Suez. ³⁷ Indeed, though Rhee never succeeded in unifying his country, he managed to unify American officials from various agencies against him. On the other hand, Rhee had decided complaints about the Americans himself. He made obvious his concern that they were invariably too soft on communism and too willing to negotiate with the Soviets. Above all he feared that they would one day tire of the effort to deter North Korea and go home.

Adding to mutual frustration was the struggle over Japan. The United States government did not

sympathize with Rhee's unrelenting hostility toward the Japanese, which worked against its plans for complementary economic rehabilitation. Rhee did not understand, or did not want to understand, that Japan was far greater significance to Washington than Korea. Indeed, Washington's very commitment to Korea grew out of its conviction that future United States involvement in Asia depended upon Japan's security and economic development. If Korea endangered or impeded Japan's prosperity, Korea must be disciplined. Korea, in the end, was expendable, not Japan. Thus when Rhee chided Eisenhower and Dulles for forcing his government to buy from Japan and defer domestic industrialization to provide a market for Japanese products, they did not show compassion for his outrage. An agitated Rhee forlornly warned Eisenhower that some Koreans thought unification with the communists might be the only way to protect the south from renewed Japanese domination. ³⁸

As time passed Rhee became less popular among South Koreans as well. They objected to widespread corruption, slow economic growth, and police brutality. ³⁹ Various military leaders periodically confided in American advisors their desire to oust Rhee, but none took action. It remained for a popular rising led by student protesters to force Rhee to resign from the presidency in 1960. ⁴⁰

A further key to the success of the public campaign to oust Rhee proved to be the shift in strategy by the United States. American dismay with Rhee's presidency had always been subsumed by larger Cold War concerns, creating tolerance for his excesses and obstructionism. His defenders excused Rhee's authoritarianism as the necessary quid pro quo for a loyal ally in a sensitive location between communist powers and Japan. In 1960, however, mounting violence throughout the south led Americans to insist that Rhee undertake long-overdue reform. The American ambassador Walter McConaughy, not unaware that such pressures had been largely ignored in the past, warned that "ROKs tend to feel that State Department positions and pronouncements are not necessarily those of US Government as a whole, and ROKs have developed elaborate and not ineffective means for circumventing Department and of playing one US branch or agency against another." This, he cautioned, made it vital that the United States "speak with one voice." A constructive American role was, he believed, especially important because "we bear heavy responsibility for what Korea is today and same will be true of what Korea is tomorrow." ⁴¹ That this was interference in Korea's internal affairs did not escape the attention of Eisenhower or Dulles, but they quickly set that constraint aside. Later they would also dismiss the idea that the Korean people could hold Washington accountable for the new government. ⁴²

Minimizing Commitment

Thus American officials welcomed the new order which replaced Rhee with enthusiasm and hopes for an effective administration that would be democratic and cooperative. Indeed, Chang Myon, the new prime minister, had long been an American favorite in Korean politics and once in office he consulted the American Embassy and the CIA station chief often. ⁴³ But the successor regime did not survive.

Unable to resolve problems of factionalism, corruption, unemployment, and food shortages, civilian officials were pushed aside in a military coup in May 1961. ⁴⁴ American officials on the scene tried to rally support for the existing government although its popular appeal had declined appreciably. Once again there was an awareness that this constituted interference in internal realms that ought to have been beyond the American reach, but Chester Bowles, the under secretary of state, argued that Koreans had grown accustomed to looking "to the United States for guidance in hours of crisis." ⁴⁵ Nevertheless, the United States did not actively intervene and the generals prevailed.

In fact, after Washington became convinced that the new leader, Park Chung-hee, was not a communist long secreted in the army, the coup regime began to look more appealing. ⁴⁶ Repressive it surely was, but Park appeared determined to carry out policies long desired by the United States for the modernization and development of South Korea. ⁴⁷ No less dedicated to reunification than Rhee, Park sought to build a model economy that would demonstrate southern superiority and win the contest without the necessity of war. Since the primary American goal remained a strong, stable state which could stop the expansion of communism in Northeast Asia while it reduced the need for an American presence on the peninsula, this seemed a government with which Washington could work. Within six months of the coup, Kennedy met with Park in the White House. ⁴⁸

At the same time, since U.S. aid comprised some fifty percent of the national budget and more than seventy percent of all defense expenditures, the new leadership understood the need to placate its foreign benefactor despite some bitterness and suspicion stemming from American efforts to protect the Chang government. As a result Park temporarily took on the trappings of constitutional rule even as he retained power in his own grasp. ⁴⁹ When Park tried to back away from his democratic facade, the United States threatened to discontinue financial support, forcing him to go ahead with elections. ⁵⁰

For Washington the issue remained what it had long been. Kennedy like Eisenhower felt he had to protect South Korea from communists who threatened to repress its people, pillage its economy, and create a platform for intimidating, and possibly attacking, Japan. But neither president could generate much enthusiasm for Korea politically, economically, or culturally. The images Americans had of the country reflected the frozen landscapes, brainwashed and brutalized prisoners, and destitute civilians of wartime. They considered aid for such a distant, godforsaken, and unremarkable place a waste of resources which ought to be fueling domestic growth. The White House, therefore, found itself caught between military demands for more funds to keep Korea safe and political demands from Congress and domestic agencies to cut appropriations to exotic peoples.

Pressures to reduce involvement in Korea, moreover, resonated with the foreign aid thrust of the 1960s. The action intellectuals who came to office with John F. Kennedy believed in the potential of Third World nations to reach self-sufficiency through mobilization of local resources behind a manufacturing industry that, with a little bit of external aid, could push such countries to the "take off" stage of growth. Although Walt Rostow had not thought of South Korea in particular in articulating this theory, the possibility of rapid development which would relieve the United States of heavy burdens there, as much as half a billion annually, could not have been more welcome. ⁵¹ Awareness of North Korea's superior performance also spurred interest in accelerating growth. Robert Komer of the NSC staff argued that American assistance had been proportioned foolishly since 1953 since it had been weighted so heavily toward military defense when, he contended, the communists had no intention of attacking South Korea. Aid reallocated, alongside better use of internal resources, would transform Korea's economy and get Korea "off our backs." ⁵² Both the State Department's Korean Task Force and an interagency steering group on aid programs reached similar conclusions and an American adviser detailed to Park Chung-hee's government was to help Seoul move in this direction. ⁵³

This reapportionment of funds and related reductions in force levels did not please either the Korean military or elements of the U.S. military. ⁵⁴ The Joint Chiefs of Staff insisted that "it cannot be emphasized too strongly" that the existing force structure must be maintained since "the ROK is an essential element of our forward defense strategy in Northeast Asia." If Korean forces declined in number then there would be an escalation of military risks as American influence fell and the communists gained assurance. In fact, the situation would be so destabilized that the chances of nuclear war would grow. Similarly, a study conducted under the office of Assistant Secretary of Defense for International Security Affairs Paul Nitze argued that any significant changes in force levels would be too dangerous at a time when Korea remained weak economically and politically. ⁵⁵ Maxwell Taylor, Kennedy's personal military representative, concurred, adding that "it is essential to be able to defend the ROK economy before building it into a lucrative, vulnerable target for Communist military aggression." ⁵⁶

Such conclusions angered but did not deter Komer, who felt the military was exceeding its purview by reaching political conclusions using scare tactics. ⁵⁷ He and others on the NSC staff persuaded Kennedy to differentiate between an attack by North Korea, which South Korea ought to be able to handle, and an attack with Chinese communist participation, which would escalate the conflict dramatically and inevitably involve the United States and nuclear weapons. ⁵⁸ A far more pressing concern, they asserted, was the congressional assault on aid, which would require the administration to take funds from countries like Korea where "our investment...far exceeds our strategic interest" to keep other programs afloat. ⁵⁹ NSC concerns were echoed in the State Department, where Averell Harriman, assistant secretary of state for Far Eastern affairs, also drafted a plan for American troop withdrawal. ⁶⁰ In the

end, Secretary of Defense McNamara decided to reduce force levels quietly, hoping to avoid further provocation at home and abroad. ⁶¹

Commitment to a policy of force reduction carried with it broad security and economic implications. To resolve the potential crisis of sharply diminished military assistance funding, the Kennedy White House and the Johnson administration, which came to office shortly after McNamara's initiative, escalated efforts to broker reconciliation between Korea and Japan. American policymakers had long desired resolution of this continuing rift since in their minds the fate of these two countries seemed inextricably linked. They hoped that Tokyo could assume some of the costs of economic development in Korea and wanted to eliminate a source of instability in the region that could force new American military engagement. Kennedy's Department of State labored to try to overcome Korean nationalism and Japanese suspicions that Washington would foist too heavy a burden upon them. ⁶²

Korean intransigence matched by Japanese hostility had stymied all attempts at reconciliation under Rhee, and diplomats initially fared little better with Park Chung-hee. ⁶³ Park, however, had been raised under Japanese imperial control, had attended a military academy in Japan, and spoke Japanese. Others in his government shared cultural and personal links with Japan and many agreed that South Korea could benefit by following the Japanese model of growth and modernization. ⁶⁴ The issue suddenly became pressing when the Park government's first five-year development plan failed to accelerate growth and its second five-year plan required an infusion of considerable foreign moneys that the United States would not supply. ⁶⁵ Fortuitously, Japanese businessmen had begun to pressure their government to facilitate investment opportunities in Korea and growing frictions with Red China ignited concerns that an economically fragile South Korea could fall to communist blandishments or sabotage. ⁶⁶

Washington similarly believed that the stakes for reconciliation had risen. Earlier fear that opponents of rapprochement would blame the United States and attack their local governments for being puppets of Washington did not diminish, but during the Johnson years security concerns overwhelmed all other considerations. Johnson wanted to be assured of peace among allies in Northeast Asia while the administration lavished its attention upon war in Vietnam. Thus the State Department insisted in arduous negotiations, despite street protests leading to martial law in South Korea, that a treaty be signed in 1965. Johnson proved willing to grant the Koreans loan guarantees and other economic concessions to conclude the deal. After all, the State Department estimated that the treaty would save Washington \$1 billion between 1965 and 1975. ⁶⁷

Seoul also extracted substantial American assistance as compensation for its participation in the U.S. war effort in Indochina. Offers, including the dispatch of troops, began as early as 1961, with Korean leaders anxious to demonstrate their utility as allies, to establish the need for maintenance of existing force levels, and to underline the importance of fighting communism in the region. ⁶⁸ Under Kennedy and in the first years of the Johnson presidency such proposals received scant attention. ⁶⁹ But Lyndon Johnson needed to muster greater popular support for the war effort at home and hoped to do so by demonstrating active international involvement. His vehicle, however—the “many flags” campaign—shifted the leverage surrounding the contributions of countries like South Korea. Seoul, along with Taipei and others, now became a dispenser of favors rather than a supplicant, able to force Washington to supply massive amounts of assistance. Koreans also parlayed their loyalty into procurement contracts and investment opportunities in Vietnam. By 1969 South Koreans made up more than half the foreign civilian employees in South Vietnam, and roughly twenty percent of the country's foreign currency earnings were derived from Vietnam-related enterprises. Over the eight years of direct involvement South Korea earned some \$1 billion, providing a critical impetus to the development of its export industries. ⁷⁰

More importantly, Seoul utilized Johnson's anxieties to shore up the American defense commitment to South Korea. Aware of Washington's desire to reduce its obligations on the peninsula and tentative plans to transfer some of those units to Vietnam service, Park's government insisted that the Johnson administration station as many soldiers along the Korean frontier as Seoul dispatched to Vietnam. In the so-called Brown Memorandum of 1966, which crystallized Washington's concessions, the United States

also agreed to suspend efforts to have South Korea assume more of the costs of its military program. Further, Johnson was forced to renew American pledges to Park in communiqués signed in 1965, 1966, and 1968. ⁷¹

But North Korean terrorists were not thwarted by the continuing American presence. From 1966 to 1967 the number of serious incidents rose elevenfold. ⁷² The traumatic year of 1968 began with a raid against the presidential residence in Seoul by commandos who intended to assassinate President Park. Two days later, North Korea seized the USS *Pueblo* during a routine intelligence-gathering mission off the Korean coast. American analysts concluded that Pyongyang not only hoped to disrupt American intelligence gathering, but also distract the United States from its concentration on Vietnam and discourage Seoul's involvement there. ⁷³ In fact, the Tet Offensive, which came just days later, had a far greater impact on the American campaign in Vietnam and Korean soldiers remained on the ground there despite heightened tensions on the Korean peninsula.

What Pyongyang did accomplish instead was the aggravation of strains in the Korean-American relationship. Seoul found the responses by the United States to the so-called Blue House raid and the Pueblo crisis inadequate, suggesting that the Americans could not be trusted to put sufficient emphasis on the lives of Koreans or the security of the Korean government. This seemed especially alarming in light of the significant military expansion under way in North Korea. ⁷⁴ Washington refused to allow the outraged southerners to retaliate. Rusk saw Park as "increasingly obsessed" with plans to strike northward and believed his government had leaked information to the press to churn up emotional pressures. ⁷⁵ Seoul, on the other hand, feeling more assertive as a result of its participation in the Vietnam theater and imagining that its service to Washington had earned it a greater voice in policy deliberations, found the American position unconscionable. ⁷⁶ To calm growing anger and frustration in Seoul, Johnson ultimately dispatched Cyrus Vance as a special emissary with promises of new funding for defense modernization, including counterinsurgency and counter-infiltration units, and annual military consultations. ⁷⁷

Nevertheless, Johnson would not allow Park to use these events, however ominous, to reshape the U.S.-Korean alliance. As passionately as the South Koreans argued the case, Vance rebuffed demands that Seoul be given the inflexible guarantees that previous administrations had been unwilling to make. No overt or covert automatic retaliatory pledge followed. ⁷⁸

In fact, even the increased defense commitments made by the Johnson administration did not long survive the new presidential term of Richard M. Nixon. Koreans discovered to their chagrin that the changing nature of the American political scene would once again have a direct and undesirable impact on their fortunes. Although Nixon himself had a history as a rabid Cold Warrior, he brought a different reality to the White House. Shrinking budgets paralleled the diminishing fashionability of being an outspoken anti-communist and acting upon those convictions. The new world order that South Korea confronted involved cooperation with communists, not the confrontations of the past. Loyal allies on the periphery did not have the same significance, indispensability, or leverage. Indeed, the central dynamic of Nixon's foreign policy became détente and in Asia his initiatives reflected the injunctions of his 1967 *Foreign Affairs* article which called for less American and more Japanese responsibility for Asian affairs as well as better relations with China. ⁷⁹

Thus Nixon moved to retrench. He ordered a review of overseas military obligations which reduced readiness expectations, shifting as it did from scenarios in which Beijing would fight alongside Moscow to others in which the Chinese would not participate. He initiated rapprochement with China, removing the central threat to security in East Asia. He announced the Guam/Nixon Doctrine, calling upon vulnerable nations to see to their own defense first. And he began Vietnamization of the war in Indochina. Among the results of these new policies was the reduction of forces in Korea by 20,000 even though both Secretary of State William Rogers and Nixon himself had reassured the Koreans that their contributions in Vietnam would exempt them from such action. ⁸⁰ The leadership in Seoul was astounded both by the decision and Washington's refusal to consider that they ought to have any say in the matter. Efforts to make up for the change through a new military modernization program fell behind

schedule due to disinterest in Congress, which failed to vote adequate appropriations. Congress also responded to growing Korean prosperity by cutting economic support, moving from grants to loans and decreasing levels overall. ⁸¹ Coupled with Vice President Spiro Agnew's declaration that all American troops would be out of Korea within five years and Nixon's failure to take forceful action when North Korea shot down an EC-121 reconnaissance aircraft, the image of the United States in South Korea became one of weakness and unreliability. ⁸²

Seoul feared further diminution of Washington's ties to Korea as a result of its relations with Japan. Among the most compelling issues at the beginning of the Nixon administration was the fate of Okinawa, which the Japanese insisted be returned to their control. Reversion had become a symbol of Japan's emergence from postwar United States domination in the early 1960s, and, although elements in the American military establishment dreaded the loss of Okinawa and its bases, the White House understood the necessity of prompt action on the matter. For South Korea the change in control and usage of the island bases symbolized a lessening of American involvement in the area. Worse yet, it had the potential of jeopardizing the U.S. military's ability to defend Korea's security, particularly if Washington needed Tokyo's permission to mount operations from and station nuclear weapons in Okinawa. Seoul sought to modify negative repercussions by improving its relations with Tokyo and reminding the United States of South Korea's vulnerability. ⁸³

The Nixon-Sato Communiqué of September 1969 provided a partial answer. Confirming that the retrocession would occur, it made formal the linkage Americans had always assumed by including a "Korea clause" asserting that the security of Korea was "essential" to the security of Japan. The communiqué also promised the continued use of bases to meet American defense obligations in Asia. To American officials in Japan this seemed virtually a "blank check" to cover Washington's protection of Korea, constituting a major modification of the U.S.-Japan security alliance. ⁸⁴ It also significantly altered the U.S.-Korean mutual defense treaty commitment, as it gave Japan a role in Korea's future not imagined in 1954.

Changing relations among the states in Asia, of course, included the reemergence of China from years of semi-isolation imposed both by the United States and Chinese domestic politics. Sino-American reconciliation had potential benefits for Korea in reducing tensions in the region. But Seoul did not trust Chinese purposes and feared the Americans were deceitful as well as being entirely too naive and romantic. Rather than feel confidence in the alliance with Washington, Park believed that Nixon would not hesitate to discuss Korean affairs in Beijing without prior consultation just as he had failed to warn Seoul of his impending China initiative. In a letter addressed to Nixon in the summer of 1971 Park appealed for a summit meeting before the president's trip to China. As journalist and author Don Oberdorfer notes, Park's "concern was such a low priority question in Washington that it took three months for the State Department and Nixon's National Security Council staff to frame and present a presidential reply. When it finally came, it was a ritual declaration from Nixon that during his Beijing trip he would not seek accommodation with China at the expense of South Korea's national interest." The idea of a meeting between Park and Nixon was dismissed. ⁸⁵

For Seoul the problem was that better relations with China, even if possible, had only an indirect connection with South Korea's immediate and perilous communist problem. Indeed, China's military and diplomatic support for North Korea increased as a result of its new status and access to the international community. ⁸⁶ Park Chung-hee worried that Washington might be tempted to bargain away its troop presence on the peninsula for guarantees of North Korean good behavior that would not be dependable. His own attempt at improving relations with the North ended in stalemate after two years of fruitless and often acrimonious debate between 1971 and 1973 and was followed in 1974 by a new attempt on his life as well as discovery of infiltration tunnels constructed beneath the demilitarized zone.

Confusion, frustration, opportunism, and a broad authoritarian streak led Park to react to these destabilizing developments by embarking upon political initiatives of his own. At home, in 1972, he moved decisively against the constitutional democracy he had never wanted by carrying out the equivalent of a coup d'état, declaring a state of emergency and inaugurating a new, restrictive state

constitution effectively permitting him to remain president for life. Park claimed that these moves were necessary because of Sino-American normalization and rumors regarding total American troop withdrawal. As historian Bruce Cumings observes, "he now justified his draconian measures as 'Korean-style democracy'...an early elaboration of Singapore's theme that 'Western-style democracy' is alien to capitalist Asia."⁸⁸ Unable to stop Park but unwilling to be associated with his actions, Washington decided publicly to distance itself. Ambassador Philip Habib cautioned Washington,

In following such a course we would be accepting the fact that the U.S. cannot and should no longer try to determine the course of internal political development in Korea. We have already begun a process of progressively lower levels of U.S. engagement with Korea. The process of disengagement should be accelerated [*sic*]. The policy we propose would be consistent with the disengagement trend, and Park's actions will contribute to the process.⁸⁹

The human rights abuses that followed, however, galvanized regime opponents at home and abroad. Attacks emanated especially from the student population and the fledgling union movement in Korea. They also led to hearings in the U.S. Congress and a notable increase in sentiment favoring disengagement from Korea. When Korea's Central Intelligence Agency kidnapped former presidential candidate Kim Dae-jung from Japan to silence his denunciations of the so-called Yushin reforms, Park's audacity and malevolence reinforced the worsening image of South Korea in the United States.⁹⁰ Edwin O. Reischauer, Harvard professor and former ambassador to Japan, wrote in anger and dismay in the *New York Times* that Korea under Park did not warrant American interest. Even as a buffer for Japan it seemed overrated, the addition to Japan's security being largely psychological and the strait, in fact, providing a better barrier to attack. Washington should, he counseled, not set Korea entirely adrift, but cut aid enough to promote a military coup that would eventually oust Park.⁹¹

Equally as destructive, Park launched an illicit lobbying effort in Washington, subsequently known as Koreagate, which jeopardized the entire alliance relationship. Beginning in 1970, Park targeted campaign contributions and gifts to Democratic Party leaders in Congress and key members of the committees on the armed services, appropriations, and foreign relations to blunt criticism of his domestic political maneuvering, to prevent further troop withdrawals, and to speed approval of funding for military modernization in Korea. These Korean operations reached all the way to the Speaker of the House and seem to have been willfully ignored by the Departments of State and Justice for years after evidence surfaced that foreign agents were corrupting American lawmakers.

When word of a secret grand jury probe finally broke in the press in 1976, officials in Seoul not only denied all accusations but also threatened to take retaliatory action and attempted to block further investigation. Seoul insisted that gift giving was culturally sanctioned in Asia and should not be taken so seriously by critics of Korea who seemed too eager to sensationalize the story. Korean officials appeared astonished, believing it "inconceivable that the U.S. government would permit a minor scandal to embarrass its faithful ally in Asia."⁹² There had to be, Park believed, an official guiding hand behind the obloquy since, as he understood the relationship between newspapers and government, the press would not dare to attack a foreign leader without authorization. Diplomats at the South Korean Embassy speculated that the scandal grew out of Gerald Ford's efforts to hold on to the presidency by countering Watergate with Koreagate. Although South Koreans had learned enough about the American political system to appreciate the importance of cultivating Congress, many political leaders seemed to be less attuned to the emphasis that the system placed on freedom of expression and the rule of law. As scholar and diplomat Han Sung-joo has noted, "South Korea often showed a remarkable inability to understand the intricate workings of the American political and policymaking process, often because it projected its own internal dynamics on the U.S. scene."⁹³ Conversely, revelations that the U.S. CIA had been bugging the presidential mansion in Seoul outraged Koreans, provoking popular demonstrations against the United States.

Finally, Park also undertook a secret program to develop an indigenous atomic capability, fearful that the American nuclear umbrella might be withdrawn as part of Nixon's reduction of the American commitment to Asian allies. Launched surreptitiously in 1971, the effort finally attracted American attention in 1975 after the explosion of an Indian nuclear test in 1974 alerted Washington that it had

been too complacent regarding nuclear proliferation. An incredulous Henry Kissinger moved quickly to shut the project down, threatening to terminate the defense alliance with Seoul if Park persisted and applying pressure to European suppliers of nuclear technology to abandon their cooperation. 94

Carter and Crisis

Throughout all this disarray, as the Korean-American alliance appeared to be fracturing and human rights violations accelerated, Jimmy Carter's views of Korea took shape. Although it remains unclear when or why Carter first conceived of the idea of withdrawing all American forces from South Korea, it is likely that he turned in this direction as a reaction to reduced resources in America, dictatorship in Korea, and the fall of Vietnam. Public disenchantment with foreign commitments, particularly in Asia, also played a part. In April 1975 a Lou Harris public opinion poll showed that only fourteen percent of Americans favored United States involvement if North Korea attacked the South and sixty-five percent opposed it. 95 Carter's views would have been gaining momentum at the same time as President Gerald Ford, Secretary of Defense James Schlesinger, and Ambassador to Korea Richard Snider were trying to reassure Park that the Paris Peace Accords and the subsequent collapse of South Vietnam did not mean a parallel abandonment of Korea. But as early as January 1975, candidate Carter began to call for withdrawal from South Korea.

Upon assuming the presidency Carter authorized, in Presidential Review Memorandum 13, a study of how, not whether, to get the troops out. Moreover, he dispatched Walter Mondale to tell the Japanese of his intentions but did not send the vice president on to Korea to discuss them with Park. 96 Thereafter he moved ahead with implementation despite strong objections from virtually all of his senior advisors except Zbigniew Brzezinski, including his Joint Chiefs of Staff, the CIA, the head of the Office of Korean Affairs at the State Department, leading Republicans and conservative Democrats in Congress, and the Koreans, who were shocked at the lack of consultation before Carter went public on the issue. 97 When the chief of staff of American troops in Korea, Major General John K. Singlaub, openly decried the decision in May 1977, insisting that it would lead to war, Carter relieved him of his post. Otherwise, the president remained unmoved. As he had told the Foreign Policy Association in June 1976, he believed that "it should be made clear to the South Korean Government that its internal repression is repugnant to our people and undermines the support for our commitment there." 98

The firestorm of protest against the withdrawal, however, began quickly to take its toll on the president's plans. Although administration spokesmen asserted that South Korea should practice self-reliance since its economic development qualified it to support its own military establishment albeit with continued American aid, opponents argued that the very departure of American forces would undermine growth. Not only would Seoul have to waste scarce money on military expansion, there would be a tremendous psychological toll in the whole of Asia as well as in Korea. Some in Korea argued that removal of American ground forces would also free Park to heighten repression. Moreover, if the American objective included saving money such savings would not be realized since stationing the same units in the United States would cost far more than feeding and housing them in Korea.

Japan's outraged response probably carried even more weight. A Japanese cabinet minister denounced the policy as racist. Why, he wondered, did Carter's retrenchment make no changes in West Germany and shift Korea-based manpower into a NATO support group. Suggestions that South Korea no longer possessed the same strategic salience and no longer required an American tripwire similarly dismayed Japan's government. Taking an uncharacteristically forceful position, Tokyo complained not only about the disregard of its opinions and security requirements, but also about the increased burden the move would impose upon its military as Washington continued to flee its Asian obligations. 99

Carter's desire to move with alacrity became the first casualty. At the 10th Annual Security Consultative Meeting in Seoul in July 1977 the Carter administration agreed to several compensatory requests from Park. These included a slower, more gradual departure, improvements in air, naval, and intelligence capabilities, and transfers of equipment to South Korean forces. 100

The debate over troop withdrawal revealed at bottom the fundamental duality in sentiment toward

Korea. On the one hand there was little affection and considerable suspicion of South Korea. Policymakers of varying types believed that Seoul would happily plunge Washington into a war on the peninsula and, at the very least, gouge Washington for whatever funds might be extracted. Its abysmal human rights record and repeated elevation of unfit leaders to power, despite American efforts at tutelage, reflected a deep-seated flaw in the society. Furthermore, Seoul's efforts at bribing American officials indicated a lack of respect for U.S. institutions and values. To these critics, Korea had lost its strategic edge and should be allowed to go its own way. Proponents of South Korea, to the contrary, asserted that it remained a bulwark against the red menace to the north which threatened Japan as well as Seoul. Rather than congeries of politicians attempting to deceive Washington, the government in Seoul was a staunch ally struggling toward a democratic system with a free market economy. These two views, however, were not mutually exclusive. Sometimes those most protective of the alliance also harbored reservations about the relationship.

This certainly appeared true of the general American public, which did not support withdrawing all troops from South Korea but remained highly critical of Seoul. A public opinion survey early in 1978 showed that some 50 percent of respondents did not want the United States to rescue a South Korea under attack and 45 percent thought that assistance to the Korean government should be used to extract greater compliance with American policy. ¹⁰¹ Polls also revealed striking ignorance about South Korea, with some 24 percent in 1978 unsure where it was located and half of those convinced that Korea was an island. ¹⁰² Even in Congress, where some of the most vicious attacks upon Carter occurred, members voted unanimously in November 1977 to withhold \$800 million in arms transfers to South Korea and threatened to end military support entirely because Seoul would not cooperate in its Koreagate investigations. In mid-1978 Congress also reduced food assistance by some \$56 million. ¹⁰³

Within the administration opponents of the president's plans grasped Congress' refusal to vote for compensatory aid to South Korea as a way to persuade Carter to delay withdrawal. At an April 11, 1978, White House meeting Assistant Secretary of State Richard Holbrooke warned that proceeding without military assistance for Seoul could undermine recognition of China, as the United States would be seen as abandoning East Asia. Morton Abramowitz from the Defense Department feared that the U.S. Military Commander in Korea, General John Vessey, might actually resign over the issue, which could provoke the Joint Chiefs to back away from the president's policies. Based on these discussions, Brzezinski convinced Carter to reduce his initial troop extraction substantially. ¹⁰⁴

In the end, the most devastating and decisive assault upon Carter's policy grew out of intelligence estimates that indicated a far stronger North Korean military force existed than had been estimated previously. By then Carter had also been confronted with the Vietnamese invasion of Cambodia at the end of 1977 and a new Soviet-Vietnamese Treaty late in 1978. As the security picture in Southeast Asia changed, analysts alerted the president to an even more inauspicious alteration in the security climate on the Korean peninsula. New methodology had yielded data indicating North Korean men under arms numbered some 50 percent higher than believed earlier and that these units, based closer to the DMZ than previously realized, could launch an attack with virtually no warning. ¹⁰⁵ Carter, angry and feeling manipulated, nonetheless recognized that he could not win under such circumstances. Concerned that he might also sacrifice the SALT II treaty then before the Congress, and just beginning his descent into the Iranian morass, he capitulated in July 1979, suspending further troop withdrawals. ¹⁰⁶ Carter's loss illustrated poignantly the ability of Congress and the bureaucracy to circumscribe presidential power.

Thereafter Carter's approach to South Korea changed. Neither the coup d'état that brought Chun Doo Hwan to power nor his human rights abuses led the president to condemn Korean leaders as he once might have done. Between the hostage crisis in Iran and the Soviet invasion of Afghanistan, Carter saw himself as besieged and had revived an atmosphere of Cold War militancy in his administration that made human rights a less central principle for American foreign policy. ¹⁰⁷ Thus when civil unrest in South Korea grew violent enough in 1980 to spark a declaration of martial law, the Americans did not object to use of the army to reinforce police authority. Even the bloody crushing of protest in Kwangju did not deter Washington from agreeing to extend \$600 million in U.S. Export-Import Bank credits. Assistant Secretary Holbrooke and Ambassador to Korea William Gleysten saw the central question as stabilization of the situation before North Korea could take advantage of chaos in the South. This, rather

than human rights and democracy, had to be the principal determinant of policy. ¹⁰⁸

Thus Carter's administration traveled a considerable distance. It had begun with a commitment to minimizing the influence of East-West tensions on the broad sweep of American foreign policy and to introducing a humanitarian test to cover allies as well as adversaries. Adversity had redirected it, however. The president returned to a policy framework that placed domestic conflicts, like that in Korea, back into a Cold War context even if doing so meant bolstering a brutal authoritarian regime. The desire to reduce involvement in Korea sharply similarly changed as the front-line nature of the Korean regime again assumed overriding importance.

The Reagan Revival

Ronald Reagan, in contrast to Carter, came to the White House with a belligerently Cold War outlook in place and a determination to restore absolute faith in United States alliances, including that with South Korea. Reagan enlisted human rights principles in the East-West struggle in what ethicist J. Bryan Hehir has called a "systemic vision" that largely exempted allies from critical scrutiny. ¹⁰⁹ Reagan did use the lure of a summit meeting to save Kim Dae-jung from a death sentence imposed by a military court in 1980 for alleged sedition. But the repressive nature of Chun Doo Hwan's regime otherwise presented no barrier to his welcome in Washington or to Reagan's affirmation that American troops would stay on the peninsula indefinitely. ¹¹⁰ The administration also upgraded joint military exercises (Team Spirit) and sold the Korean military advanced weaponry including early-warning radar equipment and F-16 fighter aircraft. Reagan, moreover, conveyed to South Korean leaders that to him Korea represented more than simply a bulwark against communism designed to protect Japan. For the first time an American president appeared to think South Korea was important for its own sake. ¹¹¹

Reagan's largely uncritical embrace of Korea's leadership remained quite different from the more jaundiced assessments of the American people. Public opinion polls continued to reveal animosity for Korea among the general public. In July 1980, respondents overwhelmingly considered it a drain on the U.S. economy (81 percent) and rated it more negatively than China, even while admitting (57 percent) to knowing little about the country. ¹¹²

Ironically, the contrast in views of Korea stemmed in part from the economic prosperity that had come to characterize the South in the late 1970s and 1980s. As Park Chung-hee's plans for industrialization materialized, South Korean steel and automobiles and chemicals raised the profile of Korean business globally and produced high domestic growth rates reaching 12 percent per year from 1986 to 1988. Whereas in 1985 South Korea ranked as the fourth largest debtor nation in the world, by 1990 it had become a net creditor. ¹¹³ Although this constituted extraordinary good fortune for Koreans, it radically diminished the willingness of Americans to provide the kind of generous support that the United States had given in harder times.

Meanwhile in South Korea, Chun imposed a harsh military dictatorship which appeared to many Koreans to have an American seal of approval. Anti-American acts, such as the burning of the Kwangju city United States Information Service office, spread and multiplied. Anger at supposed American complicity in Chun's crimes sprang not just from immediate political tensions but also from long-held resentment toward the ways in which the alliance relationship facilitated American cultural imperialism. Koreans may have slavishly followed American fashions and yearned for American imports, but they also insisted on preserving a Korean identity in the face of overwhelming foreign pressures. ¹¹⁴ The resulting contradictions aggravated the despair and frustration bred of a political system beyond their control. Thus resistance to the regime became increasingly violent and, as Chun sought to put in place as his successor yet another general, a revolt looked possible.

At this juncture, in June 1987, press coverage of the worsening crisis in Korea aroused Americans. Congress had already begun its probe of the Iran-Contra scandal, putting the Reagan administration in an awkward position when it came to unruly client states. Reagan's very public praise of Chun's government implicated the president at home as well as among Koreans in the abuses that Chun had perpetrated. Thus in contrast to 1980, the United States decided to act to prevent the use of the military

to suppress dissent. American Ambassador James Lilley delivered a cautionary letter from Reagan and intensified the effect with a stern verbal warning that the alliance would be jeopardized if Chun acted. Whether for this reason or the simple fact that chaos was objectionable to all concerned, Roh Tae Woo, the successor presumptive, chose to call for direct presidential elections instead. ¹¹⁵ Instantly dampening the crisis atmosphere, Roh had only to watch as the democratic opposition failed to unify, split the popular vote, and allowed Roh to win the presidency after all. Those Americans who had long sought liberalization of Korean politics felt great satisfaction in the momentous turn toward democracy. Not only did it have tremendous significance for the quality of life in Korea, but it had the potential to eliminate one of the central points of friction that had often handicapped the Korean-American alliance.

After the Cold War

Other changes soon followed which equally impinged upon the treaty relationship. A popularly elected and self-confident Roh felt able to pursue with vigor the policy of bettering relations not just with North Korea, but with the North's allies and benefactors in China and the Soviet Union begun hesitantly in the early 1980s. Through intensive diplomacy, often wholly economic in nature, South Korea wooed Moscow and Beijing. Seoul could offer markets, access to technology, and investment at a time when North Korea had nothing but ideology with which to maintain its alliance ties. Not surprisingly South Korea won, opening diplomatic relations with Moscow in 1990 and Beijing in 1992.

Meanwhile, recognizing that stripping Pyongyang of its allies was only half a policy and potentially a dangerous one, Roh sought to improve contacts with the North and asked for American help to involve Pyongyang in international affairs, breach its isolation, and render it a more reasonable interlocutor. Previously Seoul had urged Washington to minimize contacts with Pyongyang, fearing that the sometimes unreliable Americans might make deals undermining South Korea's interests. Americans had shunned early North Korean approaches both in deference to their ally and because of the nature of the northern regime. Now Roh's change of direction and Washington's decision that dialogue could yield benefits allowed a modest breakthrough.

Into this fluid situation, however, a harsher reality intervened. Evidence drawn from aerial intelligence gathering demonstrated that North Korea had by 1989 made significant advances toward development of an indigenous nuclear weapons production capability. Pyongyang's adherence to the Nuclear Non-proliferation Treaty (NPT) in 1985 had not deterred these efforts. When, in the wake of the 1991 Persian Gulf War and discovery of Iraq's secret defiance of its NPT commitments, the International Atomic Energy Agency announced a regime of more rigorous inspections, North Korea made it plain that it would not comply. The result was a crisis that dominated U.S.-Korean relations during much of the 1990s.

Under such circumstances, the need for and nature of the U.S.-Korea mutual defense treaty were dramatically transformed. For Washington that treaty had always been about threats and challenges far larger than the Korean peninsula. South Korea's significance had rested upon its role in constraining the Soviets and Chinese in a region where the United States needed proxies to act as a first line of defense. In the 1990s, however, that dynamic no longer governed. The Cold War had ended. Neither China nor Russia could, at least for the moment, be considered dangerous adversaries, neither encouraged Pyongyang's belligerence toward the south, and neither sought to menace Japan.

But the possibility of a preventive war to strip North Korea of its provocative nuclear installations focused Washington and Seoul's attention on the single issue—detering North Korea—that Seoul had always considered the primary purpose of the alliance. North Korea, independent and unstable, looked even more frightening than when thought to be a puppet of the communist bloc. Pyongyang had little to lose, having been virtually abandoned militarily, politically, and economically by Moscow and Beijing, as well as facing recurrent natural disasters. In the spring of 1994 Kim Il Sung threatened to turn Seoul into a "sea of fire." ¹¹⁶ One pessimistic assessment of war on the peninsula made early in 1991 suggested that the North actually might win, but even more optimistic scenarios projected a four-month struggle involving tens of thousands of American casualties and many more South Koreans killed and wounded, not to mention a cost estimate of \$1 trillion. ¹¹⁷ The possibility that North Korea would turn to a nuclear solution of its many problems made the Korean-American alliance appear more necessary

than at virtually any other moment in its history.

But at the same time, efforts to resolve the North Korean nuclear challenge severely strained the U.S.–South Korean alliance. Seoul could not bring itself fully to trust American diplomats to represent its interests and feared that compromises would be made that would jeopardize southern security. Gradually some government officials began to think of American interaction with Pyongyang as appeasement. ¹¹⁸ Simply the notion of bilateral exchanges between the Americans and North Koreans accorded too much legitimacy to the adversary. And, even were negotiations adequately to provide for Seoul's concerns, South Korean officials resented disenfranchisement in a process that centrally affected them. Seoul's encouragement to the United States to become involved had never meant to encourage Washington to follow an autonomous course. As a result frustration and suspicion grew.

Bitterness increased further as Seoul and Washington continued to respond to problems differently. First came the Agreed Framework solution to the nuclear crisis which emerged in October 1994 at talks from which Seoul had been excluded. South Korea accepted the settlement, but it had reservations about the huge financial burden imposed on Seoul, not to mention Pyongyang's retention of bomb-making ingredients until well into the future. ¹¹⁹ As during the Cold War, priorities clashed. Washington focused on the global ramifications of proliferation. Seoul worried little about arming rogue states, remaining preoccupied with the intimate, local terror that Pyongyang might already possess one or two atomic bombs. Moreover, as Washington seemed mesmerized by nuclear weaponry, Seoul emphasized the persistence of a conventional threat from the North. Dismay also characterized Seoul's response to the relative lack of concern displayed by Washington as the years have passed without Pyongyang engaging the South on implementation of the 1991 "Agreement on Reconciliation, Nonaggression, and Exchange and Cooperation" or the "Joint Declaration on the Denuclearization of the Korean Peninsula." ¹²⁰ Although Seoul officially welcomed the 1996–97 U.S.–Japan Defense Guidelines review, moreover, many South Korean analysts expressed unease with any surrender of responsibility to Japan for overall Korean security. ¹²¹

Unhappiness accelerated when North Korea's desperate need for food led to international assistance. Seoul alternated between favoring aid to avert catastrophe and blaming the United States and other donors for propping up a doomed regime whose demise would finally produce unification under southern control. Then, the Americans failed to share Seoul's outrage when in September 1996 a North Korean submarine infiltrated southern waters, calling instead, in the words of Secretary of State Warren Christopher, upon "all parties" to avoid provocative actions.

Public opinion surveys in Korea showed growing dissatisfaction with the United States. Polls in the winter of 1997 indicated that "most of the public does not trust Washington to protect the country's interests in talks with the North." ¹²² Although Clinton had tried to reassure President Kim Young Sam at their 1996 summit, to many South Koreans it appeared that the Americans had abandoned a long-established consensus that "the only way to deal with the North is through hard-line containment." ¹²³

Perennial American pressure to open the Korean economy to American trade seemed irksome and unreasonable given the trade deficit that it alone in Northeast Asia carries with the United States. ¹²⁴ Expectations that a prosperous and democratic South Korea would be treated increasingly like a partner rather than a dependent state were not being met. ¹²⁵ When the Korean economy plunged into crisis in the autumn of 1997 and the International Monetary Fund (IMF) demanded reform in exchange for assistance, many Koreans held Washington responsible, complaining that "everybody knows it's run by the U.S. and the U.S. is using it for its own interests." ¹²⁶

Indeed, burgeoning nationalism and the prospect of reunification have released long-suppressed cultural, political, and economic antagonism toward the United States, particularly among younger Koreans in their twenties and thirties. A review of contemporary Korean literature reflected the disenchantment, suggesting that "most Koreans no longer feel that Korea owes an everlasting debt of gratitude for what the U.S. did for them; they now feel that the U.S. owes them apologies and compensation for the harm

they [sic] did to Korea in the course of pursuing their imperialistic objectives." ¹²⁷ As David Steinberg, then representing the Asia Foundation in Seoul, observed in the summer of 1997, "if we...simply assume that a little tinkering around the edges—a high-level visit here, kind words there, reassurances on all sides—will resuscitate matters, then this descending relationship will likely continue to drop and the bilateral friendship atrophy." ¹²⁸

On the American side irritation and astonishment similarly characterized reactions to developments in Korea. American officials could not understand South Korean wariness and anger at an ally whose loyalty to Seoul had been proven repeatedly and whose generosity had been exceptional. "At times it...[actually] seemed that United States relations with South Korea were worse than with North Korea." ¹²⁹ Furthermore, Americans worried that Seoul's belligerence, fueled by the very democratic domestic politics which Americans otherwise celebrated, might lead to retaliation against Pyongyang. Thus reports in the *Joong-ang Ilbo* in October 1996 that twelve possible targets in the North had been selected by defense officials seriously alarmed Americans. Not only did this have the potential of embroiling the United States in war on the peninsula, but it demonstrated the erosion of military cooperation, as it challenged American command authority over Republic of Korea forces. Similarly, Korea's interest in reviving an independent ballistic missile development program and its negotiations to purchase Russian air defense systems to supplement, but remain separate from, the American defensive umbrella each posed a proliferation dilemma for Washington. ¹³⁰ Not surprisingly, American officials came to "feel that their biggest headache on the peninsula is the government in the South, not the North." ¹³¹

Fundamentally, of course, American policymakers have considered the alliance with Korea important to maintain in the confused environment of a Northeast Asia in flux and a world system not yet clearly defined. Despite the difficulties and annoyances, cooperation with Seoul promises concrete payoffs in stabilizing the area, integrating a pariah state into the world community, and securing economic advancement for all concerned. Washington also worries about protecting the credibility of its other Asian security agreements in the region. Given the dire results imaginable from failure to cooperate on issues such as North Korean collapse, no real alternatives to a healthy alliance would appear to exist. ¹³² Yet, paradoxically, this understanding has not generated the "sustained, week-to-week high-level attention necessary to manage the Korean Peninsula at a level commensurate with" American interests.

¹³³

And American public opinion certainly is not going to force policymakers to pay more attention. Early in 1994, at the same moment that Washington deployed Patriot missiles to the peninsula, public opinion polls suggested that Americans did not see the South Koreans as close allies or significant trading partners. ¹³⁴ After several subsequent months of crisis in which Korea-related stories appeared regularly in the press, some 66 percent of Americans remained disturbingly indifferent to the South Koreans. ¹³⁵ Furthermore, when queried periodically between 1993 and 1997 about their willingness to send military forces to fight alongside South Koreans against a North Korean attack, Americans opposed the effort, relenting solely if it would be multilateral and under United Nations auspices. ¹³⁶

The history of the Korean-American alliance, then, could only be described as difficult; a relationship lurching from crisis to crisis without a firm foundation. Since the two parties entered into the attachment for different reasons and with many conflicting goals, its longevity has seemed puzzling. Indeed, Koreans have been more aware than most of their Asian neighbors that Americans tend to pay little attention to the East. They have had to labor assiduously to prod, beguile, and manipulate Washington into meeting their needs and protecting their security. In those endeavors their greatest allies, ironically, have been Japan and the communist world. Although the Japanese threat and the threat to Japan are both gone now, the growing menace of a North Korea nearing collapse and poised to attack promotes for the moment continuing commitment even as different strategies for dealing with Pyongyang produce friction. ¹³⁷

Nevertheless, Americans remain largely ignorant about Korea's history, politics, and culture. ¹³⁸ Despite the slow multiplication of Korean restaurants in American cities and a growing number of Korean

immigrants and Korean-American citizens, the societal bonds that can overcome lethargy and strife remain very weak between the United States and Korea. Even strong trade and investment ties did not persuade the United States to make firm promises of financial assistance when the Korean won came under speculative attack late in 1997. ¹³⁹ Betting on the future of the alliance under such conditions would be risky indeed.

Endnotes

Note 1: 740.00119Control(Korea)9-1947 #361 Jacobs, Seoul. U.S. Department of State, *Foreign Relations of the United States, 1947*, vol. 6: *The Far East* (Washington, D.C.: Government Printing Office, 1972), 806 (hereafter FRUS). [Back](#).

Note 2: Park Chung-hee. *Our Nation's Path* (Seoul: Hollym Publications, 1971), 39-40, as quoted in Stephen Haggard, *Pathways from the Periphery* (Ithaca: Cornell University Press, 1990), 62. [Back](#).

Note 3: Komer to JFK, May 31, 1963. FRUS 1961-63, vol. 22 : *Northeast Asia* (Washington, D.C.: Government Printing Office, 1996), 647. [Back](#).

Note 4: John Lewis Gaddis, "Korea in American Politics, Strategy, and Diplomacy, 1945-50," in Yonosuke Nagai and Akira Iriye (ed.), *The Origins of the Cold War in Asia* (New York: Columbia University Press, 1977), 278. [Back](#).

Note 5: Dean Rusk. *As I Saw It* (New York: Penguin, 1990), 124; Bruce Cumings, *The Origins of the Korean War*, vol. 1: *Liberation and the Emergence of Separate Regimes, 1945-1947* (Princeton: Princeton University Press, 1981), 120-21; 740.00117Control(Korea)7-1250 Dean Rusk, assistant secretary, Far Eastern affairs, to G. Bernard Noble, chief, Division of Historical Policy Research, FRUS 1945, vol. 6: *The British Commonwealth, The Far East* (Washington, D.C.: Government Printing Office, 1969), 1039. [Back](#).

Note 6: Gregory Henderson, *Korea: The Politics of the Vortex* (Cambridge: Harvard University Press, 1968), 120-21; Joyce and Gabriel Kolko, *The Limits of Power* (New York: Harper & Row, 1972), 277 and 299. [Back](#).

Note 7: Carter J. Eckert, et al., *Korea Old and New* (Cambridge: Harvard University Press, 1990), 337. [Back](#).

Note 8: On the use of the Japanese see Cumings, *Origins*, vol. 1, 138-39. He notes that the State Department immediately disavowed Hodge's decision but that much of the damage had already been done in the minds of Koreans, who saw the Americans collaborating with the Japanese. As for American attitudes, Cumings suggests that "the Japanese were viewed as cooperative, orderly, and docile, while the Koreans were seen as headstrong, unruly, and obstreperous." [Back](#).

Note 9: 740.00119Control(Korea)5-1847 #109 Langdon, Seoul, FRUS 1947, vol. 6, 645; *ibid.*, /5-2147 #115 Langdon, Seoul, 646-47; *ibid.* /5-2147 #92 Marshall to Hodge, Seoul, 647; *ibid.* /5-2647 #Zgeg705 Hodge, Seoul, 653; 895.00/7-247 #C53768 MacArthur, Tokyo, 682-84; 740.00119Control (Korea)7-2147 #219 Jacobs, Seoul, 710-11; 611.95B/9-2655 Memcon Minister Han Pyo Wook, Korean Embassy, with William Sebald, DAS/FE, FRUS 1955-57, vol. 23: *Korea*, pt. 2 (Washington, D.C.: Government Printing Office, 1993), 163; Okonogi Masao, "The Domestic Roots of the Korean War," in Nagai and Iriye (eds.), *The Origins*, 301-02; Henderson, *Vortex*, 127-28. [Back](#).

Note 10: See Carolyn W. Eisenberg, *Drawing the Line: The American Decision to Divide Germany, 1944-1949* (New York: Cambridge University Press, 1996). [Back](#).

Note 11: Gaddis places the larger part of the blame upon Moscow. Gaddis, "Korea in American Politics," 279-80. Soviet sources indicate that Moscow fundamentally distrusted the American negotiators. Sergei

N. Goncharov, John W. Lewis, and Xue Litai, *Uncertain Partners* (Stanford: Stanford University Press, 1993), 132. [Back](#)

Note 12: Original quote in 740.00119PW/7-346 Edwin W. Pauley to Truman, June 22, 1946, FRUS 1946, vol. 8: *The Far East* (Washington, D.C.: Government Printing Office, 1971), 706, and then quoted by Truman back to Pauley with his observation that he is in total agreement, July 16, 1946, *ibid.*, 713-14; William W. Stueck, Jr., *The Road to Confrontation* (Chapel Hill: University of North Carolina Press, 1981), 154-55. [Back](#)

Note 13: SANACC 176/38 includes a statement regarding lack of strategic interest and fear that troops on the peninsula would be a military liability by JCS quoted in NSC 8 "Position of the United States with Respect to Korea," April 2, 1948, FRUS 1948, vol. 6: *The Far East & Australia* (Washington, D.C.: Government Printing Office, 1974), 1164-69. Cumings sees the ranking as indicating an "unprecedented" degree of concern for Korea. Bruce Cumings, "The Course of Korean-American Relations, 1943-1953," in Bruce Cumings (ed.), *Child of Conflict* (Seattle: University of Washington Press, 1983), 20. [Back](#)

Note 14: NSC 8, FRUS 1948, vol. 6, 1166, 1168; Norman D. Levin and Richard L. Sneider, "Korea in Postwar U.S. Security Policy," in Gerald L. Curtis and Han Sung-joo (eds.), *The U.S.-South Korean Alliance* (Lexington, MA: D.C. Heath, 1983), 34. [Back](#)

Note 15: James Matray argues that the UN-supervised elections were not designed to permit the United States to withdraw but rather to persuade Congress to appropriate aid for Korea. James I. Matray, "Korea: Test Case of Containment in Asia," in Cumings (ed.), *Child of Conflict*, 177. [Back](#)

Note 16: NSC 8, FRUS 1948, vol. 6, 1169. [Back](#)

Note 17: SWNCC 176/30 "United States Policy in Korea," August 4, 1947, FRUS 1947, vol. 6, 738-41; Stueck, *Road to Confrontation*, 79-80; NSC 8/2, March 23, 1949, FRUS 1949, vol. 7: *The Far East & Australia* (Washington, D.C.: Government Printing Office, 1976), pt. 2, 969-78; Woo Jung-en, *Race to the Swift* (New York: Columbia University Press, 1991), 44-45; Ronald McGlathlen, *Controlling the Waves* (New York: Norton, 1993), 53-59. [Back](#)

Note 18: For the new literature on the Korean War see Kathryn Weathersby, "The Soviet Role in the Early Phase of the Korean War: New Documentary Evidence," *Journal of American-East Asian Relations* 2 (Winter 1993), 425-58; Chen Jian, *China's Road to the Korean War* (New York: Columbia University Press, 1994); Goncharov, Lewis, and Xue, *Uncertain Partners*, 136-52.

There have been several historical controversies surrounding the outbreak of the Korean War. First there was the contention, most clearly articulated by I.F. Stone in *The Hidden History of the Korean War*, that the fighting actually began because of provocation by the south of the north. Bruce Cumings, although not going quite as far as Stone, also put great weight in his writings upon the element of provocation. For years the entire issue of who began the war could not be discussed in the People's Republic of China because the government mandated that the North Korean position on southern guilt be accepted. Most of the literature on the war, however, did not take this idea seriously. A second major controversy has surrounded the issue of whether the war was a civil conflict or an international contest. Rooted in the proposition that the Soviets were pulling the strings of their puppets in Korea, conventional wisdom generally ignored local causes for the war. Again the most outspoken and articulate exponent of the idea that the war was largely of an indigenous nature has been Bruce Cumings. More recently William Stueck has recycled the debate in his *The Korean War: An International History* (Princeton: Princeton University Press, 1995). Finally, there has been a debate on the related issue of the degree of involvement of the Soviets and the Chinese in the decision-making regarding the war. The release of new documents has begun to narrow and sharpen the focus of these questions but conclusive answers to all aspects of the inquiry remain elusive. For an excellent review of the literature which is, unfortunately, somewhat dated, see Rosemary Foot, "Making Known the Unknown War: Policy Analysis of the Korean Conflict in the Last Decade," *Diplomatic History* 15 (Summer 1991), 411-31. [Back](#)

Note 19: President's remark as recorded by the notetaker at the NSC meeting. Gaddis, "Korea in

American Politics," 286-90. [Back.](#)

Note 20: Thomas J. Christensen, *Useful Adversaries* (Princeton: Princeton University Press, 1996), 181. [Back.](#)

Note 21: For the struggle over the U.S.-ROC Mutual Defense Treaty see Nancy Bernkopf Tucker, *Taiwan, Hong Kong and the United States, 1945-1992: Uncertain Friendships* (New York: Twayne/Macmillan, 1994), 38-40. Korean Foreign Minister Y.T. Pyun first proposed the treaty in April 1953, implying it would be the quid pro quo for an armistice. After Rhee and the Korean ambassador added their entreaties, Eisenhower made known his own negative assessment on May 22. John Kotch, "The Origins of the American Security Commitment to Korea," in Cumings (ed.), *Child of Conflict*, 241-44. Han Sung-joo has asserted that the treaty was not a concession but was made to look that way to bind Rhee. He believes the United States wanted to sign it in any case. Han Sung-joo, "South Korea and the United States: Past, Present, and Future," in Curtis and Han (ed.), *The U.S.-Korean Alliance*, 205-6. He bases his conclusion, in part, on the memoir of Mark Clark. *From the Danube to the Yalu* (New York: Harper & Row, 1954), 273, but Clark says he approached Rhee only in May. [Back.](#)

Note 22: Fears of what action Rhee might take in response to the signing of the armistice are clear in the exchange of cables in FRUS 1952-54, vol. 15: *Korea* (Washington, D.C.: Government Printing Office, 1984) pt. 1, 938-43. [Back.](#)

Note 23: DA 940241 Chief of Staff, US Army, Collins, to the Commander in Chief, Far East, Clark, May 30, 1953, FRUS 1952-54, vol. 15, pt. 1, 1122-23; Letter from Eisenhower to Rhee, June 7, 1953, *Public Papers of the President: Dwight D. Eisenhower, 1953* (Washington, D.C.: Government Printing Office, 1954), 377-80. [Back.](#)

Note 24: Paper by Taylor, Commanding General, 8th Army, May 4, 1953. FRUS 1952-54, vol. 15, pt. 1, 965-68; DA 940238 Collins to Clark, May 29, 1953, *ibid.*, 1119-20, and reply 1120-21; DA 940242 Chief of Staff, US Army to the Commander in Chief, Far East, May 30, 1953, *ibid.*, 1123-24; Kotch, "The Origins of the American Security Commitment," 244-47. Clark nevertheless took it as part of his instructions that "in the event that the present ROK govt cannot be forced to accept the armistice terms, an amenable ROK govt... can be established." C 62910 Clark to JCS, June 8, 1953, FRUS 1952-54, vol. 15, pt. 2, 1153. [Back.](#)

Note 25: Woo, *Race to the Swift*, 44-45; Bruce Cumings, *Korea's Place in the Sun* (New York: Norton, 1997), 306. [Back.](#)

Note 26: 276th Meeting, NSC, February 9, 1956, FRUS 1955-57, vol. 23, pt. 2, 217. [Back.](#)

Note 27: Haggard, *Pathways*, 55-59. [Back.](#)

Note 28: 795B.5-MSP/3-3055 Briggs, Seoul to Robertson, FRUS 1955-57, vol. 23, pt. 2, 62. [Back.](#)

Note 29: Haggard, *Pathways*, 64-67; Eckert, *Korea Old and New*, 360; Cumings, *Korea's Place in the Sun*, 305. [Back.](#)

Note 30: 795.5-MSP/6-856 William G. Ockey, officer in charge of economic affairs, NEA to Howard Jones, DAS/FE, FRUS 1955-57, vol. 23, pt. 2, 281-82. [Back.](#)

Note 31: Charles Wilson, secretary of defense, to James S. Lay, executive secretary, NSC, April 2, 1954, FRUS 1952-54, vol. 15, pt. 2, 1778-85. As the Americans began to discuss reductions in Korean troop levels they recognized the explosive potential of such a proposal. 795B.5/5-3055 #1307 Lacy, Seoul, FRUS 1955-57, vol. 23, pt. 2, 104-06. At the same time they understood that high rates of inflation damaging to economic development arose from the huge American military subsidies. 269th Meeting, NSC, December 8, 1955, *ibid.*, 194. [Back.](#)

Note 32: NSC 170/1 Progress Report, March 26, and Appendix B, March 23, 1954, FRUS 1952-54, vol. 15, pt. 2, 1773 and 1775. [Back.](#)

Note 33:193rd Meeting, NSC, April 13, 1954, FRUS 1952-54, 15, pt. 2, 1186-87. [Back](#).

Note 34:297th Meeting, NSC, September 20, 1956, FRUS 1955-57, vol. 23, pt. 2, 309-13; 304th Meeting, NSC, November 15, 1956, *ibid.*, 348. [Back](#).

Note 35:684A.86/11-1456 #466 Dowling, Seoul, FRUS 1955-57, vol. 23, pt. 2, 347. [Back](#).

Note 36:795.00/1-1255 Robertson to Dulles, FRUS 1955-57, vol. 23, pt. 2, 5-6; NSC 5514, "U.S. Objectives and Courses of Action in Korea," February 25, 1955, *ibid.*, 45. [Back](#).

Note 37:795.00/12-1856 Memcon Rhee with Robertson, FRUS 1955-57, vol. 23, pt. 2, 369-70. [Back](#).

Note 38:Rhee to Eisenhower, December 29, 1954, FRUS 1952-54, 15, pt. 2, 1938-40. See also Rhee to Eisenhower, February 4, 1954, *ibid.*, 1745-47, which Robertson refused to accept from the Korean counselor because of its insulting and hysterical character. On antagonism of Korean officials for the Japanese, see Victor D. Cha, "Alignment Despite Antagonism: Japan and Korea as Quasi-Allies," Ph.D. dissertation, Columbia University, 1994, 14; Victory D. Cha, "Bridging the Gap: The Strategic Context of the 1965 Korea-Japan Normalization Treaty," *Korean Studies* 20 (1996), 126. [Back](#).

Note 39:Henderson. *Vortex*, 59-60. [Back](#).

Note 40:Eckert, *Korea Old and New*, 353-55; Memcon Korean ambassador with secretary of state, March 16, 1960, FRUS 1958-60, 18; *Japan; Korea* (Washington, D.C.: Government Printing Office, 1994), 606-8; 795B.00/3-1750 #742 Green, Seoul, *ibid.*, 608-10; 795B.00/4-2660 #969 McConaughy, Seoul, *ibid.*, 638; Cumings, *Korea's Place in the Sun*, 344-45. In contrast to the Chinese troops at Tiananmen Square in 1989, Rhee troops would not fire on the student demonstrators. [Back](#).

Note 41:795B.00/4-260 #794 McConaughy, Seoul, FRUS 1958-60, 18, 611; 795B.00/4-1960 #890 McConaughy, Seoul, *ibid.*, 620-22; 795B.00/4-1860 #848 Herter to Seoul, *ibid.*, 624-26; 795B.00/4-2160 #878 Herter to Seoul, *ibid.*, 634-37. [Back](#).

Note 42:Memcon Dulles with Eisenhower, April 19, 1960, FRUS 1958-60, 18, 623; 442nd Meeting, NSC, April 28, 1960, *ibid.*, 651. [Back](#).

Note 43:611.95B/4-2760 #897 Loy Henderson, deputy under secretary, to Seoul, FRUS 1958-60, 18, 645; Cumings, *Korea's Place in the Sun*, 346. [Back](#).

Note 44:SNIE 42-61 "Short-Range Outlook in the Republic of Korea," March 21, 1961, FRUS 1961-63, vol. 22, 430-35; 795B.00/4-161 #1123 Rusk to McConaughy, *ibid.*, 436-38. On development of the coup refer to *ibid.*, 449, and see Han Sung-joo, *The Failure of Democracy in South Korea* (Berkeley: University of California Press, 1974), and John Kie-chang Oh, *Korea: Democracy on Trial* (Ithaca: Cornell University Press, 1968). [Back](#).

Note 45:795B.00/5-1861 Bowles to Kennedy, FRUS 1961-63, vol. 22, 463. [Back](#).

Note 46:SNIE 42-2-61 "Short-Term Prospects in South Korea," May 31, 1961, FRUS 1961-63, vol. 22, 468-69; Robert H. Johnson, NSC to Rostow, deputy special assistant for national security affairs, June 28, 1961, *ibid.*, 491-92; SNIE 42-3-61, "The Current Regime in the Republic of Korea," July 18, 1961, *ibid.*, 501. [Back](#).

Note 47:Kennedy allegedly considered Korea's military usurper someone to be encouraged. Theodore Sorensen, *Kennedy* (New York: Harper & Row, 1965), 535; 795B.5-MSP/10-2861 #640 Berger, Seoul, FRUS 1961-63, vol. 22, 522-26. [Back](#).

Note 48:Memcon JFK with Park, November 14, 1961, FRUS 1961-63, vol. 22, 535-39. For a positive assessment from the American ambassador see 795B.00/12-1561 Berger to Rusk, *ibid.*, 54248. [Back](#).

Note 49: Eckert, *Korea Old and New*, 361–62; SNIE 42–3–61 “The Current Regime in the Republic of Korea,” July 18, 1961, op cit., 502. [Back](#).

Note 50: Warren I. Cohen. *Dean Rusk* (Totowa, NJ: Cooper Square, 1980), 205–06. Rusk described Park as the “only figure in sight who seems to possess sufficient intelligence, vision, breadth of contact, forcefulness, personal reputation and access to power (especially over military)....” 611.95B/7–2762 #109 Rusk to Seoul. FRUS 1961–63, vol. 22, 591–94. Re pressure on Park by U.S. see #547 Rusk to Seoul, March 16, 1963, *ibid.*, 630–31; #838 Berger, Seoul to Hilsman and Bell, April 29, 1963, *ibid.*, 643–45. [Back](#).

Note 51: W. W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge, England: Cambridge University Press, 1960). George Ball, who served as under secretary for economic affairs, disparaged development economics and the professors who “tendentiously” advocated the building of “new Jerusalems” and looked down on the “unenlightened bureaucrats of the State Department who were not zealous converts to the new theology.” George Ball, *The Past Has Another Pattern* (New York: Norton, 1982), 182–84. [Back](#).

Note 52: Komer to Bundy, special assistant for national security affairs, June 12, 1961, FRUS 1961–63, vol. 22, 474–75; Komer to Kennedy, May 31, 1963, *ibid.*, 647. These ideas reflected conclusions reached in a task-force report written by George Ball for president-elect Kennedy. William O. Walker, “Mixing the Sweet with the Sour: Kennedy, Johnson, and Latin America,” in Diane Kunz (ed.), *The Diplomacy of the Crucial Decade* (New York: Columbia University Press, 1994), 48. [Back](#).

Note 53: 795B.5–MSP/8–161 Rusk to Berger, Seoul, *ibid.*, 505–7; “Revised Progress Report on Follow Up Actions Responsive to Recommendations of Korean Task Force Report,” August 24, 1961, *ibid.*, 516. [Back](#).

Note 54: Komer to Bundy, December 20, 1961, FRUS 1961–63, vol. 22, 548–49. Park’s government threatened a reduction in Korean force levels if American military aid fell. Komer welcomed the possibility but it was strongly opposed by the director of the Defense Intelligence Agency, the assistant chief of staff for intelligence, Department of the Army, and the assistant chief of naval operations. SNIE 42–62 “Outlook for South Korea,” April 4, 1962, *ibid.*, 553n3. [Back](#).

Note 55: JCSM–265–62 L.L. Lemnitzer, Chm JCS to McNamara, April 10, 1962, FRUS 1961–63, vol. 22, 554–555; McNamara to Hamilton, AID administrator, April 27, 1962, *ibid.*, 562. [Back](#).

Note 56: “Impressions of Korea,” by Maxwell Taylor, September 20, 1962, FRUS 1961–63, vol. 22, 601–2. [Back](#).

Note 57: Memorandum for the Record, Komer, May 4, 1962, FRUS 1961–63, vol. 22, 562–4. [Back](#).

Note 58: Komer to Kaysen, September 26, 1962, FRUS 1961–63, vol. 22, 606–7. [Back](#).

Note 59: Komer to Kennedy, May 31, 1963, FRUS 1961–63, vol. 22, 647. [Back](#).

Note 60: Cumings, *Korea’s Place in the Sun*, 365. [Back](#).

Note 61: Colonel Lawrence J. Legere, White House staff, to Taylor. Chm. JCS, June 11, 1963, FRUS 1961–63, vol. 22, 648–49. [Back](#).

Note 62: Record of NSC Action No. 2430, June 13, 1961, FRUS 1961–63, vol. 22, 485; Memcon JFK with Ikeda Hayato, June 20, 1961, *ibid.*, 489–90; Memcon Rusk with Park, November 5, 1961, *ibid.*, 527–28; Memcon Rusk with Park, November 14, 1961, *ibid.*, 534; Rusk to Kennedy, May 17, 1962, *ibid.*, 565–66; “Korean–Japanese Relations,” State Department Paper, May 17, 1962, *ibid.*, 567–71; 694.95B/7–1362 #90 Rusk to Seoul, *ibid.*, 579–81. [Back](#).

Note 63: “The Task Force Report on Korea,” Memo Robert H. Johnson, NSC, June 13, 1961, FRUS 1961–63, vol. 22, 477. [Back](#).

Note 64:Cha, "The 1965 Normalization Treaty," 128. [Back](#).

Note 65:Komer to Kennedy, April 23, 1962, FRUS 1961-63, vol. 22, 555-56. U.S. economic and military aid fell from \$529 million in 1960 to \$309 million in 1965. Cha, "The 1965 Normalization Treaty," 148n24. [Back](#).

Note 66:Cha, "The 1965 Normalization Treaty," 129-30. [Back](#).

Note 67:"ROK Economic Development and Foreign Economic Assistance Programs," Briefing Paper, May 17-19, 1965, National Security File (hereafter NSF) Country File, Korea, vol. I, Box 254, Lyndon Johnson Library (hereafter LBJL); Memo James Thomson to LBJ, January 11, 1965, NSF Country File, Japan, Box 253, f: Sato Visit Briefing Book, January 1965, LBJL. [Back](#).

Note 68:Memcon JFK with Park, November 14, 1961, FRUS 1961-65, vol. 22, 536-38. [Back](#).

Note 69:#1128 Berger, Seoul, March 7, 1964, NSF Country File, Korea, Vol. I, Box 254, LBJL; #12 Rusk, July 3, 1964, *ibid.*, Vol. II, LBJL. [Back](#).

Note 70:Han makes the case that the South Koreans did not intervene to help the Vietnamese, who were reluctant beneficiaries, but rather as a result of the alliance relationship with the United States. The South Koreans supplied soldiers over a period of eight years from 1965 to 1973 with peak strength reaching 50,000. Han Sung-joo, "South Korea's Participation in the Vietnam Conflict: An Analysis of the U.S.-Korean Alliance," *Orbis* (Winter 1978), 893, 896-89; George McT. Kahin, *Intervention* (Garden City, NY: Doubleday, 1987), 335; Eckert, *Korea Old and New*, 397-99. [Back](#).

Note 71: Lee Yur-bok and Wayne Patterson (ed.), *One Hundred Years of Korean-American Relations, 1882-1982* (Tuscaloosa: University of Alabama Press, 1986), 109; McNamara to LBJ, November 15, 1963, NSF Country File, Korea, Boxes 256-57, f: filed by LBJ library, LBJL; #953 Berger, Seoul, January 21, 1964, NSF Country File, Korea, Vol. I, Box 254, LBJL; Han, "South Korea and the United States," 209; Eckert, *Korea Old and New*, 398; Han, "South Korea in Vietnam," 902-05, 907. [Back](#).

Note 72:#120315 Rusk, February 24, 1968, NSF Country File, Japan, Vol. 7, Box 252, LBJL. [Back](#).

Note 73:#8517 Porter, Seoul, January 24, 1968, NSF Country File, Korea, Pueblo Incident, Vol. I, pt. A, Box 257, LBJL. Other possible motives include a desire to embarrass the Soviets and Chinese, who were beginning to court the United States; fear of Japanese remilitarization; opposition to the improvement of Japanese-South Korean relations following the 1965 treaty; and a probe of Washington's determination to protect South Korea. Peter Hayes, *Pacific Powderkeg: American Nuclear Dilemmas in Korea* (Lexington, MA: D.C. Heath, 1991), 127. [Back](#).

Note 74:Levin and Sneider, 45; #120315 Rusk, February 24, 1968, NSF Country File, Japan, Vol. 7, Box 252, LBJL. Ultimately this expansion contributed to a weakening of North Korea because of the budget strain that accompanied it. Ralph Clough, *East Asia and U.S. Security* (Washington, D.C.: Brookings, 1975), 164. [Back](#).

Note 75:Han, "South Korea and the United States," 211; #120315 Rusk, February 24, 1968, NSF Country File, Japan, Vol. 7, Box 252, LBJL. [Back](#).

Note 76:Han Sung-joo argues that the Vietnam experience altered the nature of the alliance relationship. Han, "South Korea in Vietnam," 908-12. [Back](#).

Note 77:#4229 Rusk, February 14, 1968, NSF Country File, Korea, Pueblo Incident, Seoul Cables, vol. II, Box 262, LBJL. [Back](#).

Note 78:#120315 Rusk, February 24, 1968, NSF Country File, Japan, vol. 7, Box 252, LBJL. North Korea's security treaties with the Soviets and with the People's Republic of China signed in July 1961 included automatic response guarantees. Nam Joo-hong, *America's Commitment to South Korea* (New

York: Cambridge University Press, 1986), 147. [Back](#).

Note 79: Richard M. Nixon, "Asia After Viet Nam," *Foreign Affairs* 46 (October 1967). [Back](#).

Note 80: Cha, "Alignment Despite Antagonism," 104-14. Secretary of Defense Melvin Laird approved a plan to cut the remaining troops down to a single brigade but Alexander Haig and Henry Kissinger prevented implementation of the plan. Don Oberdorfer, *The Two Koreas* (Reading, MA: Addison Wesley Longman, 1997), 86. [Back](#).

Note 81: Levin and Sneider, 47-50. [Back](#).

Note 82: Nam, America's Commitment to South Korea, 78. Henry Kissinger claims that he favored retaliation but that Nixon had no stomach for it. Kissinger, *The White House Years* (Boston: Little Brown, 1979), 315-21. Nixon himself contends that he worried about starting a war. Richard M. Nixon, *RN* (New York: Grosset & Dunlap, 1978), 384. Seymour Hersh believes they both wanted to take action, recalling Nixon's indictment of LBJ over the *Pueblo* crisis: "I say to you tonight that when respect for the United States falls so low that a fourth-rate military power like Korea will seize an American naval vessel on the high seas, it's time for new leadership." Seymour Hersh, *The Price of Power* (New York: Simon & Schuster, 1983), 69. [Back](#).

Note 83: Lee Chong-sik, *Japan and Korea* (Stanford, CA: Hoover Institution Press, 1985), 70. [Back](#).

Note 84: Cha, "Alignment Despite Antagonism," 155. Clearly the Japanese were not comfortable with the broad commitment and shortly thereafter sought to cancel the clause. Lee, *Japan and Korea*, 75-76. [Back](#).

Note 85: Oberdorfer, *The Two Koreas*, 14. [Back](#).

Note 86: Cha, "Alignment Despite Antagonism," 260-61. [Back](#).

Note 87: According to Oberdorfer, discussion at the meeting in the spring 1972 between KCIA director Lee Hu Rak and Kim Il Sung "is remarkable for a shared antipathy to the major powers." Lee observed to Kim that "the big powers only provide lip service to our hope for unification." Oberdorfer, *The Two Koreas*, 23-24. [Back](#).

Note 88: Cumings, *Korea's Place in the Sun*, 358-59. [Back](#).

Note 89: Oberdorfer, *The Two Koreas*, 40-41. [Back](#).

Note 90: Kim had received 47 percent of the vote in the election even with Park's efforts to prevent the opposition from voting. Edwin O. Reischauer, "The Korean Connection," *New York Times Magazine*, September 22, 1974, 60. Oberdorfer suggests that quick action by Habib probably prevented the KCIA from throwing Kim into the sea. Oberdorfer, *The Two Koreas*, 43. In 1974 the U.S. Congress voted to make \$20 million in aid contingent upon a better human rights record, although it also approved \$145 million in military support outright. According to Han Sung-joo, Seoul was "insulted." Han, "South Korea and the United States," 217, 233n43. [Back](#).

Note 91: Reischauer, "The Korean Connection," 15, 60-69. [Back](#).

Note 92: Lee Chae-jin and Sato Hideo, *U.S. Policy toward Japan and Korea* (New York: Praeger, 1982), 73-89 (quote 80). [Back](#).

Note 93: Han, "South Korea and the United States," 218. [Back](#).

Note 94: Hayes, *Pacific Powderkeg*, 204-05. Hayes goes on to demonstrate that South Korea's flirtation with nuclear weapons technology did not stop at this time. *Ibid.*, 205-06. [Back](#).

Note 95: Oberdorfer, *The Two Koreas*, 85 and 87. Oberdorfer corresponded with Carter and interviewed

top figures from the administration, none of whom knew the source of the idea. Jody Powell told him that Carter had been aware of Laird's withdrawal plans. Carter himself noted only that he had been generally inclined to bring American troops home from overseas. Oberdorfer, 86-87. [Back](#).

Note 96: Lee and Sato, *U.S. Policy toward Japan and Korea*, 106-8. [Back](#).

Note 97: Cyrus Vance, *Hard Choices* (New York: Simon & Schuster, 1983), 128-29. [Back](#).

Note 98: Gaddis Smith, *Morality, Reason and Power* (New York: Hill & Wang, 1986), 104; Nam, *America's Commitment to South Korea*, 150. [Back](#).

Note 99: Lee and Sato, *U.S. Policy toward Japan and Korea*, 113 and 115; Cha, "Alignment: Despite Antagonism," 384-85; Nam, *America's Commitment to South Korea*, 151; Han, "South Korea and the United States," 213-14. [Back](#).

Note 100: Lee and Sato, *U.S. Policy toward Japan and Korea*, 114. [Back](#).

Note 101: Nam, *America's Commitment to South Korea*, 156. [Back](#).

Note 102: William Watts, "The United States and Korea: Perception versus Reality," in Curtis and Han, *The U.S.-South Korean Alliance*, 67. [Back](#).

Note 103: Levin and Sneider, "Korea in Postwar U.S. Security Policy," 52. [Back](#).

Note 104: Oberdorfer, *The Two Koreas*, 93. [Back](#).

Note 105: Vance, *Hard Choices*, 129; Oberdorfer, *The Two Koreas*, 101-03. [Back](#).

Note 106: Smith, *Morality*, 104-5. According to Oberdorfer's account, Carter felt that the Defense Intelligence Agency had doctored the figures on the North Korean troop strength. Oberdorfer, *The Two Koreas*, 103. [Back](#).

Note 107: Smith, *Morality*, 105. [Back](#).

Note 108: Tim Shorrock, "Debate in Kwangju," *The Nation*, December 9, 1996, 19-22; Tim Shorrock, "The U.S. Role in Korea in 1979 and 1980," Internet, Korea Web Weekly (www.kimsoft.com/korea/kwangju3.htm), 1997. [Back](#).

Note 109: J. Bryan Hehir, "The United States and Human Rights: Policy for the 1990s in the Light of the Past," in Kenneth A. Oye, Robert J. Lieber, and Donald Rothchild (eds.), *Eagle in a New World* (New York: HarperCollins, 1992), 240-42. [Back](#).

Note 110: In a generally unflattering portrayal of his rival, Carter reports that, during pre-inauguration meetings between the two men, Reagan expressed envy for Chun's absolute authority in repressing campus unrest. Jimmy Carter, *Keeping Faith* (New York: Bantam Books, 1982), 578. [Back](#).

Note 111: Cha, "Alignment Despite Antagonism," 417-20; Han, "South Korea and the United States," 222-25. [Back](#).

Note 112: Watts, "The United States and Korea," 76-79. [Back](#).

Note 113: Cumings, *Korea's Place in the Sun*, 322-26; Bertrand Reynaud, "The Structure of United States-Korea Economic Relations: Getting to Yes in a New Era," in Ilpyong Kim (ed.), *Korean Challenges and American Policy* (New York: Paragon, 1991), 250-51. [Back](#).

Note 114: Eckert, *Korea Old and New*, 414-16. [Back](#).

Note 115: Oberdorfer, *The Two Koreas*, 163-72. [Back](#).

Note 116: Steve Coll and David B. Ottaway, "New Threats Create Doubt in U.S. Policy," *Washington Post*, April 13, 1995, A1, A26. In May 1994 Secretary of Defense William Perry reviewed contingency plans for a preemptive attack on the North Korean nuclear reactor as well as broader studies of war on the peninsula. [Back](#).

Note 117: The grim assessment was by Air Force Colonel Robert Gaskin, "Net Assessment on Military Balance," March 1991, and reported by Barton Gellman, "Trepidation at Root of U.S. Korea Policy," *Washington Post*, December 12, 1993, A1, A49. The price tag of \$1 trillion came from General Gary Luck, commander in chief of U.S. forces, Korea, on May 19, 1994, and included economic losses to the region as well as battlefield expenses. Coll and Ottaway, "New Threats," A26. [Back](#).

Note 118: Daryl Plunk, "No Way to Deal with North Korea," *Washington Post*, September 29, 1996, C2. [Back](#).

Note 119: The United States focused on the proliferation problem, but South Korea believed the possibility that the North already possessed one or two bombs ought to get at least equal attention. Lee Song Hee, "The North Korean Nuclear Issue between Washington and Seoul: Differences in Perceptions and Policy Priorities," *The Journal of East Asian Affairs* 11 (Summer/Fall 1997), 334-37. [Back](#).

Note 120: Larry A. Niksch, "North Korea's Campaign to Isolate South Korea," *Korea and World Affairs* 19 (Spring 1995), 29, 31. [Back](#).

Note 121: Ralph A. Cossa, *The Major Powers in Northeast Asian Security* (Washington, D.C.: McNair Paper 51, National Defense University, 1996), 30-32. A related concern is the shift in American strategy away from fixed commitments to fight large-scale conflicts toward more mobile forces. For Korea this could mean the end of a long-term security guarantee, the "unmovable" U.S. forward-deployed deterrent. Moreover, if American forces in Korea are to serve larger regional purposes then, to some Koreans, their continued presence on the peninsula is not worth the costs. Kim Hyun-dong, "Future Developments on the Korean Peninsula: Implications for the United States and Korea," in Jonathan Pollack and Kim Hyun-dong (ed.), *East Asia's Potential for Instability and Crisis* (Santa Monica, CA: RAND, 1995), 172 and 178. [Back](#).

Note 122: R. Jeffrey Smith, "Korean Talks Jeopardized by New Tensions," *Washington Post*, February 17, 1997, A1, A20. [Back](#).

Note 123: Victor Cha, "Realism, Liberalism, and the Durability of the U.S.-South Korean Alliance," *Asian Survey* 37 (July 1997), 619. [Back](#).

Note 124: Robert A. Scalapino, "Foreign Policy for a New Administration," in *Asian Update: The 1997 Korean Presidential Elections*, November 1997, 18. China, Japan and Taiwan all enjoy surpluses with the United States. [Back](#).

Note 125: Kim, "Future Developments on the Korean Peninsula," 174. [Back](#).

Note 126: Nicholas D. Kristof, "Many Proud South Koreans Resent Bailout from Abroad," *New York Times*, December 11, 1997, D4. [Back](#).

Note 127: Quote taken from Suh Ji-moon, "America and Americans as Depicted in Korean Fiction," *Journal of American Studies* (Seoul), 28 (Winter 1996), 388, as cited by David I. Steinberg, "Tensions in the South Korean-U.S. Relationship," Asia Foundation Working Paper #2, 1997, 11. [Back](#).

Note 128: David I. Steinberg, "Reconstructing the Bridge—Rethinking Korean-American Relations," *Pacific Bridge* 6 (Spring/Summer 1997), 9. [Back](#).

Note 129: Andrew Pollack, "U.S.-Korea Friction," *New York Times*, February 18, 1997, A6. [Back](#).

Note 130: Bates Gill, "Proliferation and the U.S. Alliances in Northeast Asia," *America's Alliances with*

Japan and Korea in a Changing Northeast Asia, Asia/Pacific Research Center, Stanford University, 1997, 6-9. [Back](#).

Note 131: Oberdorfer, *The Two Koreas*, 390-91, with quote from Nicholas Kristof in the *New York Times*, 391; Smith, "Korean Talks Jeopardized," A20. [Back](#).

Note 132: The scenarios for war on the peninsula are varied; see for examples Richard L. Armitage, "New Discourses on a Peace Regime in Northeast Asia and Korea: Contending Views and New Alternatives," International Forum Proceedings, Research Institute for International Affairs, Seoul, Korea, November 1996, 10-13. [Back](#).

Note 133: Robert A. Manning, "The United States and the Endgame in Korea," *Asian Survey* 37 (July 1997), 608. [Back](#).

Note 134: USA Today/Sankei Shimbun/Gallup Poll, February 1-3, 1994, ranked South Korea as comparable to China in the closeness of its ties with the United States and equivalent to Russia (and well below China, Taiwan, or Hong Kong) in its business and trade significance to Americans. Public Opinion Online, Lexus/Nexus. [Back](#).

Note 135: Chicago Council on Foreign Relations/Gallup Poll, October 7-25, 1994, *ibid.* [Back](#).

Note 136: Poll data on the question of the use of troops:

	yes	no
November 1993	31%	63%
From CNN/USA Today/Gallup Poll, Public Opinion Online, Lexus/Nexus.		
February 1994	39%	55%
March 1994	45%	46%
From <i>Gallup Poll</i> (Wilmington, DE: Scholarly Resources, 1995), 213.		
November 1995	31%	64%
October 1997	35%	58%

From Program on International Policy Attitudes, 1995, and Princeton Survey Research Associates, 1997, Public Opinion Online, Lexus/Nexus.

The exception came when respondents were asked their view of intervention if carried out with other countries and under the UN. Then the figures were 68% in favor and 29% opposed. From Program on International Policy Attitudes, 1995. [Back](#).

Note 137: Various scenarios for tension between Washington and Seoul can be imagined. Victor Cha has suggested two: (1) the establishment of U.S.-North Korean liaison offices in the absence of better North-South relations, and (2) American acceptance of uncertainty regarding Pyongyang's actual possession of a nuclear bomb in its effort to prevent proliferation. Cha, "Realism, Liberalism," 621. [Back](#).

Note 138: At the end of the 1980s a report on American universities remarked upon the "relative marginality of Korean studies, compared to the more developed China and Japan fields." "Report on Korean Studies in the United States," Woodrow Wilson International Center for Scholars, Washington, D.C., 1992, ix. [Back](#).

Note 139: The United States' unwillingness to provide direct aid provoked resentment in Korea. David E. Sanger, "The Bank of America," *New York Times*, December 10, 1997, A1. [Back](#).

(Training Course on)

**INTERNATIONAL POLITICS AND ECONOMICS FOR
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**INTRODUCTION TO INTERNATIONAL POLITICS
INTERNATIONAL POLITICS – CONTEMPORARY ISSUES IN
GLOBAL POLITICS
POLITICS AND SECURITY IN THE ASIA PACIFIC REGION**

by

**Ms. Ruhanas Harun
(University of Malaya)**

Organised by

**International Institute of Public Policy and Management
(INPUMA)
University of Malaya**

Sponsored by

**Japan International Cooperation Agency (JICA)
Economic Planning Unit, Prime Minister's Department (EPU)**

Nonstate Actors in World Politics: The Role of International Organizations and Multinational Corporations

I believe that we are at present embarked on an exceedingly dangerous course, one symptom of which is the . . . erosion of the authority and status of world and regional intergovernmental institutions. . . . Such a trend must be reversed before once again we bring upon ourselves a global catastrophe and find ourselves without institutions effective enough to prevent it.

JAVIER PÉREZ DE CUÉLLAR, 1982

The annual growth rate of IBM . . . at home and abroad for the past decade has been sufficiently great so that, if it continues uninterrupted for another generation, IBM will be the largest single economic entity in the world, including the entities of nation-states.

ROBERT L. HEILBRONER, 1977

Nation-states are the dominant form of political organization in the world, and their interests, objectives, and capabilities significantly shape the contours of world politics. But no mapping of the global political terrain would be complete without locating the role played by the increasing number of nonstate actors. Transnational political movements such as the Palestine Liberation Organization, political parties such as the Social Democrats in the countries of Western Europe, religious groups such as the Roman Catholic church, international governmental and nongovernmental organizations like the United Nations and the International Olympic Committee, and multinational corporations (MNCs) such as Exxon and IBM all have become a significant part of the global topography.

Despite the obvious diversity among these groups, all share a common desire to accomplish their goals by acting transnationally as well as working within the confines of geographically defined national units. This is obviously the case for the Palestine Liberation Organization, whose goal is the realization of a national homeland. But it is also true of the Roman Catholic church, whose transnational links as well as national hierarchies enable it to spread its re-

ligious and moral messages. Even multinational corporations such as Ford Motor and British Petroleum, whose goals are profit maximization wherever that might best be accomplished, think of themselves as extraterritorial.

This chapter focuses on the growth of nonstate actors, how they are used by states to realize perceived national interests, and whether these actors have become agents beyond the nation-state propelling the transformation of world politics.

THE GROWTH OF INTERNATIONAL ORGANIZATIONS

There are two principal types of international organizations, those to which governments belong and those to which private individuals and groups belong. Neither type is peculiar to the twentieth century. The first modern international intergovernmental organization (IGO), the Central Commission for the Navigation of the Rhine, was established by the Congress of Vienna (1815) and the Rosicrucian Order established in 1694 fits contemporary definitions of international nongovernmental organizations (INGOs). The number of both types of organizations grew substantially in the half-century before World War I, primarily in response to the growth in transnational commerce and communications that accompanied industrialization. On the eve of World War I, 46 IGOs and over 170 INGOs were in existence (Wallace and Singer, 1970: 272 *Yearbook of International Organizations, 1983, 1983: 905*).

The number of international organizations grew even more quickly after each of the two world wars. In 1940 there were over 80 governmental and close to 500 nongovernmental organizations. By the late 1980s these numbers had increased to more than 300 and 4,200, respectively (Wallace and Singer, 1970: 272; *Yearbook of International Organizations, 1987/88, vol. 1, 1987: app. 7*).¹

1. These figures imply that it is easier to identify international organizations than is in fact the case in principle. IGOs are defined by a set of formal criteria:

An international governmental organization is an institutional structure created by agreement among two or more sovereign states for the conduct of regular political interactions. IGOs are distinguished from the facilities of traditional diplomacy by their structure and permanent international governmental organizations have meetings of representatives of the member states at relatively regular intervals, specified procedures for making decisions, and a permanent secretariat or headquarters staff. In some ways IGOs resemble governments, but they are not governments, for the capacity for action continues to rest predominantly with the constituent units, the member states. IGOs can be viewed as permanent networks linking states (Jacobson, 1984: 8).

If, however, their permanence, regularly scheduled meetings, or some other criterion were eliminated, the number of IGOs in existence would far surpass the 311 "conventionally defined" organizations just cited, with some 1,300 additional international bodies qualifying for inclusion (see *Yearbook of International Organizations, 1987/88, vol. 1, 1987: app. 7*). Furthermore, some international organizations have been created by others and thus do not fit the preceding definition, although clearly they are international organizations.

In principle, INGOs are easier to define than IGOs are, because the United Nations Economic and Social Council (ECOSOC) has followed the practice of granting these organizations consultative status before the council. Again, however, the Union of International Associations (*Yearbook of International Organizations, 1987/88, vol. 1, 1987: app. 7*) has identified more than 1,000 other nongovernmental entities that share some characteristics with INGOs.

Although more than 90 percent of the present international organizations are nongovernmental, the remaining ones are generally more important because nation-states are the principal centers of authority and legitimacy in the contemporary world. As Harold K. Jacobson explains:

Authoritative policies are more frequently made in and applied by governmental than by nongovernmental institutions; consequently in most political systems the former are more important than the latter. But the global system accords even greater importance to governmental institutions than is usually the case. States are the primary focal points of political activity in the modern world, and IGOs presently derive their importance from their character as associations of states. (Jacobson, 1984: 7)

Given this distinction, it is useful to think of INGOs as intersocietal organizations that help facilitate the achievement and maintenance of agreements among countries regarding the elements of international public policy (Jacobson, 1984). One indicator of this relationship is that many INGOs interact formally with IGOs. For instance, many INGOs have been granted "consultative status" with various agencies of the United Nations, a status that enables them to work (and lobby) together in pursuit of common programs and policies. The United Nations, on the other hand, often relies heavily on nongovernmental organizations, with the result that the line between governmental and nongovernmental functions can become blurred. Examples can be found in the work of the United Nations Children's Fund (UNICEF), the United Nations Fund for Population Activities (UNFPA), and the United Nations University.

One consequence of the growth of international organizations has been the creation of a complex network of overlapping national memberships in transnational associations. In 1987, for example, the United States had over 1,600 national representations in international organizations, which is nearly double the number it had only two decades earlier. A recent study by the Union of International Associations (*Yearbook of International Organizations, 1987/88*, vol. 2, 1987: app. 3) estimated that the national representatives of some two hundred countries and territories in 4,546 international organizations numbered more than 97,000. These are truly "networks of interdependence" (Jacobson, 1984), even though they often reflect degrees of conflict as well as cooperation.

These networks span the entire panoply of activities associated with modern societies: trade, defense, agriculture, health, human rights, the arts, tourism, labor, education, the environment, telecommunications, science, and refugees, among others. In the twentieth century, transnational associations have also addressed power politics and national security. Each of the world wars was followed by a concerted attempt to create new international institutions and procedures to handle threats to the peace. The first, the League of Nations, was designed to prevent a recurrence of the catastrophe of 1914-1918, by replacing the balance-of-power system with one based on the princi-

ple of collective security. When collective security failed to restrain states from waging war unilaterally, the League floundered, and by the end of the 1930s, global conflict had broken out again.

Planning for a new international institution to preserve peace began after the onset of World War II. The primary mission of the new United Nations organization, which came into existence in 1945, was the maintenance of international peace and security.

The United Nations is special among the relatively small group of international governmental organizations. First, its membership approximates universality.² Second, partly because nearly all states are members, the United Nations is a multiple-purpose organization. As stated in Article 1 of the United Nations Charter, the purposes of the organization are "to maintain international peace and security"; "to develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples"; "to achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all"; and "to be a centre for harmonizing the actions of nations in the attainment of these common ends." These ideals have carried the United Nations into nearly every corner of the complex network of relations among states. Its conference machinery has become permanent; the organization has provided a mechanism for the management of international conflict; and it has become involved in a broad range of global nonsecurity welfare issues.

No other IGO can claim the same extensiveness of purpose and membership as can the United Nations. In fact, if IGOs are divided along these two dimensions, most are limited-purpose, limited-membership organizations. One study categorized 97 percent of a broadly defined group of 621 IGOs existing in 1980 as specific-purpose organizations. Among them, more than four-fifths were limited-membership, specific-purpose organizations. Only 18 qualified as general-purpose organizations, and of these only the United Nations approximated universal membership (Jacobson, 1984: 48).

Figure 6.1 provides examples of IGOs classified according to criteria analogous to those just described. Clearly there is great variation among the organizations falling into each category, particularly the single-purpose, limited-membership quadrant. The North Atlantic Treaty Organization (NATO), for example, is primarily a military alliance, whereas others in this category (such as the Nordic Council) are concerned with both military security and economic cooperation and hence might be regarded as "political" IGOs. In fact, the majority of IGOs are engaged in a relatively narrow range of social and economic activities, such as trade integration, common functional services,

² North and South Korea are still not members of the United Nations because of the perpetuation of the East-West conflict, which has effectively barred both from membership. Most other states that do not belong, such as Switzerland, are not members by their own choice, although most have joined its specialized agencies and are members of the International Court of Justice.

FIGURE 6.1 ■ A Simple Classification of International Intergovernmental Organizations

		Range of Stated Purpose	
		Multiple purpose	Single purpose
Geographic Scope of Membership	Global	United Nations	World Health Organization International Labor Organization
	Interregional, regional, subregional	Organization of American States Organization of African Unity League of Arab States Association of Southeast Asian Nations	European Economic Community Nordic Council North Atlantic Treaty Organization International Olive Oil Council International North Pacific Fisheries Commission

and other types of economic and social cooperation. In this sense IGOs are agents as well as reflections of growing social and economic interdependence.

INGOs are even more difficult to classify than are IGOs. The Union of International Associations (itself an INGO) maintains the most comprehensive, up-to-date information about INGOs. Its recent data (*Yearbook of International Organizations, 1987/88*, vol. 1, 1987: app. 7) classify 10 percent of some 4,200 as universal membership organizations, with most of the remaining 90 percent classified as intercontinental or regionally oriented membership organizations. Functionally, the groups span virtually every facet of modern political, social, and economic life, ranging from earth sciences to health care, from language, history, culture, and theology, to law, ethics, security, and defense.³

Some data indicate that the INGOs' greatest growth in the postwar period occurred among those organizations involved in activities of direct concern to governments, namely, economic matters such as industry, commerce, finance, and technology, and not among those concerned with essentially non-economic matters, such as sports and religious affairs. INGOs are thus likely to have their greatest impact in advanced industrial states (Feld, 1972), such as the United States and the member countries of the European Community. "This is so because open political systems, ones in which there is societal pluralism, are more likely to allow their citizens to participate in nongovernmental organizations, and such systems are highly correlated with relatively high levels of economic development" (Jacobson, 1984). The membership composition of

3. For a discussion of the problems in classifying international organizations by function, see Bennett (1988), and the *Yearbook of International Organizations, 1986/87*, vol. 3 (1986).

INGOs, therefore, tends to weigh more heavily in favor of the Northern industrialized states than of the Southern developing states.

Before examining further the impact of international organizations on world politics, we should ask how states have used these institutions to realize their foreign policy objectives. The history of the East-West and North-South conflicts as reflected in the United Nations will help us answer this.

THE UNITED NATIONS: BETWEEN EAST AND WEST, NORTH AND SOUTH

The United Nations was originally conceived as an organization of the victorious allies of World War II. The name itself can be traced to the Atlantic Charter signed by the United States and Great Britain in 1941, which refers to a postwar international organization, and specifically to the Declaration by United Nations signed by twenty-six allied nations in January 1942.

Given its wartime origins, it is not surprising that "maintenance of international peace and security" headed the list of the new organization's purposes. Primary responsibility for this task was lodged in the eleven-member Security Council, which was expanded to fifteen members in 1965. There has also been some pressure for further expansion in order to give Japan and the Federal Republic of Germany permanent membership and to provide for a more equitable representation of member states. The five major powers allied in war against Germany and Japan—the United States, the Soviet Union, Britain, France, and China—were made permanent members of the Security Council and were given veto power over council actions. This formula reflected the assumption that the great powers would act in concert to support the principle of collective security perceived necessary to maintain the postwar peace. Hence, unanimity was essential, and any disagreement in the Security Council was viewed as a signal that the ingredient necessary to resolve a particular conflict was lacking.

However, the Security Council became quickly ensnared in the emerging Cold War between the United States and the Soviet Union. Time and again the Soviet Union, unable to mobilize a majority on its side, exercised its veto power to prevent council action on matters with which it disagreed. The most important body within the United Nations, the Security Council, often was paralyzed, and the new organization's ability to enforce the principle of collective security was severely restricted.

The Security Council is but one of six principal organs established by the United Nations Charter (see Figure 6.2). Among the others, the General Assembly is the only body in which all the member states are represented, and all decisions there are made according to majority rule, with no state given a veto. Unlike the Security Council, which was given the power to take action, including the use of force, the General Assembly was given only the power to recommend. But that limited mandate has turned out to be substantial.

Unforeseen by the founders of the United Nations, the power to recommend has made the General Assembly a partner with the Security Council in issues of peace and security and has also made it the primary body responsible for social and economic problems. The scope of this involvement is reflected in the complexity of the United Nations itself. The United Nations today is not one organization but a conglomerate of countless committees, bureaus, boards, commissions, centers, institutes, offices, and organizations. Some of these are shown in Figure 6.2, but the United Nations is actually far less orderly.

The proliferation of United Nations bodies and activities paralleled the growth of international organizations generally. It also reflects specifically the way that states have used the United Nations to accomplish their own objectives. Third World nations, who have combined their growing numbers under the one-state, one-vote rules of the General Assembly, have fostered United Nations involvement in areas of particular concern to them. But that was not always the case. The United Nations has evolved from a Western-dominated political organization into a Third World—and a socialist bloc—dominated organization. The forces underlying the transformation are instructive.

Evolving Political Strategies in the Security Council and the General Assembly

In June 1950, North Korea launched a surprise attack against South Korea. The Security Council was called into session and quickly adopted a resolution supporting the use of force by the United Nations to repel the North Korean onslaught.

Because the Security Council authorized military force against the communist aggression, the defense of South Korea technically became a "police action" that bore some resemblance to collective security. Command of the United Nations forces, however, was taken by the United States, which also supplied the bulk of the soldiers, money, and matériel. It did so because combating the North Korean advance was consistent with the American Cold War objective of containing communism. Consequently, the Korean police action came to be regarded as mainly an American military operation aimed against the Soviet Union and the People's Republic of China and not an instance of effective collective security exercised by the world community (although it is true that many United Nations members nominally supported the American action).

More importantly, military actions in Korea were made possible by unique circumstances—the absence of the Soviet Union from the Security Council meeting that voted on the police action, because of a protest against the world body's refusal to seat the Chinese Communist government. Had the Soviet Union been in attendance, it surely would have vetoed any United Nations role in Korea. Before 1950 its vetoes had repeatedly frustrated the United Nations' efforts to deal with emergent Cold War issues, such as the Berlin blockade and the 1948 coup that brought a communist government to power in Czechoslo-

vakia. In fact, during this period the Soviet Union was the most prolific vetoer in the Security Council. It cast 77 vetoes between 1945 and 1955, and it accounted for over 70 percent of the 144 vetoes cast in the first three decades of the United Nations' existence (Riggs and Plano, 1988: 77).

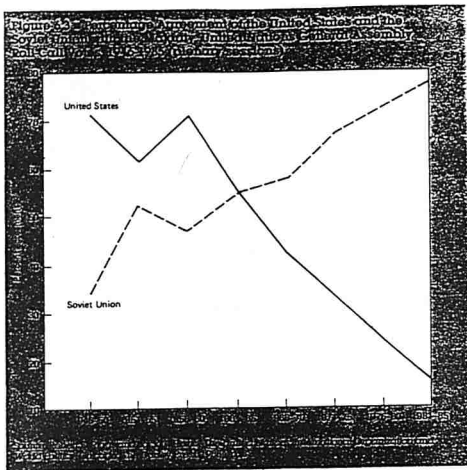
The Western powers began to use their veto more frequently when their ability to command a majority in the Security Council diminished. The United States did not register its first veto until 1970, on the issue of white minority control in Rhodesia (now Zimbabwe) and the extension of economic sanctions to South Africa. Since then it has vetoed measures dealing with such issues as the Middle East, Rhodesia, South Africa, the Panama Canal, and the admissions of Vietnam and Angola to the United Nations.

For years the United States prided itself on never having cast a veto in the Security Council. Having now done so on numerous occasions, it is clear that virtue had little to do with the American position—nor was villainy the primary motivation of the Soviet Union's seemingly obstructionist behavior. Rather, the American and Soviet voting behavior was a product of their differing parliamentary positions in the United Nations. Until 1960 the Soviet Union was clearly a minority power, the United States a majority power. The veto thus was virtually the only effective instrument available to the Soviet Union for protecting its national interests, whereas the United States could assume a more virtuous posture, because it had other devices at its disposal. In this sense the Soviet Union's prolific use of the veto, often exercised in opposition to proposals put forward by the American-dominated majority, was a reflection, not a cause, of the reasons underlying the United Nations' seeming inability to command a more central role in postwar international politics.

Recent United Nations history demonstrates that the United States no longer enjoys majority control and that the Soviet Union no longer clearly is in a defensive minority position. Between 1961 and 1986 the Soviet Union cast only 25 of the 117 vetoes it registered between 1945 and 1986. Between 1971 and 1986 alone, the United States cast 57 (Riggs and Plano, 1988: 77). Thus the two superpowers have come to behave similarly—and in a manner consistent with what the framers of the United Nations Charter had in mind when they adopted the unanimity principle, namely, that agreement among the great powers was essential to the effective maintenance of international peace.

Furthermore, during the United Nations' first years, the United States did not have to veto Security Council actions it opposed because it possessed a "hidden veto," the ability to persuade a sufficient majority of other council members to vote negatively so as to avoid the stigma of the United States having to cast the single blocking vote (Stoessinger, 1977). This ability derived from the composition of the Security Council, among whose nine members the United States could easily count on a pro-Western majority.

The United States enjoyed a similarly commanding position in the General Assembly, in which the Soviet Union frequently derided the Americans' "mechanical majority." Figure 6.3 provides evidence of the dominant American position in the assembly during the early history of the United Nations. It shows the percentage of times the United States and the Soviet Union voted



with the majority on roll-call votes in the General Assembly in each half decade from 1946 to 1986.

These data do not portray the nuances of behavior underlying United Nations' political processes. For example, they do not reflect the compromises that the United States often had to make to garner other nations' support or, indeed, the resolutions that never came to a vote because that support could not be found (Holmes, 1977).⁴ Nor do they reveal the different voting patterns

4 It is possible to show, for example, that if votes are weighted by how closely contested they were, on the assumption that minimum winning coalitions are more politically important than overwhelming majorities are, then the evidence indicates the United States did not enjoy a commanding position in the General Assembly, even during much of the 1950s. Again, however, this result may reflect not the absence of political clout but the unwillingness of the United States to try to influence the outcome of all issues coming before the assembly (see Wittkopf, 1975).

on different types of issues. The United States, for example, frequently "found itself at odds with the majority in the General Assembly on issues involving decolonization and economic development much more often than on issues concerning security" (Jacobson, 1984).⁵ At the same time the Soviet Union found it easy to vote for the positions on decolonization advocated by the United Nations' anticolonial majority.

The overall impression is unmistakable nonetheless. Until the 1960s, the United States consistently enjoyed a majority position in the General Assembly, but since then it has been a member of winning coalitions in the General Assembly less often than has the Soviet Union. Furthermore, the American position has noticeably deteriorated over time, whereas the Soviet position in relation to the majority has improved. Indeed, the relative political success of each superpower as measured by these data has undergone a profound transformation over the past four decades.

The drop in American success in relation to the majority following the Fifteenth General Assembly in 1960 is noteworthy, for it was then that 17 new states were admitted to the United Nations, nearly all of them African. Thereafter the United Nations came to be dominated by the Third World. By the 1980s, well over half of its nearly 160 members came from Africa and Asia. In 1945 less than a quarter of the organization's memberships came from these two regions.

Most of the Third World nations that have joined the United Nations since 1960 have espoused interests and objectives directly related to decolonization and economic development. They did not share the American view that the United Nations was one forum in which to pursue Cold War objectives against the Soviet Union. This did not mean they were necessarily pro-Soviet, for the Soviets, too, had used the United Nations to pursue their Cold War goals. In fact, the Soviet Union's increased voting success after 1960 was less a consequence of Soviet leadership than of its identification with the political priorities of the new Third World majority. But it did mean that the Third World was less than enthusiastic about how the United States and the Soviet Union sought to use the United Nations. Thus the "mechanical majority" presumed to have been enjoyed by the United States came to an end after 1960.

The impact of these developments on the relative position of the United States and the Soviet Union in the United Nations, and on the United Nations itself, can be illustrated with three cases: the question of seating the People's Republic of China, the struggle between the Security Council and the General Assembly for political control of the United Nations' peacekeeping activities, and the closely related struggle among United Nations' members over who pays for what.

⁵ See Rowe (1969) for an analysis of the voting success of the United States and the Soviet Union on various categories of issues discussed by the General Assembly between 1946 and 1966. This study shows that the United States consistently enjoyed greater success on Cold War issues than did the Soviet Union.

The China Question

The "China question" plagued the United Nations for over twenty years—from 1949, when the communists successfully established control over the mainland at the expense of Nationalist Chinese, who retreated to the island of Formosa, until 1971, when the People's Republic of China was finally seated in the world body. The issue was legal but, more so, political: which *government* of China should represent the *state* of China, one of the original members of the United Nations and one of the five great powers with a Security Council veto.

An important background to this issue is the general question of membership, which the United Nations has persistently confronted. Because the United Nations originated as a coalition of victorious wartime allies, the organization faced for roughly a decade the political question of how those "converted" to the antifascist side of peace might be admitted to the club. As the Cold War evolved, both the United States and the Soviet Union approached this issue, not from the viewpoint of who sided with whom during World War II but, rather, who sided with whom in the Cold War. Thus the United States ensured that Soviet protégés applying for membership were denied the necessary Security Council majority, and the Soviet Union used its veto to keep out Western-sponsored applicants. Nearly half of the vetoes cast by the Soviet Union were for this purpose (Stoessinger, 1977).

In 1955, the United States and the Soviet Union negotiated a compromise that resulted in the admission of sixteen new members to the United Nations. The deal permitted the superpowers to support a politically balanced package of applicants, including pro-Easterners, pro-Westerners, and neutrals. The agreement opened the floodgates, and by 1980, the United Nations had more than 150 members, roughly three times the original number.

But mainland China was not part of the 1955 deal. In fact, that matter was the prerogative of the General Assembly, because the issue was not the admission of a new member (an issue subject to veto in the Security Council) but the question of determining which of two governments claiming the right to represent an existing member state should be seated (a matter solely within the jurisdiction of the General Assembly).

The United States sought to prevent the communist government in Peking from being seated at the expense of the Nationalists. The initial American tactic was to avoid direct confrontation. Each year from 1951 to 1960 it proposed that the question be deferred, and year after year it won. Then, in 1961, the United States changed its tactic. Instead of deferring the issue, it proposed that the seating of the People's Republic of China be considered an "important question." This meant that a two-thirds rather than a simple majority was required. Again, the American proposal prevailed.

The China issue was debated in the General Assembly for the next decade. While the debate continued, important developments were occurring outside the United Nations—a growing split between the Soviet Union and China, the emergence of Soviet-American détente, moves toward rapprochement be-

tween the United States and China, and increasing public support within the United States for representation of the Peking government in the United Nations. In 1971, the United States finally capitulated; the People's Republic of China was seated; and the Nationalist government of Taiwan, in a face-saving move on the eve of the vote, announced its withdrawal. "After twenty-two years of diplomatic warfare, the United States had suffered its first dramatic parliamentary defeat. Peking was in, and Taiwan was out" (Stoessinger, 1977).

Over the next decade the United States suffered other defeats. In 1983, for example, it was the target of a resolution, approved overwhelmingly, that deplored its invasion of Grenada. In an earlier example, in 1974 it was in a distinct minority in opposing the extension by the General Assembly of permanent observer status to the Palestine Liberation Organization. And in 1975 it lost an important battle when the General Assembly went on record branding Zionism "a form of racism and racial discrimination."⁶ The vote outraged the American ambassador to the United Nations, Daniel P. Moynihan, and led him to attack the United Nations bitterly. His view is summed up in the phrase "the tyranny of the UN's 'new majority.'"⁷ Times had indeed changed!

From Uniting for Peace to the First Financial Crisis

The political tug of war between the Security Council and the General Assembly for political control of United Nations peacekeeping activities, with the United States and the Soviet Union again the principal players in the contest, also illustrates the impact of member states' foreign policy objectives on the actions of the United Nations.

Following the return of the Soviet Union to the Security Council in 1950, responsibility for United Nations' oversight functions, regarding the Korean police action passed to the General Assembly. In an effort to ensure the permanence of this arrangement, the United States sponsored the Uniting for Peace Resolution, which granted to the assembly the power to meet in emergency session and to adopt collective measures to deal with "threats to the peace, breaches of the peace, and acts of aggression" in the event the Security Council was unable to act because of a veto. The Soviet Union strenuously opposed the measure, because it implied that the United Nations might undertake enforcement measures against the wishes of a great power. But the American position prevailed overwhelmingly.

The first time Uniting for Peace procedures were used after the Korean War was in 1956, when the General Assembly authorized the United Nations

6. See Stoessinger (1977) for a discussion of the various states' motivations that voted in favor of this resolution.

7. Moynihan's (1975) views of the Third World majority in the United Nations were contained in an article in the March 1975 issue of *Commentary*. Subsequently he wrote a book about his experiences at the United Nations. The title reflects Moynihan's view: *A Dangerous Place* (Moynihan with Weaver, 1978).

Emergency Force (UNEF) to try to restore peace in the Middle East following the eruption of war between Egypt on one side and Israel, Britain, and France on the other. Interestingly, it was not the Soviet Union that cast the negative vote giving rise to the emergency assembly session but, rather, Britain and France. Moreover, the General Assembly did not authorize the use of force in the same way it had in Korea. Instead, it created a "peacekeeping" force whose functions differed substantially from those implied in the principle of collective security. Collective security requires enforcement measures against an aggressor; peacekeeping implies no punishment but, instead, maintenance of the status quo. In short, both the circumstances and the outcome of this first use of *Uniting for Peace* were substantially different from what the United States had envisioned only six years earlier.

Emergency special sessions of the General Assembly under the *Uniting for Peace* provisions have been called only sparingly. A second session was called in 1956 to respond to the Soviet intervention in the Hungarian uprising, but no enforcement procedures were adopted. In 1958 the assembly met to consider developments in Lebanon, where American marines had intervened. In 1960 following a Soviet veto in the Security Council, the assembly took over direction of the United Nations Operation in the Congo (ONUC), which had earlier been authorized by the Security Council. And in 1967 the General Assembly met in emergency session in yet another effort to contain the Middle East conflict. More recently, the General Assembly met in emergency session in January 1980 to consider the Soviet intervention in Afghanistan following a Soviet veto in the Security Council.⁸ As in the case of the 1956 Hungarian uprising, no enforcement procedures were authorized in a dispute directly involving one of the two most important members of the Security Council.

The use of the *Uniting for Peace* process in 1980 was somewhat unexpected. The resolution's "transfer" provisions—those moving an issue from the Security Council to the General Assembly—appeared to have become a dead letter by that time. This conclusion is based on the view that, first, the United Nations Congo operation (1960–1964) went too far in opposing the interests of one of the superpowers (the Soviet Union, in that case) and that second, by the mid-1960s the United States had become as apprehensive about the General Assembly as had the Soviet Union in the 1950s. Its concern was based on the erosion of its ability to command a majority for the positions it espoused in the expanding world forum. It is noteworthy that the *Uniting for Peace* resolution has never resulted in assembly action in quite the same way that the United States envisioned when it contemplated the lessons of Korea: namely, collective enforcement against aggressive actions initiated or backed by a great power (see Claude, 1971).

⁸ The initiative for an emergency special session was launched by Third World nations. Clearly the United States supported the move, but the fact that it did not have to launch it is reminiscent of the circumstances that led the United States to support the *Uniting for Peace* procedures in the first place.

Growing American apprehension about the General Assembly was played out in the United Nations' financial crisis. The Soviet Union did not oppose creation of UNEF by the General Assembly in 1956, but it did refuse to pay for the operation, thus exercising a "financial veto." It also refused four years later to share the costs of the Congo operation. The United States built a convincing legal case that the Soviet Union and others who refused to pay were in fact obliged to assume their share of the costs of these operations. The Soviet Union still refused, alleging that the issue was political, not legal. As Stoessinger (1977) observed, "Never had so many people argued so much about so little money. The financial crisis was in reality a political crisis over the proper role for the United Nations to play in the national policies of its member states, particularly the superpowers. Only secondarily was it a crisis over the costs of UN membership."

The crisis peaked in 1964. The United States threatened to deprive the Soviet Union of its vote in the General Assembly, which, according to Article 19 of the charter, could be done by majority vote to any state whose unmet financial obligations to the organization were equal to or greater than its assessments for the preceding two years.⁹ In response, the Soviet Union threatened to withdraw from the United Nations. The United States decided to avoid a showdown.

At that time the United States probably had the votes in the assembly necessary to carry out its threat. But the Soviet threat was more credible and, if carried out, would have destroyed the very foundation of the United Nations. Again the political realities of the United Nations that resulted from the changing composition of its membership—and changes in international allegiances throughout world politics—lurked in the background. The United States at one time may have been willing to allow the General Assembly to exercise political control over United Nations peacekeeping activities, but by the mid-1960s it was less certain that such control would not be detrimental to American interests. This view was thus akin to what the Soviet Union had felt in the 1950s, and especially during the Congo operation in the early 1960s.

In acknowledging the American defeat on the issue of collective financial responsibility for United Nations activities, then UN Ambassador Arthur J. Goldberg added that "the United States reserves the same option to make exception [that is, to withhold support from United Nations actions with which it disagrees] if, in our view, strong and compelling reasons exist for doing so. There can be no double standard among members of the Organization." The United States thus signaled that it, too, was coming to view the

9. Technically, Article 19 assumes that a state more than two years in arrears would forfeit its vote more or less automatically, following a ruling of the president of the General Assembly, based on a report of the General Assembly's Administrative and Budget Committee. It was determined in 1964, however, that the Soviet Union would challenge such a presidential determination, thus provoking a vote. It should also be noted that countries other than the Soviet Union were also in arrears on the peacekeeping activities, but these states commanded far less attention.

Security Council as the relatively safer haven in which issues of international peace and security should be handled. Since the mid-1960s all questions regarding the financing of peacekeeping activities have been handled by the Security Council, in which the superpowers can protect their interests with the veto.

In the two decades following the financial crisis of 1964–1965, the Soviet Union continued to withhold payments earmarked for certain United Nations activities, the most important of which were its share of the costs of UNEF and the United Nations Interim Force in Lebanon (UNIFIL). Its position on the peacekeeping issue thus has remained the same for decades: that those responsible for creating the need for peacekeeping operations (Israel in the case of Lebanon) should bear the cost and that only the Security Council can apportion the cost of such operations, not the General Assembly (as in the case of UNEF).

Because of these positions, the Soviet Union once more placed itself in a situation in which its financial arrears could put it in violation of Article 19. Then, unexpectedly, the Soviet Union announced in 1987 that it would pay all of its outstanding debts to the United Nations as part of a foreign policy strategy designed to place greater emphasis on the organization. Included in the \$245 million debt dating back to the early 1970s was nearly \$200 million withheld from UN peacekeeping operations. Soviet officials argued that the move was a logical extension of *perestroika*, or restructuring of the Soviet economy: "To modernize at home, they said, Moscow would have to back away from its costly involvements in the Third World. . . . But rather than simply abandon most of these political investments—which would permit Washington to move into the vacuums and cause a significant loss of face for Moscow—the Soviets hope to neutralize . . . regional disputes by bringing in a strengthened United Nations as buffer and peacekeeper" (Berlin, 1987–1988). What the Soviet move might portend for future UN peacekeeping operations and for involvement of the world organization in disputes between the superpowers remains to be seen, but in some respects the Soviet position harkens back to the concept of the United Nations' founding fathers, "who viewed the Organization as a tool of hegemony—an institution run by the major powers and designed to serve their needs before those of the majority" (Berlin, 1987–1988). But the immediate effect was to alleviate the crisis atmosphere under which the United Nations had operated for some time, as we shall discuss more fully later.

Interestingly, the United States itself now withholds payments to some programs with which it disagrees. The reason is quite clear: "The key to superpower behavior in the United Nations is power and influence. Money is a symbol of that power. States will not oppose policies because they refuse to pay for them; they will refuse to pay for them because they oppose them. In this fundamental respect, the two superpowers remain very much alike" (Stoessinger, 1977).

On the most pressing issues regarding world peace, the United States, the Soviet Union, and the other great powers remain the most important actors in the United Nations. But on other issues, which are probably more numerous, Third World nations command relatively more influence. "When the initiative lies with others, the nonaligned still enjoy collectively a negative veto, because no majority of nine can be mustered [in the Security Council] without them. In the political bargaining process their views must be taken into account even on issues that do not directly interest them" (Riggs, 1978). It seems that the hidden veto once possessed by the United States in the Security Council may have found a new counterpart.

The Third World: From Background to Center Stage

The preceding discussion demonstrates that the superpowers' objectives in the United Nations have been significantly affected by the increasing number of Third World members. Third World objectives have also been affected by the East-West dispute. In many respects, however, the Third World has become relatively more effective than the superpowers in utilizing the United Nations' institutional structures and procedures, especially in the General Assembly, to advance its interests. For example, the General Assembly's one-state, one-vote rule facilitated the Third World's ability to focus global attention on the issue of colonialism and to "delegitimize" it as a form of political organization (see Chapter 5).

Economic development has been another principal Third World objective advanced in the United Nations forum. In the 1950s the then numerically smaller group of Third World nations pressed for organizational responses to their needs and realized some modest (if less than hoped for) results. The United Nations Special Fund, for example, was created as a partial response to Third World pressure for substantial United Nations economic development aid.

As their numbers in the United Nations increased in the 1960s, Third World nations were able to press even more vigorously for economic development and related issues. By the early 1960s the group surpassed the two-thirds mark as a proportion of the total membership. This means that the Group of 77, if and when it can act as a unit, can pass any measure it chooses. In doing so it runs the risk of alienating the minority of industrialized nations, who for the most part pay the costs of United Nations operations. The one-state, one-vote principle in the General Assembly nonetheless accords the developing nations an important measure of political power.

Third World interests have been expressed in a host of world conferences and special General Assembly sessions held since the early 1970s. Among the common characteristics of these conferences is that all were "designed to change attitudes, to stimulate political will, and to raise the level of national and global interest in the subject" (Feld and Jordan, 1983). However, because

these conferences frequently become forums for vituperative exchanges between North and South, their contribution to solving—not just articulating—global problems has been minimal. The range of *ad hoc* conferences is significant nevertheless and draws attention to the agenda of issues especially important to the Third World: human environment (1972), law of the sea (1973), population (1974 and 1984), food (1974), women (1975, 1980, and 1985), human settlements (1976), basic human needs (1976), water (1977), desertification (1977), disarmament (1978 and 1982), racism and racial discrimination (1978), technical cooperation among developing countries (1978), agrarian reform and rural development (1979), science and technology for development (1979), new and renewable sources of energy (1981), least-developed countries (1981), aging (1982), the peaceful uses of outer space (1982), Palestine (1982), the prevention of crime and the treatment of offenders (1985), and drug abuse and illicit trafficking in drugs (1987). The subjects covered in the world conferences since 1972 are in effect a list of "the most vital issues of present world conditions," whereas the conferences themselves "represent a beginning in a long and evolving process of keeping within manageable propositions the major problems of humanity. Action plans will have to be revised at later dates, and the evolutionary process will be slow, but momentum has been given to an ongoing set of processes for meeting human demands and aspirations" (Bennett, 1988). In this the United Nations, spurred on by the Third World, can take some credit.

The pervasiveness of the global *ad hoc* conference forum adds to the Third World's ability to use the United Nations' institutional procedures to promote its interests. As the world conference strategy suggests, developing nations prefer broadly based institutional settings in which the one-state, one-vote principle gives them an advantage. Such forums force recognition of the global community's shared stake in the outcome of negotiations on particular issues. In contrast, the First World prefers small, functionally specific forums, generally outside the General Assembly, which, they believe, "are more likely to involve those states that have a real stake in the outcome of the deliberations." According to this viewpoint, "large, general-purpose bodies only encourage ill-informed participation by states uninvolved in the issue at hand and thus increase the likelihood of irresponsibly politicizing the agenda" (Gregg, 1977).

As the preeminent leader of the First World, the United States found itself out of step with majority sentiments in the United Nations during much of the 1970s and 1980s, not only on the issue of the forum in which the North-South dialogue should take place, but also often on the issues discussed in the conferences. It also found itself responsible for much of the escalating cost of running the United Nations that the world conference strategy helped propel. The result was a reinforcement of the United States' growing disenchantment with the world organization. Because the United States depends so heavily on the United States, it is useful to examine some of the ways in which the United States has responded to the United Nations' changing political climate.

The United States and the United Nations

A strong case can be made that the policies and programs of the United Nations and the political values and interests of the United States are compatible (Puchala, 1982-1983; see also the essays in Gati, 1983; and Ruggie, 1985). How and why this is the case is not always obvious to a nation that provides the greatest proportion of the money needed to run the United Nations while simultaneously finding itself defending its own interests and values against an antagonistic Third World and Soviet-led socialist coalition.

The growing American disaffection with what it regards as the United Nations' anti-Western bias has manifested itself in several ways. We shall examine two: money and membership.

MONEY During the 1980s in particular, the United States, not unlike the Soviet Union before it, chose to withhold payment selectively from various UN programs in an effort to register its unhappiness with the organization's activities and, perhaps, to change their direction.

In December 1982, for example, the Reagan administration announced that it would not pay its \$1 million annual assessment for implementing the deep-seabed mining provisions of the United Nations-sponsored treaty on the law of the sea. The treaty, concluded in 1982 after a decade of painstaking negotiations, envisions the creation of an international mining company called the Enterprise that would compete with private companies in mining the rich resources of the deep seabed and that would require a mandatory transfer of technology from private companies. In these and other ways, the International Seabed Authority created by the Law of the Sea Treaty, of which the Enterprise is one element, effectively tilts toward the developing nations at the expense of those in the industrial West, where the headquarters of multinational corporations with the technological capability to do the mining are located. Although the negotiations leading to the treaty were premised on the view that the oceans constitute a "common heritage of mankind," the Reagan administration chose instead to protect the interests of the private companies.

At a more fundamental level, the United States has criticized the one-state, one-vote procedures used to allocate the United Nations' expenses among member states and the way those funds are spent. Pressures toward reform of budgetary decision making (mandated by the United States Congress) combined with the slow payment of dues and the selective withholding of funds by the United States and other nations to force a second United Nations financial crisis in 1986. Underlying the crisis was "a tension between the principle of sovereign equality of member states, permitting the more numerous developing countries to wield considerable influence over the kinds of issues on which the U.N.'s attention and resources are focused, and the need to set priorities and manage more effectively the U.N.'s limited monies and manpower, an increasing concern of the developed countries" ("Financing the United Nations," n.d.).

The United Nations' budget consists of three distinct elements: the regular budget (which includes the expenditures of the fifteen specialized agencies of the United Nations, each of which has its own budgetary procedures), the peacekeeping budget, and the budget for voluntary programs. States contribute to the voluntary programs and some of the peacekeeping activities as they see fit. The regular program and some of the peacekeeping activities are subject to assessments.

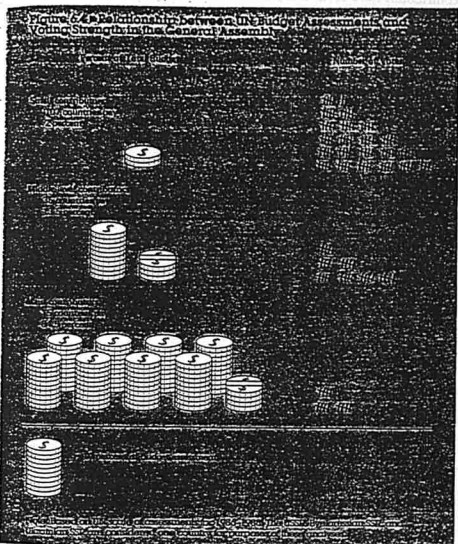
The precise mechanism by which assessments are determined is complicated (see Lister, 1986), but generally assessments are designed to reflect states' capacity to pay. Thus the United States, which has the greatest capacity to pay, contributes 25 percent of the regular budget of the United Nations, whereas several dozen poor nations pay the minimum, which is 0.01 percent of the regular budget. The United States is also a prime contributor to the United Nations' peacekeeping and voluntary programs. In all, it paid \$940 million of the costs of the United Nations in 1985, or 24 percent of the organization's \$4 billion budget.¹⁰

As noted, the first United Nations financial crisis (1964-1965) arose out of the unwillingness of some states to pay for major UN peacekeeping activities. Some continue to refuse to pay for these (even the United States has expressed reservations about continuing its support of the United Nations force in Lebanon [UNIFIL]), but the second financial dispute was a regular budgetary crisis. It arose out of the natural tendency of governments (like individuals) to pay their bills as late as possible and, more importantly, out of the refusal of some to pay for activities that they vigorously opposed as a matter of principle.¹¹ Such opposition is to be expected in an organization that reflects a world marked by deep-seated antagonisms and often sharply different world views, but it immediately challenges the principle of the United Nations Charter embodied in Article 17, which states that "expenses of the Organization shall be borne by the members as apportioned by the General Assembly."

When the General Assembly apportions expenses, it does so on the basis of one-state, one-vote majority rule. The problem is that those with the most votes—the Third World nations—do not have the money, and those that do—the industrialized nations of the First and Second Worlds—do not have the

10. For comparative purposes, it is useful to note that the U.S. contribution to the United Nations in 1985 was roughly the same as the expenditures of the state of Rhode Island, whereas the budget of the entire United Nations system was roughly equal to the budget of the state of Louisiana. Outlays for U.S. national defense in 1985 were more than three hundred times greater than its expenditures on the United Nations.

11. The following refuse to pay for regular budget activities that they do not support or feel were improperly imposed: Bulgaria, Byelorussian SSR, China, Czechoslovakia, East Germany, France, Hungary, Israel, Kampuchea, Mongolia, Poland, Romania, South Africa, Ukrainian SSR, USSR, United States, and Vietnam. In addition to some of these, nine others refuse to pay for some major peacekeeping operations: Algeria, Benin, Cuba, Democratic Yemen, Iraq, Laos, Libya, Syria, and Yemen (Lister, 1986). As noted, the Soviet Union agreed in 1987 to pay its debts to the United Nations.



votes. These vast disparities are illustrated in Figure 6.4. It shows that the main contributors to the United Nations command only fifteen votes, even though they pay nearly 85 percent of its costs. At the other end of the spectrum, the poorer members of the United Nations, who collectively pay only about 2 percent of the organization's costs, command over one hundred votes.

At issue, of course, is not simply money—which remains, as in the crisis of the 1960s, a comparatively paltry sum—but political influence. The 144 states that do not have the money vigorously embrace the principles embodied in the

United Nations Charter, arguing that program needs should determine expenditure levels, rather than the other way around, whereas the fifteen major contributors have been sensitive to the amount they are asked to pay and the purposes for which they are providing funds (Lister, 1986). In many cases these are purposes that are embraced by Third World nations but that fail to enjoy broad political support among the other diverse groups of states making up the United Nations. Thus, demands on the budget reflect the interests of the developing nations in such areas as disarmament, economic development, the Middle East, and Southern Africa.

Consider, for example, the many world conferences held during the past decade and a half:

Although some of the international colloquies enjoyed Western backing, such as the conferences on the environment, food, population, water sources, and the Law of the Sea, the driving force behind most of them came from the developing nations.

Far from being isolated events, major international conferences are usually stages along a sort of evolutionary ladder. After a particular world problem is acknowledged in a General Assembly resolution, it is often investigated by a United Nations study. The study leads to a conference and the conference to a follow-up action, usually involving an intergovernmental committee with its own mini-secretariat, until—by a series of gradual steps—an institution is created to deal with the problem. ("Financing the United Nations," n.d.: 5)

This evolutionary development has contributed to the sharp increase in the costs of the United Nations since the 1970s, a major concern of the major budget contributors.

It is against this background of endemic cash-flow problems caused by often principled opposition to the sharply increased cost of the work of the organization that the United States precipitated a UN financial crisis in 1986. Owing to several actions by Congress, the United States withheld over half of its roughly \$200 million regular-budget contribution. Principal among the congressional actions was the so-called Kassebaum amendment, which effectively cut the United States' contribution from its assessed level of 25 percent to 20 percent pending the development of a system of weighted voting for financial decision making. Other congressional actions mandated across-the-board cuts in the United States' support of the United Nations, as well as cuts targeted at specific items.

The Kassebaum amendment challenged the principle on which the General Assembly makes its budgetary decisions. It effectively asked the United Nations either to adopt a system of weighted voting, in which those that pay more have more votes (as is done in other international organizations, like the International Monetary Fund and the World Bank), or to reduce the United States' assessment. The former is virtually impossible, as it would require an amendment of the UN Charter, whereas the latter would require other states to pay more of the United Nations' costs, which they have indicated they are

unwilling to do. The result, then, would be a reduction in the United Nations' activities.

Progress was made during 1987 in devising a political solution to the United Nations' financial crunch that would avert insolvency, on the one hand, and placate the concerns of those that have to pay the most, on the other. Although weighted voting cannot realistically be contemplated, procedures were devised whereby budget recommendations would be made by committees containing a disproportionate number of the major budget contributors.¹² Whether such procedures will mollify congressional critics in the United States remains to be seen. As the United States copes with severe budgetary stringency at home, the retreat from multilateralism, of which its outward criticism and reluctant financial support of the United Nations are symbolic, can be expected to continue, not abate. One thing that might push the United States toward a more moderate position on some of these financial issues is the surprising change in the posture of the Soviet Union toward the United Nations under the innovative leadership of General Secretary Mikhail Gorbachev.

MEMBERSHIP A second way that the United States has registered its dissatisfaction with what it sees as the anti-Western drift of many United Nations bodies has been to terminate its membership in them. In the 1970s, for example, in an effort to shift the direction of its policies, the Carter administration withdrew for a time from the International Labor Organization. Similarly, the Reagan administration withdrew from the United Nations Educational, Scientific and Cultural Organization (UNESCO) in response to what it regarded as the politicization of UNESCO and its hostility toward Western values, thereby depriving it of a quarter of its budget.¹³

The feud between the United States and UNESCO is long-standing. In the mid-1970s the United States withheld payment of its UNESCO dues in response to an Arab-led effort to oust Israel from the organization. A more recent issue of concern to the United States is UNESCO's efforts to promote a New World Information and Communication Order (NWICO).

Third World nations, together with the Soviet Union and the other communist states, began pushing for a new global information order in UNESCO at the same time that the Group of 77 launched its drive for a New International Economic Order in the General Assembly. The effort stems from the Third

12. Granting some members of the United Nations special status in its deliberative bodies is commonly used to secure the political support of more powerful states and is one way in which the organization mirrors the structural inequalities found elsewhere in world politics. The special status (permanent membership) enjoyed by only five members of the Security Council is the clearest expression of these inequalities, but they apply to other limited-membership organs of the United Nations as well (see Jacobsen, 1969, 1978; Volgy and Quistgaard, 1974). A weighted voting scheme would formalize these inequalities, although the precise ways in which they would reflect the "real world" would vary, depending on the weighting scheme chosen.

13. Ironically, the U.S. withdrawal from the UNESCO came after most observers felt UNESCO had conformed to U.S. demands (Coate, 1988). The fact that the United States did not alter its decision to withdraw can be attributed to the Reagan administration's urge during its early years to reduce United States involvement in multilateral organizations generally.

World's dissatisfaction with the media coverage it receives from Western news agencies and from its resentment of Western domination of other forms of communication, ranging from radio, television, and films to book publishing and satellite transmissions. At present, virtually all of the world's means of communication are controlled by First and Second World nations.

There is concern on the part of many Third World countries that, at home, the one-way inward flow of information will encourage consumerism and perpetuate economic dependency. Third World leaders also worry that imbalanced communication adversely will affect northern decisions on the south's economic development. Instead of a free flow of news which the U.S. and other Western countries vigorously defend, the developing countries insist on creation of a free and balanced flow. (Mowlana, 1983: 44)¹⁴

The situation facing the Third World today is, ironically, not unlike what the United States itself faced before it was a part of the international news monopoly.

At that time, a European news cartel—composed of the English Reuters, French Havas, and German Wolff agencies—controlled all foreign news sent into the U.S. and all American news to the world. Kent Cooper, then executive manager of the Associated Press, led the crusade to break up the European cartel. "Reuters decided what news was to be sent from America," he wrote. "It told the world about Indians on the warpath in the West, lynchings in the South, and bizarre crimes in the North. The charge for decades was that nothing creditable to America was ever sent. American businessmen criticized the Associated Press for permitting Reuters to belittle America abroad." Cooper pointed out that Havas and Reuters always glorified their own countries. Today, the ironic parallel, as it is perceived, has not been missed by the Third World. (Mowlana, 1983: 43)

What concerns the United States today is the meaning of a "balanced" flow of communication. Although it recognizes that currently there is an imbalance between the North and the South (and it has therefore helped develop communications infrastructures in the Third World), it fears any move toward government controls and the censorship to which they may lead. Indeed, the opinion of the United States is "that no communication system in which the government has a share can truly be free" (Mowlana, 1983). This view places the United States in a rather peculiar situation in the NWICO debate, as even other Western countries have various forms of direct government involvement in their communications industries. But the importance of the United States is nevertheless great, for it is a massive supplier of media products to the rest of the world but consumes almost nothing produced abroad. At stake, therefore is not only the issue of freedom of the press but also millions of dollars.

Whenever economic interests are at stake, domestic political considerations can be expected to bear on states' foreign policy choices in ways that

14. The discussion of the NWICO draws on this source.

may not always appear compatible with long-range foreign policy objectives. In the United States, the Reagan administration's drive to cut government spending resulted in efforts by the United States Congress to curtail the United States' contribution to various multilateral programs. Congress also approved a bill in 1983 that sought to tie the allocation of American foreign aid to the willingness of Third World nations to support the United States in United Nations voting on issues that the United States regarded as important to its interests.

But one must be careful not to assume that these maneuvers are the reactions of a nation otherwise without influence in the United Nations. As Donald J. Puchala (1982-1983) has pointed out, "Little of substance can happen in the U.N. system without American cooperation—and little happens without American resources—so that it is not very surprising that negotiators often defer to United States preferences." Gone, however, is the idealism about the United Nations that was once widespread in the United States. In its place have arisen resentment at the United Nations' seeming inability to act and disillusionment with the attitudes of many of its members toward the United States. Gone too are the days when the United States could use the United Nations to realize its own foreign policy objectives without serious challenge from others. In this sense the transformations in the United Nations mirror the relative decline of American power which is so closely related to the transformation of world politics.

The political tug of war in the United States over how international institutions should serve national interests is an indication of an important fact—that the United Nations, and international organizations generally, are products of the interests of the nation-states that comprise them. In the words of Inis Claude (1967): "The United Nations has no purposes—and can have none—of its own."

International organizations are also capable of adjusting to changing political realities, but it is probably unrealistic to expect great adaptations by them. The ability of the United Nations in particular to rise above the conflicts between states and pursue an independent role in world politics is severely circumscribed. Instead, the United Nations is more often either the *instrument* of states' foreign policies or the *arena* within which states debate issues than it is an independent *actor* in world politics (Archer, 1983). Various secretaries general have achieved some degree of autonomy and pursued quasi-independent roles in world politics. But such activities are more the exception than the rule.

Although the United Nations is rarely able to behave as an independent international actor, it has surely shaped the behaviors of states.¹⁵ Individuals

15. Finkelstein (1980) challenges the view that IGOs are merely tools of states and forums for the conduct of interstate bargaining. He argues that "IGOs assert independence. . . . They compete for resources and over turf. They behave in ways which are hard to reconcile with the belief that the diplomacy of member states is the sole determinant of IGO behavior, unless one is prepared to argue also that governments want IGOs to behave that way. . . . IGOs do have purposes of their own."

who have participated in its affairs may also have had their nationalistic perceptions broadened (Alger, 1965; Riggs, 1977). And although the United Nations' ambitious purposes have not been fulfilled, the organization's contribution to the alleviation of human suffering is undeniable. Because it generally cannot act autonomously, however, the United Nations lacks the legitimacy to serve as an independent force capable of powerfully influencing the course of world affairs.

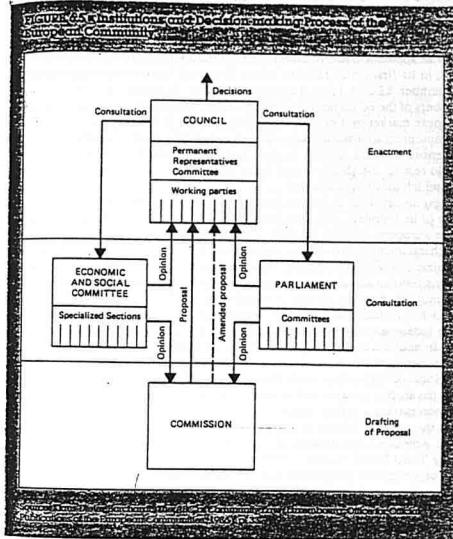
OTHER IGOs: THE EUROPEAN COMMUNITY AND REGIONAL ORGANIZATIONS

The meaning of *autonomy* and *legitimacy* can be illustrated by contrasting the United Nations with the European Community (EC). The latter is made up of three organizations: the European Coal and Steel Community (ECSC, created in 1952), the European Atomic Energy Community (Euratom, 1958), and the European Economic Community (EEC, 1958). The immediate purpose of these institutions (which were first formed by France, West Germany, Italy, Luxembourg, Belgium, and the Netherlands) was the promotion of broad economic integration among the six. But some were also hopeful that the institutions might eventually lead to a United States of Europe.

Since 1967 the three communities have shared common organizational structures (see Figure 6.5), the most important of which is the Council of Ministers. As the name implies, the council consists of cabinet ministers drawn from the European Community's member states. The foreign ministers participate in the council when the most important decisions are made. In this respect the European Community as an association of nation-states is little different from the United Nations. But the EC is also a *supranational* entity empowered to make decisions binding on its national members without being subject to their individual approval. An important instrumentality in making these decisions is the commission and its thousands of European technocrats who, in principle, owe loyalty to the European Community, not to its national constituents. Furthermore, since the mid-1970s the community has had access to sources of revenue independent of its member states, and in 1979 the European Parliament began to be chosen by direct election. (Previously its members had been chosen by the member states' national parliaments.)

None of this means that the European Community will automatically become an integrated political entity approximating a United States of Europe for integration can be halted or even reversed as a consequence of decisions made by nation-states. As the EC expanded from six members to twelve decades later,¹⁶ it has found it difficult to ameliorate differences between more industrialized northern members and those in Southern Europe.

16. The European Community was expanded from six to nine members in 1973 with the addition of Denmark, Ireland, and the United Kingdom, from nine to ten in 1981 with the addition of Greece, and from ten to twelve in 1986 with the addition of Spain and Portugal. Turkey applied for membership in 1987.



Even without such regional differences between the community's richer and poorer members, it has found it difficult to move from a customs union, in which customs duties have been eliminated, and from the free movement of workers, which the EC also enjoys, to a genuine common market, in which the frontiers between member states have been completely abolished. In a genuine common market, a number of inhibitions still apparent in Europe would not exist, including exchange controls, restraints on the movement of goods (many of which are nontariff barriers to trade, discussed in Chapter 7) and the absence of harmonization of product standards (for example, uniform socket sizes for electrical appliances), variations in rules governing taxation and capi-

tal movements, regulations on transport standards (such as rules governing truckers' driving hours, rest periods, and the makeup of teams of drivers), and the like (see "Progress Report on Europe's Single Internal Market," 1987). All of these inhibitions serve to safeguard national interests and autonomy. Europe has a long way to travel before it will be able to remove these and to transfer sovereign control to community institutions.

In an apparent effort to infuse the community with new purpose, the EC in 1987, in its first major revision of the Treaty of Rome which established the six-member EEC in 1957, adopted the Single European Act, in which the members of the EC committed themselves to the realization of a single, internal European market by 1992. An important element of the Single European Act is a commitment to majority rule rather than the previously common practice of consensus decision making in the Council of Ministers. Such a procedure should restrict the ability of individual member nations to veto key decisions with which they might disagree.

Despite setbacks in the realization of the optimistic goals embraced by many of its founders, and even without full realization of the promises of the Single European Act, the European Community as an international institution has characteristics that clearly distinguish it from most other international organizations, and in particular from the United Nations. Whereas the United Nations remains almost wholly dependent on its members and therefore does little more than reflect the political reality of the international political system in which it resides, the European Community has a much greater capacity to shape independently its regional subsystem and perhaps the global system as well. In addition to the characteristics of its internal structures, for example, community members have on occasion assumed a common position on important global issues (such as the Arab-Israeli conflict). European political cooperation has in fact materialized in a number of ways not anticipated when the common market was first formed (see Knudsen, 1984).

In the decades following Europe's initiatives, a dozen or so regional economic schemes were created in various other parts of the world, notably among Third World nations.¹⁷ Few achieved anything approaching the same level of economic integration and supranational institution building as in Western Europe, however. Although the reasons underlying the generally modest success of such attempts vary, they boil down to the reluctance of national political leaders to make the kinds of choices that would undermine their sovereignty. At the same time, these attempts at regional cooperation demonstrate the inability of nations to resolve individually the problems confronting them collectively. In this sense, the nation-state seems both ill suited for managing transnational policy problems and for being an agent of organized efforts to do so. The ultimate effect of the collective problem-solving institutions on world politics is therefore problematic. Before probing

17. Most of these are designed to stimulate economic growth among its regional members. Regional organizations exist in a variety of forms for different purposes, which makes their characterization and classification difficult. For a discussion of major regional organizations, see Taylor (1984).

this matter further, however, let us first examine another transnational manifestation of the transformation of world politics, the multinational enterprise.

THE RISE OF MULTINATIONAL CORPORATIONS: CURSE OR CURE?

Over the past four decades the multinational corporation (MNC) has grown dramatically in size and influence in the expanding world economy. Consequently, the MNC has become the object of considerable discussion and animosity: Richard J. Barnett and Ronald E. Müller (1974) refer warily to the "global reach" of the MNC; George W. Ball (1971) coined the term *cosmocorp* to suggest those entities' increasing power in the international arena; Robert Gilpin (1975) has attributed U.S. power to the MNC; David H. Blake and Robert S. Walters (1987) ask the often-posed question whether the MNC is a source of growth or underdevelopment for host countries; and Anthony Sampson (1975) has exposed the oligopolistic aspirations of the major oil companies known as the Seven Sisters. Operating at times in seeming autonomy with resources that often exceed the GNP of its host country and, in certain industries (notably oil), participating in cartels designed to control prices and production internationally, the MNC is both a source of capital investment and a threat to the nation-state.

The growing number and economic clout of MNCs contribute to the controversy surrounding their impact. It has been estimated that in the early 1980s, about eighteen thousand MNCs worldwide controlled assets in two or more countries and that these corporations were responsible for marketing roughly four-fifths of the world's trade (excluding that of centrally planned economies). Between 1960 and 1980, the revenues of the top two hundred multinational firms escalated as their combined share of the world's gross domestic product increased from 18 to 29 percent (Clairmonte and Cavanagh, 1982: 149, 152, 155).

The MNC has become so powerful and its tentacles so far-reaching that it is appropriate to inquire whether it has undermined the ability of ostensibly sovereign nation-states to control their own economies and therefore their own fates. Is it possible that MNCs are undermining the very foundations of the present international system? Or is this question perhaps based on exaggerated expectations of the MNCs' influence and therefore unwarranted?

The benefits and costs ascribed to MNCs in the debate about them are many and complex, as the summary provided in Box 6.1 makes clear. Here we focus on four major issues in the ongoing debate about multinationals: the global reach of multinational corporations, their impact on host and home countries, their involvement in politics, and the question of control.

The Global Reach and Economic Power of Multinational Corporations

What is an MNC? Definitions differ, but they all agree that it is a business enterprise organized in one society with activities abroad growing out of direct

BOX 61 ■ The Multinational Corporation in World Politics: A Balance Sheet of Claims and Criticisms

There are many views of the MNC. Its contributions seen as "positive" are listed on the left side, and those considered "negative" are listed on the right. Whether one classifies a contribution as positive or negative will depend largely on one's ideological perspective. Although the arguments for and against MNCs are not as simple as the characterization and classification given here suggest, they may be classified and summarized by noting that proponents and opponents have asserted, in one fashion or another, that multinational corporations . . .

Positive

- increase the volume of world trade.
- assist the aggregation of investment capital that can fund development.
- finance loans and service international debt.
- lobby for free trade and the removal of barriers to trade, such as tariffs.
- underwrite research and development that allows technological innovation.
- introduce and dispense advanced technology to less-developed countries.
- reduce the costs of goods by encouraging their production according to the principle of comparative advantage.
- generate employment.
- encourage the training of workers.
- produce new goods and expand opportunities for their purchase through the internationalization of production.

(continued)

Negative

- give rise to oligopolistic conglomerations that reduce competition and free enterprise.
- raise capital in host countries (thereby depriving local industries of investment capital) but export profits to home countries.
- breed debtors and make the poor dependent on those providing loans.
- limit the availability of commodities by monopolizing their production and controlling their distribution in the world marketplace.
- export technology ill suited to underdeveloped economies.
- inhibit the growth of infant industries and local technological expertise in less-developed countries while making Third World countries dependent on First World technology.
- collude to create cartels that contribute to inflation.
- curtail employment by driving labor competition from the market.
- limit wages offered to workers.
- limit the supply of raw materials available on international markets.

Box 6.2: Continuities

Positive

- disseminate marketing expertise and mass-advertising methods worldwide.
- promote national revenue and economic growth; facilitate modernization of the less-developed countries.
- generate income and wealth.
- advocate peaceful relations between and among states in order to preserve an orderly environment conducive to trade and profits.
- break down national barriers and accelerate the globalization of the international economy and culture and the rules that govern international commerce.

Negative

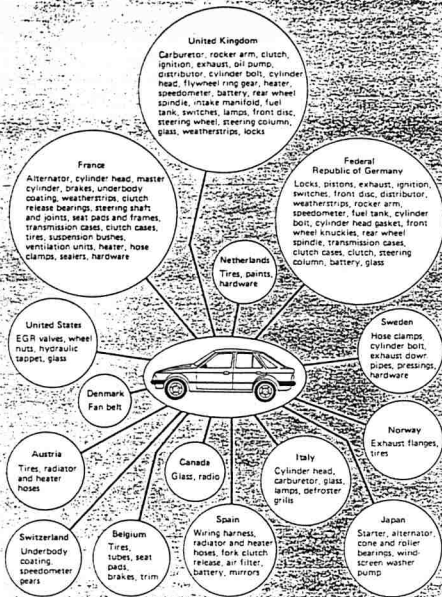
- erode traditional cultures and national differences, leaving in their place a homogenized world culture dominated by consumer-oriented values.
- widen the gap between the rich and poor nations.
- increase the wealth of local elites at the expense of the poor.
- support and rationalize repressive regimes in the name of stability and order.
- challenge national sovereignty and jeopardize the autonomy of the nation-state.

investment (as opposed to portfolio investment through shareholding). Typically, MNCs are hierarchically organized and centrally directed. "A distinctive characteristic of the transnational organization is its broader-than-national perspective with respect to the pursuit of highly specialized objectives through a central optimizing strategy across national boundaries" (Huntington, 1973). Ford Motor Company's global manufacturing network that produces the Ford Escort, illustrated in Box 6.2, is a graphic example of the transnational character of a multinational manufacturing firm.

The creation of the European Economic Community (EEC) in 1958 gave impetus to this form of business organization. Because the six EEC members anticipated a common external tariff wall around their customs union, it made economic sense for American firms to establish production facilities in Europe. In this way they could remain competitive by selling their wares as domestic products rather than foreign products with their added tariff costs.¹⁸

18. The reasons for direct investments overseas are more complex than this simplified explanation suggests. The product-cycle theory is one example. According to this view, overseas expansion is essentially a defensive maneuver designed to forestall foreign competitors and hence to maintain the global competitiveness of domestically based industries. The theory views MNCs as having an edge in the initial stages of developing and producing a new product and then having to go abroad to protect export markets from foreign competitors that naturally arise as the relevant technology becomes diffused or imitated. In the final phase of the product cycle, "production has become sufficiently routinized so that the comparative advantage shifts to relatively low-skilled, low-wage, and labor-intensive economies. This is now the case, for example, in textiles, electronic components, and footwear" (Gilpin, 1975). See this source and especially Vernon (1971) for an elaboration of the product-cycle theory. Noteworthy is Gilpin's (1975) conclusion after examining several theories of foreign direct investment: "The primary drive behind the overseas expansion of today's giant corporations is maximization of corporate growth and the suppression of foreign as well as domestic competition."

Box 6.2 Global Manufacturing: The Component Network for the Ford Escort (Europe)



Source: World Development Report 1987, Copyright 1987 by The International Bank for Reconstruction and Development/The World Bank. Reprinted by permission of Oxford University Press, Inc.

Note: Final assembly takes place in Halewood (United Kingdom) and Saarlouis (Federal Republic of Germany).

Since the impetus given by the EEC to this new form of investment by individuals in one country in the economic system of another, the MNC has become the agent of the internationalization of production. The United Nations Centre on Transnational Corporations has identified the host-country location of some 104,000 MNC affiliates (Centre on Transnational Corporations, data tapes, July 29, 1987). (*Host country* refers to the country where a corporation headquartered in another country conducts its business activities.) Historically, the United States has been the home country for the largest proportion of parent companies, followed by Britain and West Germany. Furthermore, although the growth of multinational firms is a global phenomenon, if the magnitude of foreign direct investment is used to measure their global reach, it is apparent that the major part of all transnational business is located in the developed areas making up the First World: Practically all foreign direct investment originates in developed market economies, which also absorb more than three-quarters of all investment flows (Commission on Transnational Corporations, 1986: 5). The developing countries' share of foreign direct investment grew in the 1970s, but it plummeted during the debt crisis of the 1980s (see Chapter 8).

The importance of the economic characteristics of the world's giant producing, trading, and servicing corporations is illustrated in Table 6.1, which ranks billion-dollar-or-more firms and nations by the size of their gross economic product. The profile shows that over forty of the world's top one hundred economic entities are multinational corporations. Among the top fifty entries, multinationals account for only nine, but in the next fifty, they account for thirty-two.

Although historically the greatest number of MNCs have been American, the U.S. share in the outward stocks of foreign investment has declined steadily since 1973 (to 38 percent in 1983 from 48 percent in 1973), while the shares of Canada, West Germany, Japan, and Switzerland have risen substantially (Centre on Transnational Corporations, 1985b: 15). Similarly, in 1987 only 77 of *Fortune* magazine's top 200 industrial firms in the world were American, compared with 127 in 1960.

Although the outward stocks and flows of foreign direct investment from the United States have declined, the inflow of funds into the United States is one of the most striking recent developments related to foreign direct investment. During the 1960s the United States received about 10 percent of all foreign direct investment; this proportion rose to about 30 percent by the late 1970s and reached 40 to 50 percent by the mid-1980s, or \$22.6 billion in 1984-1985 (Centre on Transnational Corporations, 1987: 5-6). Much of the inflow of investments has taken the form of acquisitions by European and Canadian firms that already had some presence in the U.S. market, and the building of new production facilities by Japan (a trade-replacing form of foreign direct investment) in an effort to establish itself in a market in which it had little presence before 1970. Japanese investments in banking and real

TABLE 6.1. Countries and Corporations Ranked According to Size of Annual Product, 1985

Rank	Economic Entity	Dollars (billions)
1	United States	2,000
2	Soviet Union	1,000
3	Japan	500
4	Federal Republic of Germany	400
5	France	300
6	United Kingdom	250
7	Italy	200
8	Canada	150
9	China	100
10	Poland	80
11	Brazil	70
12	India	60
13	West Germany	50
14	Australia	40
15	Spain	30
16	Mexico	25
17	South Africa	20
18	North Korea	15
19	Korea	10
20	Sweden	8
21	South Korea	7
22	Sweden	6
23	GENERAL MOTORS	5
24	Korea Republic	4
25	U.S.S.R.	3
26	Indonesia	2
27	Belgium	1
28	ROYAL DUTCH/SHELL GROUP	1
29	Japan	1
30	France	1
31	Sweden	1
32	South Africa	1
33	Argentina	1
34	Belgium	1
35	Norway	1
36	Denmark	1
37	France	1
38	MOBIL	1
39	Algeria	1
40	France	1
41	France	1
42	BRITISH PETROLEUM	1
43	FORD MOTOR	1
44	INTERNATIONAL BUSINESS MACHINES	1
45	Japan	1
46	TEXACO	1
47	France	1
48	CHEVRON	1
49	Columbia	1
50	France	1
51	France	1
52	AMERICAN PETROLEUM	1
53	France	1

(continued)

TABLE 6.1a (continued)

Name	Economic Entity	Dollars (billions)
101	China	13,974
102	Philippines	12,63
103	East Asia Republics	11,97
104	India	11,93
105	INDUSTRY OF DENEMOURS	11,48
106	GENERAL ELECTRIC	11,23
107	STANDARD OIL	11,00
108	IBM	10,76
109	INDUSTRIAL GROUP	10,50
110	HYDRO-MOTOR	10,30
111	IBM	10,26
112	IBM	10,26
113	AT&T	10,26
114	AT&T	10,26
115	AT&T	10,26
116	AT&T	10,26
117	AT&T	10,26
118	AT&T	10,26
119	AT&T	10,26
120	AT&T	10,26
121	AT&T	10,26
122	AT&T	10,26
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126	AT&T	10,26
127	AT&T	10,26
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136	AT&T	10,26
137	AT&T	10,26
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141	AT&T	10,26
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171	AT&T	10,26
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190	AT&T	10,26
191	AT&T	10,26
192	AT&T	10,26
193	AT&T	10,26
194	AT&T	10,26
195	AT&T	10,26
196	AT&T	10,26
197	AT&T	10,26
198	AT&T	10,26
199	AT&T	10,26
200	AT&T	10,26

Source: Commission product data are from *World Bank Atlas 1982* (Washington, D.C.: World Bank, 1984) pp. 15. Gross national product data for Bulgaria, Czechoslovakia (East Germany), Romania, and the Soviet Union are from *Handbook of Economic Statistics 1986* (Washington, D.C.: U.S. Central Intelligence Agency, 1986) p. 37. Sales of industrial firms are from *Fortune*, August 1986, p. 112; *Fortune*, October 1986, p. 112. All rights reserved.

estate, such as hotels and office buildings, have also been substantial. The growing importance of the United States as a host country is related to national differences in interest rates and variations in the exchange rates among various national currencies experienced during the 1980s, which helped push the value of the U.S. dollar to historic highs at mid-decade (see Chapter 7).

A second major recent development in the global pattern of foreign direct investment is the emergence of Japan as a major home country. The outflow of Japanese foreign direct investment increased nearly fourfold between 1975 and 1985, moving from \$5.3 billion to \$12.2 billion during that period (Centre on Transnational Corporations, 1987: 9). A primary motivation, as noted, has been penetration of the U.S. market. Western Europe has also been the target of Japanese investments, for similar reasons. Together, Western Europe and North America accounted for three-fifths of Japanese foreign direct investment in 1985 (Centre on Transnational Corporations, 1987: 9). Developing nations accounted for most of the rest. Historically, Japan has invested in Third World nations to secure access to critical raw materials and to take advantage of lower labor costs in developing countries.

The MNCs' expansion could not have occurred on the scale achieved without the financial contribution of the world's international banks. Indeed, the transnational bank (TNB) has itself also become a major actor and force in the global political economy. In 1985 the combined assets of the world's twenty-five largest banks had grown to \$2.6 trillion—a figure nearly triple the combined sales of the twenty-five largest industrial firms. Reflecting trends elsewhere in the transforming global political economy, in 1985 five of the ten largest banks were Japanese, whereas in 1978, only one of the ten largest was Japanese (Centre on Transnational Corporations, 1987: 40).

Impact on Home and Host Nations

In addition to its global reach, the domestic impact of the MNC on both home and host countries is a topic of heated debate.

The MNCs' power is often alleged to be exercised at great cost to the home or parent countries. MNCs are charged with shifting productive facilities abroad to avoid demands by powerful labor unions for higher wages. According to this view, because capital is more mobile than labor, the practice of exporting production from industrially advanced countries to industrially backward countries, where labor is cheap and unions weak or nonexistent, is the cause of structural unemployment in the advanced countries. Others contend, however, that especially in the case of the United States, MNCs help reduce the nation's balance-of-payments deficit, create new employment opportunities, and promote competition in both domestic and foreign markets.

If home countries have incurred both costs and benefits, have host countries shared a similar experience? "As privileged organizations," David

Apter and Louis W. Goodman (1976) note, MNCs "hold a unique position among growth-inducing institutions able to affect the direction of development." This implies that MNCs may benefit development as much as they impede it. It is nonetheless true that Third World nations have historically viewed multinationals with considerable suspicion. And because they are generally more important to the developing nations' overall GNP and to their most advanced economic sectors than they are to the developed states' economies, Third World views of MNCs have been more emotionally charged.

From one perspective, the movement of capital and production from the First World to the Third has produced net gains for the latter:

For all the talk (and the reality) of imperialist domination, most of the underdeveloped nations want domestic foreign investment, European and/or American, for a variety of reasons. The multinationals pay higher wages, keep more honest books, pay more taxes, and provide more managerial know-how and training than do local industries. Moreover, they usually provide better social services for their workers, and certainly provide fancy career opportunities for a favored few of the elite. They are, in addition, a main channel through which technology, developed in the West, can filter into the backward nations. To be sure, the corporations typically send home more profits than the capital that they originally introduce into the "host" country; but meanwhile that capital grows, providing jobs, improving productivity, and often contributing to export earnings. (Heilbroner, 1977: 345-346)

These reasons may explain the widespread quest for multinational investment. As one observer explains,

... a nearly universal demand for substantial MNC activity remains. In many fields the most attractive technology and expertise does not come in "unbundled" form; the advantages in foreign market access that are inherent in most manufacturing MNCs often cannot be duplicated except at a very high price. A rapid and premature jettisoning of the MNC—even in natural resource industries—has led some countries to economic disaster. (Kudrle, 1987: 241)

Interestingly, the developing nations themselves have begun to spawn multinational firms. In 1986, for example, 11 percent of the industrial corporations outside the United States were headquartered in the developing world (*Fortune*, August 4, 1986, pp. 186-203). Wells (1983: 2) has also identified nearly 2,000 overseas subsidiaries of 963 parent firms based in developing countries. Thus, the multinational corporation, "long regarded by its opponents as the unique instrument of capitalist oppression against the im-

poor world, could prove to be the tool by which the impoverished world builds prosperity. . . . Third World multinationalism, only yesterday an apparent contradiction in terms, is now a serious force in the development process" (Heenan and Keegan, 1979).¹⁹

From another Third World perspective, however, the costs associated with MNCs have been excessive. "The capital, jobs and other benefits they bring to developing economies are recognized, but the terms on which these benefits come are seen as unfair and exploitive and as robbing the new nations of their resources" (Cutler, 1978).

One of the alleged costs is technological dependence. According to one argument, technology imported from the North impedes local development: What is transferred to the Third World is often not appropriate to the local setting, and the diffusion effects of industrial activity within the developing nations in particular are limited (see also Chapter 5).

Another argument suggests that because MNCs seek to maximize profits for their shareholders, who more often than not reside in the parent state rather than in the host state, capital is not reinvested in the country of production but instead finds its way into someone else's hands. Moreover, the returns are often described as excessive. Between 1975 and 1978, for example, the profit on American direct foreign investment in the First World averaged 12.1 percent, but in the Third World it averaged nearly 26 percent (Spero, 1985: 276; compare Drucker, 1974).

Critics also charge that profits represent only a small part of the effective return to parent companies. "A large part of the real return comes from licensing fees and royalties paid by the subsidiary to the parent for the use of technology controlled by the parent" (Spero, 1985). Admittedly, parent companies must absorb the costs for research and development through which new technologies are developed, and these are used abroad. Nonetheless, it is argued that

subsidiaries in underdeveloped countries pay an unjustifiably high price for technology and bear an unjustifiably high share of the research and development costs. The monopoly control of technology by the multinational corporation enables the parent to exact a monopoly rent from its subsidiaries. And the parent chooses to use that power and to charge inordinately high fees and royalties to disguise high profits and avoid local taxes on those profits. (Spero, 1985: 276)

19. The emergence of MNCs spawned by Third World nations must be viewed against the evidence demonstrating the continued dominance of the Northern nations. Commenting on the location in 1980 of some 98,000 MNC affiliates, the UN Centre on Transnational Corporations noted that "the developed market economies account for practically the entire stock of foreign direct investment. Although corporations from some of the more industrialized developing countries have become significant investors abroad in recent years, transnational corporations domiciled in the developed market economies still account for 97% of the recorded flows of foreign direct investment" (Centre on Transnational Corporations, 1985b: 15).

Critics point to the *transfer-pricing mechanism* as another device used by MNCs to increase their profits and minimize their tax burdens. The raw, semi-processed, or finished materials produced by a parent's subsidiaries located in different countries are in effect traded among the subsidiaries. Because the same company sits on both sides of the transaction, the sales or "transfer" prices of these import-export transactions can be manipulated so as to benefit the parent firm. According to Cutler (1978), "Some firms do this as objectively as they can, without regard to tax considerations. But there are also some who exercise this discretion so as to minimize their global taxes and maximize their after-tax earnings. Since tax rates vary around the world, they accomplish this by recording profits in jurisdictions where taxes are relatively low" (see also Centre on Transnational Corporations, 1985a). The net effect is increased capital flow from South to North. Poverty in the host country is said to be the primary product (Müller, 1973-1974).

Although much of the critical literature considers "the remission of 'excessive' profits the key mechanism by which the host country's balance of payments is adversely affected by multinational corporations," Raymond Vernon argues instead "that the annual income remissions are insignificant compared to the local value added annually by such corporations" (cited in Bierstecker, 1978). Vernon also challenges the capital-outflow and technology dependence arguments, alleging that the former "is fallacious because of its failure to measure the implications of changes in domestic output" (cited in Bierstecker, 1978), whereas the latter is subject to "an overwhelming propensity on the part of well-trained and well-informed critics to oversimplify the issue and to disregard the nonconforming evidence" (Vernon, 1975). In a similar vein, Charles Kindleberger (1969) contends that despite MNCs' monopolistic and exploitative tendencies, multinationals as a whole have, paradoxically, expanded competition and enhanced world economic efficiency.

In sum, then, the economic consequences of MNCs' activities are not always discernible or easily agreed upon, which is perhaps why evaluations do not point to consensus. In Spero's (1985) words, "It is impossible to reach any general or definitive conclusion about the overall effect of multinationals on development. The influence of foreign investment varies from country to country, from firm to firm, and from project to project. Some case studies demonstrate the beneficial impact of direct foreign investment; others, the detrimental effects" (see also Blake and Walters, 1987).

Politics and Multinational Corporations

Another aspect of the debate over MNCs concerns their involvement in political activities. The chief area of concern from the perspective of Third World nations is the obtrusive involvement of MNCs in local (host country) politics. MNCs have also been involved in the domestic politics of their home country, lobbying home governments for policies that will enhance the profitability of

their business activities abroad. And they have been used by both host and home governments as tools in international politics, especially with respect to issues involving the oil industry.

Perhaps the most notorious instance of an MNC's intervention in the politics of a host state occurred in Chile in the early 1970s. There, International Telephone and Telegraph (ITT) attempted to protect its interests in the profitable Chilelco telephone company by seeking to prevent Marxist-oriented Salvador Allende from being elected president and subsequently by seeking his overthrow. ITT's efforts to undermine Allende included giving monetary support to his political opponents and, once Allende was elected, attempting to induce the American government to launch a program designed to disrupt the Chilean economy.

On other occasions, multinationals have used bribery to influence key foreign officials. The extent of such activity by American firms was unearthed in the aftermath of the Watergate scandal in the United States in the early 1970s. The Securities and Exchange Commission and later a congressional inquiry disclosed improper foreign payments totaling more than \$100 million made by one hundred American firms (Cutler, 1978: 18). Under usual circumstances, however, MNCs engage in direct political action or bribery less often than they use advertising and practice legitimate lobbying of the host government's legislators to influence public attitudes.

MNCs also often lobby their home governments for policies that back the MNCs in disputes with host governments, though they are not always successful in these endeavors (see Rawls, 1986; Spiegel, 1985). The stipulation, made in the early 1970s by the U.S. Congress, that American foreign aid would be cut off from any country that nationalized American overseas investments without just compensation is exemplary of the tendency for home-state governments to support their own MNCs' overseas activities. More generally, MNCs assisted in the creation of the Liberal International Economic Order that had been a prominent postwar goal of the United States, and MNCs, in turn, have helped shape the specific policies regarding trade and taxation that contributed to the realization of that goal. In this sense, MNCs may influence the process by which governments have reached agreement on the rules for the international monetary and trade regimes.

In addition to direct political roles, MNCs indirectly serve as instruments through which national governments pursue their foreign policy objectives. The United States, for example, has sought to use the foreign affiliates of American-based MNCs to extend to other jurisdictions its policies regarding trade embargoes against other nations. This occurred in 1982, for example, when the Reagan administration sought to prevent the French subsidiary of Dresser Industries of Dallas, Texas, from exporting energy-related technology to the Soviet Union. Interestingly, the United States subsequently "black-listed" the subsidiary when, acting under orders from the French government, it exported the technologies in question despite American pressures to prevent

it.) Similarly, the governments of the Organization of Petroleum Exporting Countries (OPEC) effectively used the multinational oil companies in 1973 and 1974 to achieve OPEC's goal of using oil as a political weapon against the West.

MNCs have also been used to enhance U.S. intelligence-gathering capabilities in other societies. In these cases it almost seems that the MNC is the captive of governments and not an autonomous political actor on the world stage. Perhaps the conclusion that "the multinational is actually a stimulant to the further extension of state power in the economic realm" (Gilpin, 1985), rather than a potential supplanter of the sovereignty of the nation-state, is the best way to characterize the domestic impact of MNCs. Nonetheless, the blurring of the boundaries between internal and external affairs adds potency to the political role that MNCs unavoidably play as actors at the intersection of foreign and domestic policy.

Controlling Multinational Corporations

It is clear that multinationals have become important actors in world politics in that decisions critical to nation-states (especially those in the Third World) are now made by entities over which those nations may not have control. Thus, the question of control of MNCs constitutes a fourth significant issue in the debate about the costs and benefits of multinational corporations.

The question of control is not confined to the Third World, for the international interests of MNCs are not necessarily more compatible with the interests of their home governments than with those of their hosts. As one senior foreign policy official in the United States declared at the time of the Dresser Industries controversy, "Basically we're in an impossible situation. You don't want to get rid of the advantages of this international economic system, but if you try to exercise control for foreign policy reasons, you cut across sovereign frontiers." Furthermore, the MNCs' complex patterns of ownership and licensing arrangements mean that it is often difficult to equate the MNCs' interests with particular national jurisdictions. General Electric, for example, one of the most "American" of all American MNCs, has granted licenses for the production of energy-related equipment to Nuovo Pignone of Italy, Mitsubishi Heavy Industries and Hitachi of Japan, Mannesmann and AEG Telefunken of West Germany, John Brown Engineering of Great Britain, and Thomassen Holland of the Netherlands (U.S. Office of Technology Assessment, 1981). Controlling such a complex pattern of interrelationships, joint ventures, and shared ownership for any particular national purpose is nearly impossible. "The internationalization of the economy—which the U.S. spearheaded—has rendered obsolete old ideas of economic warfare," Richard J. Barnet, coauthor of *Global Reach*, observed in 1982. "You can't find targets any more, and if you aim at a target you often find it's yourself."

The potential long-run importance of MNCs for transforming world order is also depicted in *Global Reach*:

The global corporation is the most powerful human organization yet devised for colonizing the future. By scanning the entire planet for opportunities, by shifting its resources from industry to industry and country to country, and by keeping its overriding goal simple—worldwide profit maximization—it has become an insatiable of unique power. The World Managers are the first to have developed a plausible model for the future that is global. . . . In making business decisions today they are creating a politics for the next generation. (Barnet and Müller, 1974: 363)

Whether the corporate visionaries who manage the MNCs will contribute to the creation of a more prosperous, peaceful, and just world—as some hope, and others, whose interests are threatened by a new world political economy, fear—is questionable. "For some, the global corporation holds the promise of lifting mankind out of poverty and bringing the good life to everyone. For others, these corporations have become a law unto themselves; they are miniempires which exploit all for the benefit of a few" (Giipin, 1975).

Those who view the MNC favorably see national competitiveness giving way to a supranational world order in which welfare issues will be more important than narrow ideological or security contests. From this perspective, the MNC, which knows no national boundaries or national loyalties and whose profits (except for the arms manufacturers) are threatened by national aggressiveness and militarism, plays the role of a "peacemaker" in world politics (Ewing, 1974).

Those more negatively disposed toward MNCs maintain that because of their desire for political stability in order to realize maximum profits, MNCs are often prone to align with repressive political regimes and "powerfully oppose the kinds of revolutionary upheavals that in many backward areas are probably the essential precondition for a genuine modernization" (Heilbroner, 1977). Furthermore, multinationals may be the agents of a worldwide dispersion of economic benefits, but the distribution of these benefits is likely to be very uneven. Hence, multinationals perpetuate and deepen global inequality; because they threaten national autonomy, the rise of independent, transnational corporations challenges to some degree the governments of all countries.

Given the global reach, economic power, and ostensible autonomy of the MNCs, efforts by nation-states to strengthen their bargaining positions vis-à-vis the MNCs are to be expected. Through the United Nations Commission on Transnational Corporations, the less-developed countries have sought a code of conduct to govern the activities of transnational corporations. In 1986 the commission put forward a proposal that sought to cope with the legitimate interests of both host countries and multinational corporations in such matters as transfer pricing, taxation, ownership and control, and environmental protection.

Other attempts to control the MNCs include the Convention on the Settlement of Investment Disputes, negotiated under the auspices of the World

Bank, and the Declaration on International Investment and Multinational Enterprises, embraced by the Organization for Economic Cooperation and Development.

In recent years the developing nations have become less strident in their demands for controls on multinationals and more pragmatic in dealing with them, largely because of a more realistic recognition of the role that MNCs play as agents of investment, trade, and technology transfer in today's interdependent global political economy, and perhaps because they believe that the risks can be managed.²⁰ Whether such a change in attitude will be conducive to moving those codes of conduct already devised for controlling MNCs toward an effective international regulatory regime, or whether they will sap the impetus and political will to do so, remains to be seen. In either case, contention over the role of multinational corporations in national and international affairs will remain, for states often view the costs and benefits of MNCs quite differently.

NONSTATE ACTORS, INTERNATIONAL REGIMES, AND THE TRANSFORMATION OF WORLD POLITICS

Because multinational corporations challenge the nation-state, they also challenge the very foundations of the contemporary global system. But states will not disappear quickly. Conflict between them and the MNCs is therefore to be expected. As Robert Heilbroner (1977) has argued, "what we seem to be witnessing . . . is a conflict between two modes of organizing human affairs—a 'vertical' mode that finds its ultimate expression in the pan-national flows of production of the giant international corporation, and a 'horizontal' mode expressed in the jealously guarded boundaries of the nation-state."

In the meantime, the rise of multinational corporations and the prodigious growth of other types of nonstate actors challenge the traditional state-centric theory of international politics, which holds that nation-states are the primary actors on the world's political stage. Because the state has "purposes and power," according to this view, it "is the basic unit of action; its main agents are the diplomat and soldier. The interplay of governmental politics yields the pattern of behavior that students of international politics attempt to under-

20. The industrial accident in 1984 in Bhopal, India, in which over two thousand people died from a poison gas leak at a Union Carbide pesticide plant suggests that the risks growing out of foreign direct investment may be substantial. The accident seemed to confirm the argument that firms operating in Third World countries often follow less stringent safety standards than would be required of them in an advanced industrial country.

The political fallout from the Soviet Union's nuclear accident at Chernobyl in 1986 may likewise contain lessons for Third World nations that pursue the nuclear option as an alternative to dependence on oil to fuel their economic development. The Chernobyl incident and its implications are examined in detail in Flavin (1987).

stand and that practitioners attempt to adjust or to control" (Nye and Keohane, 1971; see also Mansbach et al., 1976).

Clearly such a view no longer adequately depicts the complexity of world politics. As described in Chapter 2, the behaviors of state and nonstate actors sometimes converge to form *international regimes*. Sovereign states are important members of international regimes. Oran R. Young (1980) argues, in fact, that "the members of international regimes are always sovereign states." Significantly, however, he quickly adds that "the parties carrying out the actions governed by international regimes are often private entities." In this sense the nonstate actors discussed in this chapter—IGOs, INGOs, MNCs, and TNBs—are often the key participants in the regularized conduct of contemporary international relations encompassed by international regimes in such diverse areas as the law of the sea, nuclear nonproliferation, the global monetary and trade systems, and the global food system.

Moving from the level of cooperative international interactions to the level of foreign policy making within nation-states, an adequate conceptualization of contemporary world politics must also acknowledge the influence of nonstate actors on a government's ability to formulate public policy and on the ties among them. Nonstate actors help build and broaden the foreign policy agendas of national decision makers by serving as transmission belts through which one nation's policies become sensitive to another's (Keohane and Nye, 1975). At the same time, some nonstate actors are capable of pursuing their interests largely outside the direct control of nation-states while simultaneously involving governments in particular problems as a result of their activities (Nye and Keohane, 1971).²¹

These reflections invite this conclusion:

There has developed on the global level an interconnected and intensified . . . complex of relationships . . . in which demands are articulated and processed through formal as well as informal channels, governmental as well as non-governmental organizations, national as well as international and supranational institutions. These processes of interaction are interdependent . . . and they perform a variety of functions, most prominently those of welfare and security. They are the structures through which governments perform a variety of functions; they are the way in which state and society seek to arrange their domestic and foreign environment. (Hans Rieder, 1978: 1278)

The transformation of world politics is being played out in these complex interdependent relationships among diverse national and transnational actors:

21 An example of the often relative autonomy of nonstate actors was provided by the international response to the American effort to organize a worldwide boycott of the 1980 Summer Olympics in Moscow. For the American policy position, it was important that West Germany and Japan were among those who decided not to participate. However, several national Olympic committees voted to participate, even though their governments had favored a boycott. Included among them were the national Olympic committees in Britain, France, Italy, and Australia.

This by no means indicates that the nation-state is dead, however. Governments still retain the capacity to influence, indeed to shape, transnational interactions. It is not accidental that supranationalism (as in Western Europe) has been confined largely to economic interactions and that matters of national security are confined largely to government-to-government interactions.

Thus it is important not to exaggerate the importance of nonstate actors and their impact on nation-states. Nation-states retain a (near) monopoly on the use of coercive force in the international system. The majority of new international governmental organizations founded in the 150-year period since the Congress of Vienna (1815) were established *after* the most warlike periods, but there is almost no association between the number of IGOs in the international system and the incidence of interstate war during the 150-year period (Singer and Wallace, 1970).²² The nation-state cannot be lightly dismissed, therefore; it still molds the activities of nonstate actors more than its behavior is molded by them. Hence it would be premature to abandon the focus on the nation-state in international politics, just as it would be inadequate to regard the state as the only relevant actor or the sole determinant of its fate.

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22. Because this conclusion contradicts other findings regarding IGO involvement in conflict management, perhaps we should ask whether the data and analysis from which it derives might be interpreted differently. The conclusion is based on the assumption that there should be an association between the amount of war and organization within closely constrained time periods (five years). If, however, the data are arranged into twenty-five rather than five-year periods (which is perhaps a reasonable length in which to expect institutional developments to have an impact on the international system), then "the data would appear to support the argument that as the number of IGOs has grown, the amount of violence in the global system has decreased" (Jacobson, 1984: 199, n. 1).

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The Quest for National Security: Trends in Military Capabilities

The adversaries of the world are not in conflict because they are armed. They are armed because they are in conflict and have not yet learned peaceful ways to resolve their conflicting national interests.

RICHARD M. NIXON, 1969

Up to the present, we are told that nuclear arms are a force of dissuasion which have prevented the eruption of a major war. And that is probably true. Still, we must ask if it will always be this way.

POPE JOHN PAUL II, 1980

High politics deals with issues of peace and security. Hence the term describes the behaviors of global actors seeking to reduce their fears, in contrast with their efforts to increase their standards of living. In an unsafe world the search for national security has become almost synonymous with world politics. The pervasive sense of threat explains states' preoccupation with and extensive preparations for war.

Because the international system's present structure requires that nations rely on little more than themselves for their own protection, national security frequently is assigned the most prominent place on their foreign policy agendas, with low politics secondary to it. National security—the psychological freedom from fear—is a supreme value. Without the state's capacity to ensure its survival, all other values and goals are threatened.

What breeds the competition that propels the search for security through preparations for war?

All nations want many of the same things—self-preservation, national identity, sovereign freedom, status, and wealth. These are sought, however, in an anarchical system affording no state protection from the hostile designs of others; each can be made secure only by its own strength. To ensure their own protection, most are therefore motivated to acquire as much military might as their resources allow.

The predicament that such behavior creates is the *security dilemma*: Arms acquired for defensive purposes are perceived by others as threatening, which then provokes similar behavior by those threatened (Herz, 1951). The syndrome has also been described as the *spiral model* (Jervis, 1976), which explains that one country's efforts to enhance its own defense has the effect of alarming its opponents, which then react similarly, with the result that an escalating arms race is produced that reduces the security of all parties. The process was described well by Sir Edward Grey more than half a century ago:

The increase in armaments, that is intended in each nation to produce consciousness of strength, and a sense of security, does not produce these effects. On the contrary, it produces a consciousness of the strength of other nations and a sense of fear. Fear begets suspicion and distrust and evil imaginings of all sorts, till each government feels it would be criminal and a betrayal of its own country not to take every precaution, while every government regards every precaution of every other government as evidence of hostile intent. (Grey, 1925: 92)

The unintended consequence of an arms race, which no one consciously sought, is diminished security for all. But it is important to emphasize that the security dilemma results because

even when no state has any desire to attack others, none can be sure that others' intentions are peaceful, or will remain so; hence each must maintain power for defense. Since no state can know that the power accumulation of others is defensively motivated only, each must assume that it might be intended for attack. Consequently, each party's power increments are matched by the others, and all wind up with no more security than when the vicious cycle began, along with the costs incurred in having acquired and having to maintain their power. (Snyder, 1984: 461)

This predicament explains the absence of security in the world. All nations search for strength; all cherish national advantage; none willingly accepts vulnerability. Preparation for war and mutual insecurity are the consequences. Accordingly, it is understandable why, when contemplating the subject of world politics, many peoples' visions tend to be dominated with images of armies marching and bombs exploding.

Underlying the security dilemma are two important but largely unchallenged assumptions that policymakers habitually make: (1) Security is a function of power, and (2) power is a function of military capability. The undesired, costly, and deadly results that typically derive from these assumptions have been widely acknowledged. But the anarchical conditions in which world politics unfolds invite their acceptance nonetheless. By definition, there are no escapes from a dilemma, and that includes the security dilemma. Much as the "tragedy of the commons" accounts for the failure of the world to manage its ecological resources responsibly, the security dilemma explains

why states sharing a common interest in security nonetheless engage in individual actions that prevent them from obtaining it. One nation's security can be attained only by jeopardizing another's; the equation converts the pursuit of national security into world insecurity.

To understand better the sources of the security dilemma, we begin with a brief inquiry into the nature of power and its relation to military preparedness and the quest for national security. We then consider the practices in which states engage to diminish threats to their national security, specifically trends in their expenditures for and transfer of arms across national borders. Together, these trends frame the global circumstances defining the environment in which national security is pursued.

POWER IN INTERNATIONAL POLITICS

What is this entity called *power* that political realists and others regard as the central element in international politics and whose quest they depict as states' primary motive? Power, when attained, is assumed to confer on its possessor the ability to promote national interests. But definitions of power abound, and the concept is used ambiguously to refer to disparate phenomena (see Claude, 1962; Wolfers, 1952).

In essence, power manifests itself in the ability of one actor to persuade another to do what it otherwise would not do. Power is the exercise of influence over another. Thus power is a political phenomenon. It is the ability to coerce or to obtain what one wants through manipulation (which is perhaps why politics is often regarded as "dirty"). Indeed, to say that nations pursue power is to say that they seek the ability to control others. Accordingly, power is a measure of the relations among nations that reflects which dominates and which is subservient.

When power is viewed in this way, the following question arises: What enables states to achieve their goals? That is, what kinds of capabilities or resources are necessary to attain power over another? Many factors simultaneously enhance a state's ability to achieve its goals vis-à-vis others, and these multiple factors, or some combination of them, provide a composite measure of states' relative *power potential*. If we could weigh comparatively each state's total capabilities, the world's nations could be ranked according to their capacity to draw on resources to exercise influence. Such a ranking would reveal the system's hierarchy of power or dominance, differentiating the strong from the weak, the great from the nongreat.

Of all the resources that make for national power, economic resources and military force are usually regarded as the most important, with the former providing the basis for the acquisition of the latter. Economic resources enable the development of military capabilities with which states can project their power abroad; they enhance a state's political leverage in its dealings with others and provide the means to the end of military power. The assumption

that the capacity to destroy is crucial to calculating power ratios derives from the widespread belief that it leads to the capacity to influence. The belief rests in turn on the corollary that to make others behave according to one's will, the ability to inflict punishment is critically important, more so than the ability to offer rewards. Whether these propositions, which are consistent with the logic of *realpolitik*, are valid is not certain, but regardless, most national security planners proceed on the basis of them.

In addition to military capability, other factors or combinations of them presumably contribute to national power (and to disparities among nations' capacity to exert political leverage on the world's stage). Power differentials are thought to spring also from relative differences in societies' population and territorial size, geographic location, raw materials, degree of dependence on foreign supplies of materials, technological capacity, national character, ideology, efficiency of governmental decision making, industrial productivity, volume of trade, savings and investment, educational level, and national morale.

However, there is no consensus on how these factors can best be weighed, what their relative importance should be in making comparisons across nations, or what conditions modify the contribution that each factor may make to the equation. Many agree that nations are not equal in their capacity to influence others, that the power capabilities of some greatly exceed those of others, but few agree on a list of the most powerful nations, let alone a ranking of the nations in terms of their power potentialities.

Part of the difficulty of defining what constitutes power is that the potential impact of these contributing factors depends on the circumstances obtaining in a bargaining situation between actors, and these are subjective rather than concrete. Power ratios are not products of measured capabilities; they are influenced fundamentally by how these concrete resources are perceived. In addition, power is necessarily relational—a state can have power over some other actor only to the extent that it can get its way with that actor. The outcome of a political confrontation between two actors is influenced by both actual and perceived strength as they relate to the particular issue over which the dispute is fought. To make a difference, adversaries must take cognizance of the enemy's capabilities and perceive it willing to mobilize them for coercive purposes. They must, for example, regard as credible their adversary's threat to use military capabilities—they must believe that their opponent can and will use its strength to influence militarily the outcome of a conflict. Intentions—and especially perceptions of them—thus matter greatly. As we shall see, the possession of weapons does not necessarily increase a nation's power if its adversaries do not believe that it is committed to use them to defend its national interests.

In this context, it is noteworthy that historically those, with the greatest arsenals have not necessarily gotten their way in political conflicts. If the relations between strong and weak nations as measured by their relative military capabilities are examined closely, an unexpected pattern emerges. Weaker states often have successfully exercised political influence against the

military superiors and resisted pressure from them. A Vietnam that was weak in the conventional military sense succeeded against a vastly more militarized France, and later, the United States, despite the superiority of its adversaries' weapons. An armada of missiles and bombers capable of inflicting horrendous destruction did not enable the United States to prevent the emergence of a communist government in Cuba only ninety miles from its shores. Similarly, vastly superior military power did not prevent seizure of the USS *Pueblo* by North Korea in 1968 or the taking hostage of American diplomatic personnel by Iran a decade later. The Soviet Union's inability to influence by force the course of political events in Afghanistan also suggests that the impotence of military power is not peculiar to the United States. In these and other important instances, so-called second-rate military powers appear at times to have exerted more influence over great powers than great powers have over them. In fact, against certain forces—such as politically mobilized populations—military power has proved ineffectual. "Real power—the ability to affect others—seems in fact more widely dispersed than perhaps at any time in the world's history" (Bundy, 1977).

Although the energetic quest for power through military force remains, its realization has proved elusive. Sir Oliver Wright, British ambassador to the United States in 1982, defined a superpower as "a power no one else can push around." But because all are vulnerable to being pushed around, could it be that superpowers do not exist? The superpowers may be muscle-bound, confined by their own strength and exposed to challenges from abroad with which their military resources cannot cope.

A related lesson of recent years is that influence may derive as much from economic power as from military might, especially with respect to some issues. The capacity of the state to compete successfully in world markets through the development of new products and to mobilize the acquired capital and resources may confer great political clout, as the example of postwar Japan illustrates (Rosecrance, 1986). The distribution of relative monetary strength and economic resources generally may have become as influential as has the distribution of arms and armies. These not only provide the foundation from which a strong defense capability may be created but also are among the primary values that military might is designed to protect. The ascendancy of economic power relative to military power represents a profound transformation (Morse, 1976). This proposition is supported by the continuing importance of the United States in the postwar international system, which derives from its economic strength as well as from its military might. The same holds true for other nations, as was glaringly evident in 1973 and 1974 when the oil-producing nations were able to bring the militarily superior nations of the Western world to their knees.

Alternatively stated, force ratios may no longer translate into power in the way that they once did. The nature of military capabilities has so changed that military inferiority may no longer undermine the state's bargaining leverage as it did in the past, although subordinate capabilities certainly remain a liability

for purposes of deterrence and defense (see Schelling, 1966). Today, in part because of the destructiveness of weapons, some of the countries that have spent the least for weapons may paradoxically be as secure as are their heavily armed counterparts. Relevant in this context is President John F. Kennedy's warning that in the event of another total war, regardless of how it might begin, the most heavily armed superpowers would automatically become the primary targets of destruction.

Reformers in the idealist tradition (recall Chapter 2) have questioned the logic that causes states to emerge in the behavior that creates and sustains the security dilemma that dominates contemporary world politics. To them "the central theme of international relations is not evil but tragedy. States often share a common interest, but the structure of the situation prevents them from bringing about the mutually desired situation" (Jervis, 1976). To escape the predicament, the reformers have called for a change in the way that the problem of national security is typically approached and how the elements of national power have been defined (for example, see Brown, 1986). They see weapons as "indefensible" (see Lifton and Falk, 1982). Unarmed or defenseless countries, they argue, would be able to practice a flexibility in their foreign policies that their armed neighbors could not, as they would be freed from the responsibilities that the possession of (military) power requires and would not have to devote their energies to controlling its use. Although such countries would have to live in the constant shadow of others' missiles, they could nonetheless live in the comfort that those missiles were not directed at them. Disarmed nations may have more actual political troubles, but they are likely to have fewer imaginary ones, or so this reasoning holds. They could also live in the knowledge that the absence of a military capability does not preclude them from exercising influence by other means.

But these are speculative, even utopian, thoughts. The meek have not inherited the earth. The belief embraced enthusiastically worldwide is that arms make nations powerful and, hence, secure. The quest for security through arms thus continues unabated. Nations continue to negotiate in the language of military power and to seek peace through military strength. Three sets of indicators support this conclusion: trends in military spending, military capabilities, and the global arms trade.

THE QUEST FOR MILITARY CAPABILITIES

People's values are revealed by how they spend their money. Similarly, how governments allocate their revenues reveals their priorities. Examination of national budgets discloses an unmistakable pattern: Nearly all states seek security through substantial outlays of national revenues for arms.

Trends in Military Spending

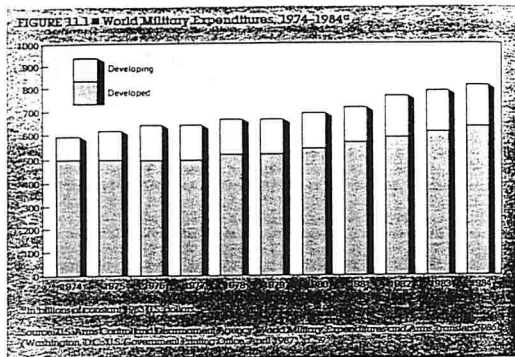
Not only is the commitment to purchase military protection nearly universal, it is also growing, as nations often spend increasing proportions of their income

for arms and armies. Globally, the aggregate annual outlays of revenues for weapons was estimated in 1985 at \$900 billion, a figure that tripled the amount spent in 1972 (U.S. Arms Control and Disarmament Agency [hereafter, ACDA], 1984: 1; 1987: 1). Another way of stating this is to note that in 1985 the world spent \$1.7 million every minute for military purposes. Moreover, the amount of money spent annually on arms and armies has risen almost constantly in this century, with only intermittent periods of modest reductions. Even when stated in terms of constant prices, this pattern persists, for military spending has increased at a rate faster than has the rise in prices, something that makes the thirteenfold increase in world military expenditures between the mid-1930s and the mid-1980s all the more impressive.

The developed nations spend by far the most for military preparedness, as Figure 11.1 shows. As traced in constant 1983 dollars so as to take the effects of inflation into account, in 1984 the developed nations spent \$643 billion for defense, and the developing nations spent \$165 billion (ACDA, 1987: 59). This distribution is described better by referring to the percentage share of total world military expenditures attributed to different nations and groups of nations. In 1984, the United States and the Soviet Union accounted for 60 percent of all the dollars spent for arms in the world.¹ Next in order were the United Kingdom (3 percent), China (2.9 percent), France (2.7 percent), and West Germany (2.7 percent). Hence, the top six spenders accounted for over 70 percent of all military expenditures in the world. The dominance of NATO and the Warsaw Pact in the global picture is also noteworthy: NATO in 1984 comprised 41 percent of the world share, and the Warsaw Pact accounted for 37 percent (ACDA, 1987: 2).

Although historically the rich nations have been the most apt to allocate substantial portions of their budgets to acquire arms, with military expenditures usually rising in periods of peace as well as war, the desire to arm is now widespread. In fact, one of the major trends in today's transforming world is found in the extent to which the poorer nations have mimicked the budgetary habits of the rich (Mullins, 1987). Trends in Third World military spending since 1960 reveal a sixfold increase (in constant dollars), which exceeds the pace at which world military expenditures have risen generally (Sivard, 1987: 42). At the same time, the developing countries' military expenditures, which represented less than 5 percent of the world's total in 1960, grew by 1984 to 20 percent (Luckham, 1984: 355; ACDA, 1987: 1). Those that can least afford weapons have made the greatest sacrifices to obtain them, it seems. Only the lack of economic growth in recent years appears to have restrained this momentum.

1. "Between 1979 and 1986, U.S. military spending rose by an average of 5.8 percent each year. By contrast, American intelligence agencies have estimated that Soviet military spending rose at an average annual rate of 2.1 percent during this period." In the space of these seven years, "preparations for war have cost the United States \$2 trillion. . . . This amounts to \$21,000 for each American household" (*The Defense Monitor* 16, No. 7 [1987]: 3, 1).



Money spent is one indicator of the propensity to seek security through arms. Another perhaps more meaningful measure is the *relative burden* of military spending. This is usually calculated as the ratio of defense spending to gross national product, which increased for both developed and developing countries in the 1980s (ACDA, 1987: 5). For comparative purposes, it is useful to examine the variations among different states' burdens. Table 11.1 illuminates the pattern by grouping the world's nations according to their share of GNP devoted to the military on the vertical axis and their GNP per capita on the horizontal axis. The data show wide variation among countries. Some wealthy countries (for example, the United States, the United Arab Emirates) bear a heavy burden for defense, but others (Japan, Finland) do not. Likewise, some very poor countries (Cambodia, Laos) are burdened heavily by defense, whereas other impoverished countries (Nepal, Chad) are not. In general, however, it is clear that many of the world's poor countries are the most burdened by the costs of defense. This pattern may be interpreted as an indication that the share of resources devoted to national security is determined less by the average wealth of states' citizens than by their governments' perceptions of security needs, which may be shaped by local and historical circumstances, not just international ones.

The level of military expenditures may also be influenced by domestic factors (for example, to satisfy the perceived requirements of public opinion

fiscal policy, or internal security) or psychological motives (such as the need for status and prestige). The relationship between wealth (and wealth per person) and military spending is thus far from a direct one. This in turn suggests that a more complicated explanation of military spending is necessary than the simple formula that the availability of money exerts pressure for military preparedness.

Global expenditure patterns testify to the acceptance worldwide of the proposition that power can be purchased. Aside from the fundamental question of whether these purchases enhance or reduce national security, there exists a related question: What are the effects on national well-being?

The Social and Economic Consequences of Military Spending

The money devoted to military spending affects how the earth's five billion people live. Military preparedness commands relatively more resources than do other global problems requiring resources for their solution. Consider the following (Sivard, 1987: 3, 5-6):

- Defense spending worldwide since 1960 has consumed over \$15,200,000,000,000 (in 1984 U.S. dollars) and has risen at a rate that far outstripped the growth of the world's combined product per person.
- The two superpowers together spent about \$1.5 billion a day on defense (in 1986), yet seventeen nations performed better than the United States in reducing their infant mortality rate, and forty-five performed better than the Soviet Union.
- The world's defense budgets together are equal to the combined income of 2.6 billion people in the world's forty-four poorest nations.
- Third World defense budgets have increased sixfold since 1960, but half the populace in those countries did not have safe water to drink.
- In developing countries as many as twenty percent of children born die before their fifth birthday; yet those countries spend almost four times as much on arms as they do on health care.
- The world spent 2,900 times as much on armed forces (in 1986) as it did on peacekeeping activities.

These comparisons show clearly that most countries are more concerned with defending their citizens from foreign attack than they are with protecting them from deprivation through social, educational, and health expenditures. Worldwide military spending cannot be said to cause directly a decline in the standard of living of the earth's population, but military spending and global poverty appear to be closely linked: When expenditures for arms go up, so do disease, illiteracy, and suffering.

Consider how the United States and the Soviet Union, first in military spending, ranked (in 1984) among all nations across various social indicators—in reducing infant mortality, eighteenth (United States) and forty-sixth (Soviet

Union). in school-age population per teacher, twentieth and twenty-fifth; in physicians per population, eighteenth and first; in literacy rate, fifth and fifth (tie); in public-health expenditures per person, eighth and twenty-fourth; and in life expectancy, eighth and forty-fourth (Sivard, 1987: 46-47). These rankings lead to the conclusion that high military spending is associated with relatively poor performance in social indicators. They suggest that when security is defined in the broadest sense of the term—security in the expectation that one will live a full life—then security is not being purchased by the acquisition of arms. High rates of military spending thus appear to reduce social welfare, not enhance it (see Nincic, 1982; Russett, 1982; Wolpin, 1983).

A trade-off between guns and economic growth also has been suspected. For example, Ruth Sivard (1979b) observes that "no analytical studies . . . have yet established a positive link between military expenditures and economic development in the broad sense. There is, in fact, a growing body of evidence pointing to retarding effects through inflation, diversion of investment, use of scarce materials, misuse of human capital. . . ." One econometric study found that every additional dollar spent on arms in the Third World reduced domestic investment by 25 cents and agricultural output by 20 cents (see Klare, 1987: 1279-1280). For most developing countries, it appears that the net effect of military spending has been to retard the rate of growth (Deger and Smith, 1983).

Despite the existence of a voluminous literature on the subject, however, the guns-versus-growth issue remains controversial because "previous research on the impact of military spending on the economy has produced disparate, inconsistent, and unstable results" (Chan, 1987). A strong correlation that holds for all countries simply has not been established. "The effects of monetary expenditure on the economy," conclude Smith and Georgiou (1983), "depend on the nature of the expenditure, the prevailing circumstances, and the concurrent government policies."

Even if linkages cannot be shown to hold across all countries, there is reason to believe that the strain of military spending on economic growth may be especially severe in the most advanced industrial societies. It may be questionable to assume a direct causal connection between increases in military spending and retarded economic growth rates, rising unemployment, reduced productivity, balance-of-payments deficits, the national debt, and the like. But if a causal connection is dubious in the short run (when military spending can mean new jobs, for example),² in the long run it can be compo-

² Even this fact is itself open to challenge from the viewpoint of public policy:

Former Defense Secretary Caspar Weinberger has argued for higher military spending, saying that it will help create jobs. Each billion dollars spent for military purposes creates estimated 28,000 jobs. But he failed to mention that the same billion spent for education could create 71,000 jobs. Each billion diverted from education to military purposes therefore eliminates 43,000 jobs. (Fischer, 1987: 11)

ling.³ As Richard J. Barnet (1979) found, "Mounting evidence appears to confirm what common sense would suggest: A country [the United States] which, year after year, spends more than \$100 billion annually to support a bureaucracy of four million people who produce nothing, and which buys hundreds of thousands of machines that make nothing, is not on the road to prosperity." "The problem in defense spending," President Dwight D. Eisenhower observed in 1956, "is to figure how far you should go without destroying from within what you are trying to defend from without."

THE PARADOX OF THE POWER OF THE POWERFUL Analogously, a price tag is associated with a global or imperial foreign policy. A superpower's hegemonic aspirations and worldwide involvements may stretch its capacity to maintain economic growth. Thus the military spending necessary for imperial power may lead only to imperial failure (Jacobs, 1984).

This conclusion is affirmed in Paul Kennedy's (1988) influential book, *The Rise and Decline of the Great Powers*. Comparing the performance of great powers over a period of five centuries, Kennedy discerned a recurrent pattern: Dramatic economic growth has propelled a number of states to hegemonic status, but once achieved, each great power was then irresistibly driven to expand its military commitments worldwide to protect its enlarged interests. The economic resources required to maintain this presence and position ultimately undermined the strength that the military investments were designed to preserve: "The difficulties experienced by contemporary societies which are militarily top-heavy merely repeat those which, in their time, affected Phillip II's Spain, Nicholas II's Russia and Hitler's Germany. A large military establishment may, like a great monument, look imposing to the impressionable observer; but if it is not resting upon the firm foundation . . . [of] a productive national economy, it runs the risk of a future collapse" (Kennedy, 1988).

To avert a replay of this pattern, Kennedy warns that the United States and the Soviet Union must "balance the short-term security afforded by large defense forces against the longer-term security of production and income" (Kennedy, 1988). Maintaining this balance poses a challenge to the superpowers, but the dismal historical record underscores the incompatibilities of tractors and tanks, economic productivity and military superiority, and prosperity at home and power abroad. Kennedy's arguments are especially appro-

3. Nowhere, perhaps, is the negative impact of military spending on economic growth more dramatic than in the Soviet Union. Between 1960 and 1981 the Soviet Union spent \$1.3 trillion in pursuit of military power. This investment has been extremely costly (see Rothschild, 1980). By 1987 the Soviet Union ranked no higher than twenty-third in economic and social performance among 142 countries (Sivard, 1987: 5), and it faced declining productivity (Kennedy, 1988). Over the long term, investments in military goods and services have not proved economically beneficial.

priate to the relative decline of the economic prowess of the United States compared with that of Japan, West Germany, and the Newly Industrialized Countries. As research and development funds are concentrated in the military rather than the civilian sector, the best scientists and engineers in the United States focus their energies on military applications rather than on the development of new consumer products (Kennedy, 1987a). The result is that the United States will lose its competitive edge in one product after another, as has already happened with automobiles and consumer electronics.

Richard Rosecrance (1986) argues similarly in his comparison of military-political and trade strategies as alternative means to national advancement. "Since 1945 a few nations have borne the crushing weight of military expenditure," he observes, "while others have gained a relative advantage by becoming military free-riders who primarily rely on the security provided by others. While the United States spent nearly 50 percent of its research and development budget on arms, Japan devoted 99 percent to civilian production." In addition to sacrificing other economic opportunities, Rosecrance continues, military spending has direct costs in the form of extraordinarily expensive equipment that rapidly becomes dated in the face of rapid innovations in weapons technology. Tanks routinely cost \$2 million or more per copy, for example, and fighter planes cost upwards of \$10 million each. But even these demands pale in comparison with the cost of missiles and ships. It was perhaps this realization that led President Eisenhower to caution Americans so often about the dangers of living beyond the country's means.⁴

Trends in Military Capabilities

The world currently spends nearly \$1 trillion a year in preparations for intimidation and war (Sagan, 1988: 4). The growth in military spending worldwide has altered the environment in which the world's nations reside as their feverish spending for national security has led to a world in which many nations possess more weapons of ever more destructiveness.

MODERN WEAPONS TECHNOLOGY The technology associated with modern weapons has radically transformed the nature of warfare. The largest "blockbuster" bombs of World War II delivered a power of 10 tons of TNT; the atomic bomb that leveled Hiroshima had the power of over 12,000 tons of TNT, less than twenty years later the Soviet Union possessed a nuclear bomb with the explosive force of 57 megatons (million tons) of TNT. Today,

4. This possibility was also once acknowledged by Caspar Weinberger: (in 1972, well before he became secretary of defense and began to see things in a different light): "The identification of threat to security does not automatically require an expenditure in the defense budget to neutralize it. . . . The defense budget must be seen not only in terms of what we must defend ourselves against but what we have to defend. The more we take from the commonwealth for defense the smaller it becomes." (cited in Fallows, 1982)

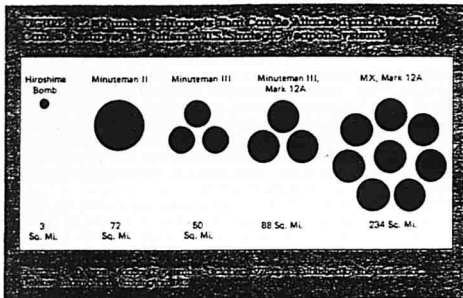
world's nuclear arsenals contain the equivalent of well over 1 million Hiroshimas. "They contain 2,667 times the explosive energy released in World War II, and carry the equal of 3.2 tons of TNT for every individual on earth" (Sivard, 1987: 16). The use of such weapons could destroy not only entire cities and countries but, conceivably, the world's entire population.⁵ Albert Einstein dramatically described the threat posed when he observed that he did not know what the weapons of a third world war would be but that in a fourth world war they would be "sticks and stones."

More bucks have led to more bombs with more bang, making ours an age of overkill. The warheads on one American Poseidon submarine are capable of destroying 160 cities in the Soviet Union; a single American bomber can deliver a force level equal to nearly twice the tonnage delivered by all of the participants in World War II. The combined nuclear stockpile of the two superpowers, with explosive power equivalent to 16 million kilotons or 1.3 million Hiroshima-sized bombs, are able to destroy every city on earth seven times over. Moreover, refinements in military technology enable the superpowers to deliver these weapons within a few hundred feet of their targets as far away as nine thousand miles in less than thirty minutes.

The world, in short, has been revolutionized by the changes in the military capabilities that military spending has purchased. Today's weapons are increasingly destructive, deadly, and accurate. As Figure 11.2 demonstrates, the first generation of atomic bombs (like the single device that reduced Hiroshima to rubble) could destroy an area of three square miles, and the delivery systems then available limited the destruction to a single target. The United States' MX missile has the capacity to destroy an area seventy-eight times as extensive as the area leveled in Japan—and it could devastate ten targets at once. (The reason for this is that missile systems may be "MIRVed"—in which case each *multiple independently targetable reentry vehicle* carried by a ballistic missile can be directed to a separate target.) As *Washington Post* correspondent Richard Harwood notes,

Our young pilots today . . . could fly over Leningrad some morning and with a single bomb, exploded at 3,000 feet, kill perhaps 900,000 people and seriously injure another 1,225,000. It would create winds of a velocity of +70 miles an hour—far greater than any hurricane. These winds would hurl people through the air at high speeds smashing them into buildings. Air pressures from the explosion would strike houses with the force of 180 tons. All that from one bomb. It would have a yield of 1 million tons of TNT. (Harwood, 1979: 1)

5. Estimates of the number of people who would perish in the event of a nuclear clash vary (see Chapter 12, especially Figure 12.2). Former Secretary of Defense Harold Brown (1983) predicted that the "destruction of more than 100 million people in each of the United States, the Soviet Union, and the European nations could take place during the first half-hour of a nuclear war." For other estimates and scenarios, see Sagan (1983-1984) and Schell (1982).



Laser weapons, "hunter-killer" satellites, and antisatellite (ASAT) weapons that can project force in and wage war from outer space have also become a part of the military landscape. Furthermore, technological improvements enable adversaries to target their existing weapons systems with increasing precision. During the Falklands War, the world was given a chilling view on television of the efficiency of today's weapons technology. Viewers were able to witness an Exocet missile, launched by another ship that had already turned back home, speed forty miles exactly six feet above the sea and hit its target square amidship.

The growing numbers of strategic weapons can be added to the picture of their increasing accuracy and destructiveness. When World War II came to an end, there was but one atomic bomb still in existence. By 1988 the United States was estimated to have stockpiled 13,134 strategic nuclear warheads (weapons designed for use against an adversary's homeland) and the Soviet Union 10,664 (Arms Control Association, Fact Sheet, May 1988). In addition, the United States and the Soviet Union have each deployed somewhere between 10,000 and 20,000 tactical nuclear weapons, perhaps even more.⁶ (Tactical nuclear weapons are designed for the direct support of combat operations.) "Mini-nukes"—nuclear weapons small enough to be carried in a suitcase—are also now in existence. In 1987, the superpowers increased their

⁶ The exact number remains a closely guarded secret, and estimates vary widely. *The Defense Monitor* in February 1979 estimated then that "the United States has as many as 50,000 nuclear weapons (including about 20,000 tactical weapons) and the Soviet Union has about 20,000 nuclear weapons." Later, in 1988, *The Defense Monitor* (vol. 17, no. 3, p. 7) put the number of U.S. intermediate-range and battlefield nuclear weapons small enough to be carried in a suitcase and the number of similar Soviet weapons at nearly 6,000.

supply of nuclear bombs at the rate of sixteen each week (Sivard, 1987: 5). "The United States and the Soviet Union together still somehow manage to build enough new nuclear weapons *each year*," Carl Sagan (1988: 4; emphasis added) notes, "to destroy every sizable city on the planet."

THE PROLIFERATION PROBLEM The quest for nuclear weapons has not been confined to the two superpowers. The balance of terror has been exacerbated by the decision of others to develop nuclear weapons of their own, decisions that have produced the so-called proliferation problem. *Proliferation* refers to the probability that more and more nations will become members of the "nuclear club." Consistent with the choices that produce the security dilemma worldwide, the decision of one nation to acquire nuclear weapons encourages others to take that step. The dreaded possibility is a chain reaction leading to the appearance of weapons of mass destruction in the arsenals of many countries—a situation no one desires, given the possibility either that one or more of them eventually will choose to use them or that they will be used accidentally.

The fact that the American acquisition of nuclear capabilities in 1945 was followed in succession by that of the Soviet Union (1949), Great Britain (1952), France (1960), China (1964), and India (1974) supports the view that further proliferation is likely if not inevitable. Estimates vary, but experts agree that perhaps as many as thirty other states now have the economic and technological potential to become nuclear powers.⁷

India's successful nuclear explosion in 1974 elevated apprehensions that other near-nuclear states would follow its example. This has not yet happened overtly (although the U.S. Central Intelligence Agency believes that both Israel and South Africa have clandestinely acquired nuclear weapons). The nuclear powers have sought to limit nuclear weapons to those powers that already have them and have supported the Nuclear Nonproliferation Treaty (NPT) for that purpose. The 128 non-nuclear states that were party to the treaty in 1988 have adhered to its provisions, keeping membership in the nuclear club to six. Even the forty-some states that have refused to sign the treaty have not openly violated its main provisions.

7. The addition of new nuclear states is commonly referred to as the Nth country problem. The increase in the number of states possessing nuclear weapons is called *horizontal proliferation*. In contrast with increases in the capabilities of an existing nuclear state. The latter is often referred to as *vertical proliferation*.

8. Among those widely regarded to be "threshold" states, Israel, South Africa, and Pakistan are often cited. Others perceived as potential proliferators are Argentina, Brazil, South Korea, and Taiwan. To these some authorities add Cuba, Libya, Iraq, and Egypt. Still others have made the acquisition of a nuclear bomb a goal but are far away from realizing it. Iran under Khomeini is exemplary. A high Khomeini adviser stated, "Our civilization is in danger, and we have to do it [build a bomb]. . . . It is our duty to start" (cited in Segal, 1987). Furthermore, a host of other states are clearly capable of producing nuclear weapons but are unlikely to violate the terms of the Nuclear Proliferation Treaty (see Gauhar, 1985).

But the incentives for joining the nuclear club are powerful, and the obstacles to the proliferation of nuclear powers are fragile and weak. Indeed, proliferation is spreading silently and rapidly "when measured in terms of countries that have the capability to produce nuclear weapons and that might be prepared to do so in a major conflict or in response to other pressures" (Spector, 1985). Many states are motivated to follow the lead of the nuclear states and justify that pursuit with the same kind of rationale that the nuclear states previously voiced. French President Charles de Gaulle averred that without the bomb France could not "command its own destiny," and Britain's Labour party member Aneurin Bevan asserted that without the bomb Britain would go "naked into the conference chamber." Many non-nuclear states may conclude that they have little incentive to be bound by an NPT agreement that dooms them to superpower domination and requires them to entrust their security to superpower protection (see Bull, 1984).

The widespread use of nuclear technology and expertise for generating electricity, which by 1987 had spread to fifty-seven countries (Sivard, 1987: 17), reinforces this prognosis, because the uranium and plutonium produced as waste by the nuclear industry in generating electrical power can be re-processed and used as an ingredient to create nuclear weapons (see also Chapter 10). The material generated by nuclear reactors can be put into military production, either overtly or, as in the case of India, covertly. Either path will result in the further growth of nuclear weapons as fuel for their manufacture becomes more readily available. As President Jimmy Carter observed, "We know that by the year 2000 nuclear power reactors could be producing enough plutonium to make tens of thousands of bombs every year."

The accessibility of nuclear know-how and the failure to prevent its dispersion were illustrated by the ease with which Pakistan in 1979 made a successful end run around the technology-export controls of the United States and several Western European governments when it quietly bought all the basic parts—allegedly with funds supplied by the radical government of Libya—necessary for a uranium-enrichment plant. That experience demonstrated how existing political barriers to proliferation can be transcended. Since then, the United States has lifted its restrictions and has ceased to absorb the political costs of vigorously preventing allies from developing their nuclear weapons programs (Ottaway, 1987; Spector, 1985). Should Pakistan choose to convert its uranium-enrichment laboratory into a bomb-producing facility, it is probable that this would touch off a nuclear arms race between it and India, two traditional enemies in an already volatile area of the world. The feared chain reaction that would induce other nations to engage in the nuclear game might then be set off. If the good news is that the nonproliferation regime has thus far kept the chain reaction from being set in motion, the danger is that either complacency or the vertical proliferation by those otherwise voicing support for nonproliferation will undermine the regime. Nuclear weapons, like gods of old, have become symbols of limitless power to which qualities of awe and

omnipotence are attributed and for which material sacrifices are made (Chernus, 1987).

THE RACE FOR CONVENTIONAL ARMS AND ARMIES If most nations have hitherto refrained from joining the nuclear club, nearly all have participated in the race to acquire conventional weapons. The developing nations in particular have sought energetically to obtain armaments commensurate with those of the industrialized nations. They are "born arming" (Mullins, 1987). As Kenneth N. Waltz (1975) observes, "States imitate the military innovations contrived by the country of greatest capability and ingenuity. And so the weapons of major contenders, and even their strategies, begin to look much the same all over the world." The result is that the weapons of war are no longer concentrated in selected countries or regions; rather, the nearly universal drive for military power has led to the diffusion of arms throughout the world.

Changes in weapons technology have been extraordinary and promise to continue, thereby threatening to render obsolete both orthodox ways of classifying weapons systems and prior equations for evaluating power ratios. As an influential U.S. strategic report predicted:

Dramatic developments in military technology appear feasible over the next twenty years. They will be driven primarily by the further exploitation of microelectronics, in particular for sensors and information processing, and the development of directed energy. These developments could require major revisions in military doctrines and force structures. . . . The much greater precision, range, and destructiveness of weapons could extend war across a much wider geographic area, make war much more rapid and intense, and require entirely new modes of operation. Application of new technologies to both offensive and defensive systems will pose complicated problems for designing forces and assessing enemy capabilities. (The Commission on Integrated Long-Term Strategy, 1988: 8)

As a result, the distinction between conventional and strategic weapons has become increasingly blurred.

The transformation of conventional weapons systems represents one dimension of global militarization. Another face of the competitive quest for security is the number of men and women in the armed forces of national governments. Worldwide, the number of military personnel has grown steadily since 1960. At that time there were 18.5 million people in uniform; by 1986 there were 25.6 million (Sivard, 1987: 42).

It is noteworthy that a substantial proportion of these personnel are stationed on the territory of other states (either by invitation or as a result of intervention). In 1985 an estimated two million soldiers served abroad, and ninety-one countries and territories had foreign forces on their soil (Sivard, 1986: 10). The available data show an average ratio worldwide of one serviceman abroad to every fourteen stationed within the borders of their own

country; for the superpowers, the ratio is almost one abroad to four at home (Sivard, 1987: 13).

Most of the growth of the armed forces has occurred in the Third World. Between 1960 and 1986, the armed forces of the developed world remained constant at 10.1 million, although the total in the developing world almost doubled, growing from 8.4 to 15.6 million—or over 60 percent of the world total (Sivard, 1987: 42). The global rise in military personnel thus is attributable almost entirely to the militarization of the Third World.

For relatively poor nations to subsidize the growth of their military establishments at such rates constitutes a considerable financial burden. Part of the reason that they support their military establishments rests with the developing nations' use of military personnel for nonmilitary, nation-building purposes. But when the costs of equipping such armies with weapons are added, it is clear that the sacrifice is often enormous. Indeed, the question raised is how countries with underdeveloped industrial bases are able to acquire the weapons that their soldiers are presumably trained to use, particularly because the manufacture of those weapons often requires sophisticated technologies. A major part of the answer is that the great powers either give or sell them arms. Let us therefore consider the ways that arms are being dispersed worldwide.

Trends in the Arms Trade

As the demand for arms in an insecure world has grown, the sale of weapons has expanded substantially. The transfer of arms across borders has assumed such proportions that it has been labeled a form of "foreign policy writ large" (Pierre, 1982).

Trends in global arms trafficking are suggested by the value of arms sales. The world's trade in arms has increased steadily since 1960, when the dollar value of weapons sales worldwide was \$2.5 billion, or less than 1 percent of world military expenditures. In contrast, between 1982 and 1985, agreements to transfer arms had risen to an annual average of \$37 billion, or over 6 percent of total military expenditures (Sivard, 1987: 42; ACDA, 1988: 6).

However, noticeable in recent years has been a reduction in the rate at which aggregate arms purchases have grown. Arms imports worldwide grew by 17.5 percent between 1975 and 1979, but only 1.9 percent between 1979 and 1984 (ACDA, 1987: 7). Contributing to this downturn were the global economic recession of the early 1980s, budgetary constraints, the crush exerted by debt servicing, and the diminished demand for expensive new weapons as a result of previous purchases. Well-stocked, saturated inventories have decreased governments' interest in and ability to absorb additional equipment. The reduced growth rate may be temporary (or even artificial, owing to the failure to incorporate in the standard export estimates black-market sales of \$5 billion to \$10 billion annually) (Klare, 1987: 1274), but it may portend a future restriction of the growth of the arms trade after many years of increases.

The developing nations have been the leading market for the traffic in arms, accounting since the mid-1960s for three-fourths of all trade (ACDA, 1988: 7). An estimated \$258 billion in armaments were ordered by the developing countries between 1978 and 1985, sales that provided, among other equipment, nearly 14,000 tanks and self-propelled cannon, 28,000 armored personnel carriers, 4,000 supersonic combat aircraft, and 35,000 surface-to-air missiles (Klare, 1987: 1257).

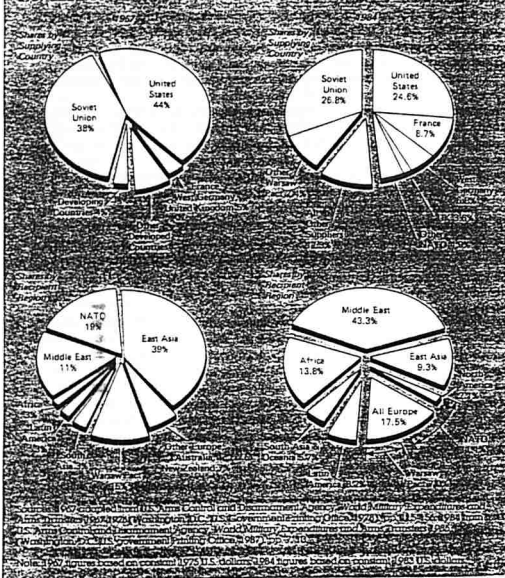
An unmistakable characteristic of this quantitative increase has been a corresponding qualitative increase in the sophistication of the weapons being purchased. In an earlier period, arms sales to the Third World were confined largely to primitive, often obsolete equipment; today, when competition among an expanding number of suppliers of arms has become fierce, some of the most advanced weapons produced have entered the trade.

The pattern of longer-term change in worldwide arms imports and exports is captured in Figure 11.3, which shows the distribution of arms transfers by supplying countries and recipient regions in 1967 and 1984.

Particularly noteworthy is the sharp increase in arms imports by nations in the Middle East (and, secondarily, Africa); purchases by countries in the Middle East "accounted for 43% of the world total in 1984 [and] had been on a generally rising trend that had sustained the world total" (ACDA, 1987: 7). This increase can be attributed to both security and economic developments. Strategically, the Middle East was, and remains, the locus of intense strife, and the countries in the region continue to face chronic national security problems. The two superpowers have found the region an arena in which to compete for allies and influence and, as the world's largest arms merchants, have used arms grants and sales as policy instruments. The Middle Eastern countries have been eager consumers of the arms made available; in 1984 five of the world's top six arms-importing states were in the Middle East, with Iraq, Saudi Arabia, and Iran leading the pack (ACDA, 1987: 8). But economics has also played a significant role. The influx of arms was heavily influenced by the OPEC oil price increases in the 1970s which enabled many Middle Eastern countries to pay for the military hardware they sought. The extraordinary drop in oil revenues (from about \$280 billion in 1981 to \$80 billion in 1986) has eroded the basis for these countries to maintain the pace of their previous arms purchases (Cody, 1987: 22; ACDA, 1987: 7).

Finally, changes have also occurred in the composition of the arms suppliers. Between 1973 and 1980, six states—the United States, the Soviet Union, France, Great Britain, West Germany, and Italy—together accounted for nine of every ten dollars in the arms trade; of these, the two superpowers supplied two-thirds of the arms shipped to the Third World (Klare, 1986: 3). The globalist policies and productive capacities of the superpowers have combined to encourage both to use arms sales as an instrument of influence in their continuing rivalry. The United States, which President Carter once labeled "the arms merchant of the world," has since 1960 been the greatest supplier of

FIGURE 11.3 ■ Arms Transfers by Supplying Countries and Recipient Regions, 1967 and 1984



arms to the world. But the Soviet Union has been close behind (and in 1987 slightly ahead). Although the superpowers' share of worldwide arms exports has dropped significantly from the combined 82 percent of the market they controlled in 1967, they continue to be the source for nearly two-thirds the

weapons supplied (ACDA, 1988: 10). Neither has seriously sought to reduce this activity (although the Carter administration issued in 1977 Presidential Directive 13 for this purpose, but it was later rescinded). Clearly, the superpowers value arms sales and grants as tools for strengthening their allies and winning the political support of the uncommitted.

The dominance of the superpowers in the world arms market, however, has eroded. Between 1979 and 1984 some newly industrialized and even developing countries entered the arms market, aggressively selling their own specialized military equipment. In that brief period alone, the number of new-country suppliers grew dramatically, and they increased their share of world arms exports from 6 percent in 1975 to 17 percent in 1984 (ACDA, 1987: 9). After the top six suppliers of conventional arms, Spain, Poland, Czechoslovakia, Bulgaria, Yugoslavia, South Korea, Brazil, East Germany, North Korea, and Belgium each ranked next in order (ACDA, 1987: 16).

A subsidiary result of the intensified competition among suppliers for a share of the arms market has been a reduction in the price that weapons systems command (a deflation that may conceal the consistently high volume of military equipment shipped abroad). Purchasers have been able to negotiate more favorable terms, including attractive credit arrangements to finance purchases (for example, to facilitate sales the United States agreed in 1986 to postpone interest payments on loans for weapons purchases). Another consequence of supplier diversification has been a relaxation of the restrictions that suppliers formerly had placed on sales, as in the conspicuous cases of France in 1981 and West Germany in 1982 (see Klare, 1986). Diversification has also ended many of the patron-client diplomatic relations that previously had cemented the supplier-customer bond.

Cash also has become an increasingly important economic rationale for foreign military sales, especially for countries that are experiencing chronic balance-of-payments deficits, like the United States, and others that are driven to sell arms abroad in order to subsidize arms production at home; such as Israel (Frankel, 1987).⁹ Because other nations need cash too (to pay for oil or food imports, for example, or to obtain foreign exchange for other needs), the competition for revenue has rationalized the pursuit of commerce in arms. Moreover, because the sale of weapons constitutes big business, the companies in the business comprise a powerful domestic lobby for the continuation of arms transfers abroad.

The arms trade is also fostered by its utility in pursuit of other policy goals. To support friendly governments, to honor the requests of one's allies, and to buy the loyal political friendship of the recipient or, more probably, to acquire political influence over it—all are compelling rationales.

9. Arms manufacturing is, by its very nature, an expensive proposition. One way to reduce the per-unit cost of a particular weapons system is to produce weapons for foreign consumption as well as for the immediate security needs of the producing state. Selling weapons abroad in order to amortize the cost of developing new ones thus becomes an attractive incentive.

repeatedly to gain bargaining leverage by conveying the impression that it was willing to use nuclear weapons against the Soviet Union. Political victories could be won through intimidation, it was felt. Symptomatic of this thinking was Secretary of State John Foster Dulles's practice of what he termed *brinkmanship*—the strategy of backing adversaries into the corner and taking them to the brink of war by threatening them with nuclear destruction in order to force their accommodation.¹⁰

From a position of strength, the U.S. threats of *massive retaliation* against Soviet population and industrial centers were deemed an appropriate way of deriving from the possession of superior destructive force the realization of American foreign policy objectives. This strategy of intimidation was labeled *countervalue* because it proposed to target American weapons on objects that the Soviets presumably would most value, industrial and population centers, and thereby maximize the bargaining leverage of the United States. The alternative is a *counterforce* strategy, in which destructive capability is targeted against the enemy's military forces and weapons rather than its industrial and population centers, thus sparing the general civilian population from immediate destruction.

From the Soviet Union's perspective, the doctrine of massive retaliation was highly threatening. Its response was twofold. Following Nikita Khrushchev's assumption of power, peaceful coexistence came to dominate Soviet rhetoric. *Peaceful coexistence* presumed that Soviet-American rivalry would continue but that communism's allegedly inevitable victory over capitalism could be won without the necessity of armed conflict; it would be a battle between economic systems and the political ideologies underpinning them. Perhaps this posture reflected the Soviets' fear that a nuclear exchange would destroy them but that the United States would survive. In any event, the second Soviet response to the American doctrine of massive retaliation entailed an intensified effort to build its own nuclear force and to develop sophisticated means of delivering nuclear weapons against the United States. The successful launching of the world's first space satellite (Sputnik) in 1957, which proved as well the Soviet capability to deliver a nuclear warhead, demonstrated its technological advances since breaking the American monopoly on atomic weapons in 1949.

Views of Strategic Doctrine Since the Waning of American Superiority

American strategic superiority eroded steadily during the 1950s and thereafter. During the shift toward parity (equality) in the Soviet-American strategic balance, the assumption that weapons of mass destruction could actually be used

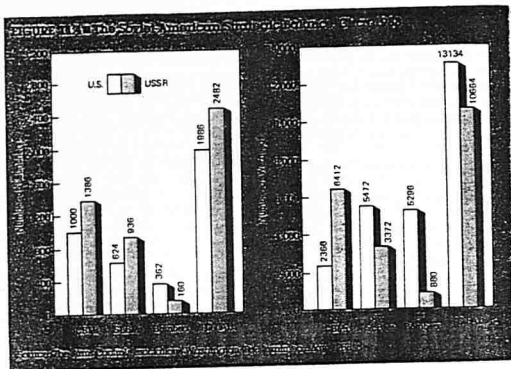
10. Dulles's practice of this strategy was more rhetorical than real. It is important to consider as well the important differences between Dulles's rhetoric and the actual practices of the Eisenhower administration.

began to be challenged. Awareness of the dangers of threatening the use of the U.S. nuclear arsenal prompted a doctrinal shift away from strategies of confrontation and compellence. The idea that nuclear weapons could be employed in diplomatic bargaining was dealt a death blow by the nearly suicidal Cuban missile crisis of 1962. Since then, nuclear weapons have been used primarily to deter aggression. *Deterrence* is the reliance on strategic capabilities to prevent others from attacking. The doctrinal shift from offense by compellence to defense by deterrence is important, for it marked the end of a period in which leaders perceived weapons as useful for coercion and the beginning of another in which weapons of mass destruction have been used defensively by threatening to impose unacceptably high costs on an adversary contemplating aggression.¹¹

Ironically, confining the uses of nuclear weapons to retribution in order to prevent a Soviet attack served to stimulate the arms race rather than to inhibit it. A deterrent strategy depends on the ability to deliver without question unacceptable damage on the opponent. To ensure an ability to inflict such high costs, a second-strike capability is necessary. A *second-strike capability* requires a country to be able to withstand an initial strike by an adversary and still retain the ability to retaliate with a devastating second blow. In this way the adversary will be assured of destruction, thus deterring the initial preemptive attack. In order to ensure that a second-strike capability has been acquired and that an adversary is aware of it, deterrence requires a seemingly almost unlimited search for sophisticated retaliatory capabilities. As President Nixon stated in 1971, "Potential enemies must know that we will respond to whatever degree is required to protect our interests. They must know that they will only worsen their situation by escalating the evil of violence."

The United States and the Soviet Union have maintained an approximate balance or equivalence in their strategic levels since the mid-1970s (although political leaders and experts in both societies have sometimes sounded the alarm that the adversary had achieved a critical edge). The "stalemate" was summarized by Soviet Premier Leonid Brezhnev's assertion in 1978 that the Soviet Union "considers that approximate equilibrium and parity are enough for defense needs. We do not set ourselves the goal of gaining military superiority. We also know that this very concept loses its meaning with the present enormous stockpiles of nuclear weapons and systems for their delivery." By 1988 some observers felt that the acceptance of equivalence had become institutionalized: "Tacitly, the superpowers have agreed to stop comparing their overall national power in terms of the size of their respective nuclear arsenals" (Hunter, 1988).

11. The view prevalent since 1962 is that nuclear weapons cannot safely be used to compel an adversary into doing something it would not otherwise do, because the threatened state might react irrationally and thereby initiate a mutually suicidal nuclear exchange. There are, however, some strategists in both the United States and the Soviet Union who continue to advocate nuclear blackmail for political goals and who advance the view that it might be possible to fight, survive, and even win a nuclear war (Gray and Payne, 1980; for a critique, see Howard, 1981).



Nonetheless, insecurity is bred by the difficulties in comparing military power quantitatively. Different perceptions of the same evidence can lead to different conclusions and hence to controversy and fear that the adversary has gained a decisive edge. One view of the strategic balance between the United States and the Soviet Union is provided in Figure 11.4. Based on U.S. government estimates, it demonstrates that the Soviet Union has gained numerical advantages over the United States in missile launchers, whereas the United States has maintained its traditional advantage in the number of warheads able to be delivered. Missile *throw-weight* (one measure of deliverable destructive power) is another calculation traditionally used to make comparisons, but its relevance has declined in the face of both superpowers' urge to reduce the megatonnage of their warheads' yield in favor of more "efficient" (read smaller but more destructive) warheads.¹² These aggregate comparisons must also be weighed against the relative technological sophistication of the superpowers' delivery capabilities, in which the United States has consistently maintained a decisive edge.

The comparative data on the superpowers' arsenals summarized in Figure

12 "The total explosive power of U.S. weapons today [1988] is only one quarter of the peak reached in 1960," noted the Commission on Integrated Long-Term Strategy (1988: 29-40). In addition, "The average warhead yield of U.S. nuclear weapons today is only one-fifteenth its 1951 peak. Even on the Soviet side, while the total number of nuclear weapons has been steadily increasing, the total explosive power and average warhead yield have both been declining since the mid-1970s."

11.4 make it strikingly clear that even without strict equivalence in the superpowers' destructive capacity in some categories of weapons, each is unquestionably capable of devastating the other. Mutual vulnerability is the result. Thus, insofar as each maintains a relatively invulnerable second-strike capability (which itself, however, has become a matter of controversy as technological developments render land-based missiles increasingly vulnerable to a devastating first strike), it is able to destroy every identifiable target of the other many times over, even after absorbing the enemy's most damaging first strike. Each is thereby restrained from attacking the other. "[What] is significant about nuclear weapons is not overkill, but mutual kill," observes Robert Jervis (1986). "The result is what can be called, without exaggeration, the nuclear revolution." Mutual deterrence has led to an uneasy but nonetheless prolonged period of superpower peace. However, as Jervis (1986) notes, "Nuclear weapons have brought the superpowers both great security and enormous insecurity."

MUTUAL ASSURED DESTRUCTION During the 1960s and 1970s, the phrase *mutual deterrence*, based on the principle of *mutual assured destruction* (MAD), gained currency as officially backed concepts used to characterize the strategic balance. The term *balance of terror* accurately described the essential military stalemate between the superpowers, for mutual deterrence was based on the military potential for and psychological expectations of widespread death and destruction for both combatants in the event of a nuclear exchange. Peace, in short, came to be the product of mutual vulnerability: If one attacked the other, it would do so at the price of its own destruction. Nuclear deterrence thus "is like a gun with two barrels, of which one points ahead and the other points back at the gun's holder. If a burglar should enter your house, it might make sense to threaten him with this gun, but it could never make sense to fire it" (Schell, 1984).

The relative mutual invulnerability of the superpowers' retaliatory forces led the United States during the Nixon administration to opt for a strategy of *sufficiency*, meaning that assured destruction was to be maintained but that no longer would the United States seek to retain superiority over the Soviet Union. At the same time, given that the superpowers' strategic capabilities were roughly equivalent, an effort was made to keep the Soviet Union from attaining superiority over the United States. This emergent balance in the two superpowers' strategic arsenals laid the basis for SALT (Strategic Arms Limitations Talks), a cornerstone in the détente phase of the Soviet-American rivalry, in which both sides sought to prevent the collapse of the fragile balance of terror that supports mutual assured destruction. The SALT negotiations attempted to guarantee each superpower's second-strike capacity and thereby to preserve the fear of retaliation on which stable deterrence presumably rests. Although the pursuit of this shared goal has not been without difficulties, a precarious peace has persisted, predicated on the precarious existence of mutual assured destruction.

The evolution of Soviet-American military competition and doctrine suggests a number of general patterns: that arms races are fed by mutual fears; that national security is believed to be strengthened by the acquisition of arms; that each partner to the competition is extraordinarily sensitive to the other's advances in military capabilities; and that technological advances might undermine the fragile strategic balance by making one partner vulnerable to attack by the other.

A characterization of the forces governing Soviet-American military competition must also highlight the tendency of each to pursue an arms race and arms control simultaneously, the propensity of each to seek peace while preparing for war, and the inclination of each to regard the price of national security as never too high.

Underlying these matters are inherently psychological and subjective factors; perceptions, not military hardware, technology, and destructive capabilities, are what ultimately matter most. As President Reagan's Commission on Strategic Forces observed, "Deterrence is not an abstract notion amenable to simple quantification. . . . Deterrence is a set of beliefs in the minds of . . . leaders, given their own values and attitudes, about capabilities and will."

The assumptions underlying the superpowers' quest for national security have influenced their force postures and doctrines. In particular, in much the same way that their diplomatic and political interactions have been characterized by reciprocity (recall Figure 4.1), the superpowers' development of their arsenals have exhibited reciprocity as "American and Soviet actions [have] helped to stimulate each other's nuclear weapons development" (Holloway, 1985). In the course of this symmetrical competition, the strategic systems of the competitors have come to resemble one another.

Box 11.1 documents the syndrome by tracing the dynamics of the Soviet-American nuclear competition and demonstrates the extent to which the strategic choices of each nation have predicted the subsequent choices of the other.¹³ Every weapons procurement initiative by one side has been followed by a compensatory response by the other. A convergence in the superpowers' strategic levels has been the product. There is an element of irony in the fact that as a consequence of the action-and-reaction cycle to their strategic competition, the superpowers face essentially similar threats to their own survival. The strategic security dilemma confronts each competitor.

FROM MAD TO NUTS The superpowers' doctrines and the policies for dealing with the use of their arsenals have not exhibited the same close level of

13. An example: In 1983, when President Reagan pushed for the deployment of one hundred MX missiles in order to "catch up" with the Soviets, Soviet Defense Minister Dimitri Ustinov was asked what the Soviets would do while the United States played catch-up—call a halt to their own arms building until the United States declared that parity had been achieved? His instructive reply: "The present leadership of the White House challenges us by beginning deployment of the MX missile; then the Soviet Union will respond to this by developing a new intercontinental ballistic missile of the same class, and its characteristics will in no way be inferior to the MX."

Box 11 - Convergence in the Superpowers Weapons Systems: A Chronology of Reciprocal Developments

Action \longleftrightarrow Reaction
In the Superpower Competition

Conventional Weapons

USSR 1949	main battle tank	1952 US
US 1955	nuclear-powered submarine	1958 USSR
US 1955	large-deck aircraft carrier	1975 USSR
USSR 1955	wire-guided anti-tank missile	1972 US
US 1959	photo reconnaissance satellite	1962 USSR
US 1960	supersonic bomber	1975 USSR
US 1960	computer-guided missile	1968 USSR
US 1961	nuclear-powered aircraft carrier	1992 USSR
USSR 1961	surface-to-air missile	1963 US
US 1962	long-range fighter bomber	1973 USSR
US 1964	air-to-surface missile	1968 USSR
USSR 1970	high-speed attack submarine	1976 US
US 1972	television-guided missile	1987 USSR
USSR 1972	heavy attack helicopter	1982 US
US 1975	jet-propelled combat aircraft	1983 USSR
US 1976	large amphibious assault ship	1978 USSR
USSR 1978	multiple-launch rocket system	1983 US
US 1987	binary (chemical) weapons	1997 USSR

Nuclear Weapons

US 1945	atomic bomb	1949 USSR
US 1946	electronic computer	1951 USSR
US 1948	intercontinental bomber	1955 USSR
US 1952	thermonuclear bomb	1953 USSR
USSR 1957	intercontinental ballistic missile (ICBM)	1958 US
USSR 1957	man-made satellite	1958 US
USSR 1958	early-warning radar	1960 US
US 1960	submarine-launched ballistic missile (SLBM)	1968 USSR
US 1966	multiple warhead (MRV)	1968 USSR
USSR 1968	anti-ballistic missile (ABM)	1972 US
US 1970	multiple independently-targeted warhead (MIRV)	1975 USSR
USSR 1971	sea-launched cruise missile	1982 US
US 1983	neutron bomb	1997 USSR
US 1985	new strategic bomber	1987 USSR
USSR 1987	single warhead, mobile ICBM	1992 US
US 1990?	stealth bomber	1997 USSR

Source: Ruth Leger Sivard, *World Military and Social Expenditures 1987-88* (Washington, D.C.: World Priorities, 1987), p. 14.

similarity but, on occasion, have moved closer to each other. The superpowers' doctrines during the period of confrontation between 1980 and 1985 provide a recent example of this convergence. The Carter administration announced a shift from the traditional American countervalue strategy toward a posture resembling the Soviets' presumed counterforce strategy. For the first time, Carter declared, American nuclear missiles would be targeted more toward military facilities, command posts, and political centers and less toward Soviet population and industrial centers.¹⁴

This doctrinal departure set the stage for a new debate about the role of nuclear weapons and the purposes that should guide their use. At issue are the intentions underlying the superpowers' arsenals. Were they designed for purposes of defense and deterrence? Or were they designed to wage war, perhaps by seeking to attain a first-strike capability? Neither adversary has reason to trust the other, and hence both are motivated to base their evaluations of intentions on capabilities. Each assumes that unless deterred, its opponent might be tempted to use its arsenal for attack. Inherent bad faith and "worst case" assumptions govern the formulation of doctrine. These fears were exacerbated, not alleviated, by the new talk in the early 1980s that surfaced about the practicability of preemptive strikes and the "winability" of a nuclear exchange. For example, the concept of *damage limitation* was given attention, which suggests that one way to avoid the destructive effects of nuclear weapons is to use them first, thereby destroying a portion of the adversary's weapons before they can be used. Debate about such a concept heightened perceptions of threat and stimulated the search for better ways to protect national security with nuclear weapons.

In this heated atmosphere, there arose in the United States (and perhaps also in the Soviet Union) intense debate about the principles governing strategic weapons. The positions can be dichotomized, for purposes of discussion, by differentiating between the advocates of the *nuclear utilization theory*, or a NUTs approach, and those embracing the concept of *mutual assured destruction*, or MAD. For the proponents of NUTs, nuclear weapons are seen not only to play a deterrent role but also to be utilized in war. For some, such a posture was necessary because the Soviet Union was believed to be preparing to fight—and win—a nuclear war (Pipes, 1977; see Holloway, 1983, and Kennan, 1984, for contrasting views of Soviet thinking about nuclear weapons). Furthermore, the advocates of NUTs argued that it was possible to fight a protracted nuclear war: that is, any use of nuclear weapons would not necessarily

14. For some time it has been part of the U.S. strategic doctrine not to target civilian population centers per se, but the Carter administration shifted the focus more specifically to Soviet war-supporting industries and economic recovery capabilities (Ball, 1983). In practice, however, the distinction may be largely meaningless, as military and industrial sites are often co-located with population centers. "Simply by virtue of associated industrial and military targets, all of the 200 largest Soviet cities and 80% of the 866 Soviet cities with populations above 25,000 are included in U.S. war plans" (Ball, 1983: 33). *Collateral damage* is the concept that war planners use to talk about damage inflicted on the nontargeted surrounding human and nonhuman resources as a result of military strikes on enemy forces or military resources.

escalate to an unmanageable, all-out nuclear exchange) and that by making nuclear weapons more usable, they would enhance deterrence rather than detract from it, by making the nuclear threat more credible.

The proponents of MAD, on the other hand, held that deterrence remained the only sane role to which to assign nuclear weapons, because the use of nuclear weapons of even limited capabilities would surely escalate to an unrestrained exchange. "It is inconceivable to me," former Secretary of Defense Robert McNamara reflected, "... that limited nuclear wars would remain limited—any decision to use nuclear weapons would imply a high probability of the same cataclysmic consequences as a total nuclear exchange" (cited in Rhodes, 1988). According to this view, the technical requirements and human capacity to wage a protracted limited nuclear war would surely be strained beyond the breaking point. Furthermore, because the threatened use of even tactical nuclear weapons would lower the nuclear threshold, many believed that a nuclear strategy premised on the usability of nuclear weapons in war would in fact make war more likely, not less, and thereby diminish the weapons' deterrent capability. From this viewpoint, both superpowers were destined to live in a MAD world, even if, ironically, this meant that they would remain in the "mutual hostage relationship" in which their earlier weapons decisions had imprisoned them (see Keeny and Panofsky, 1981).

In addition to their own continuing quests of greater military capabilities, both superpowers sought to extend their deterrent capabilities to their principal allies, thereby entrapping them in this same hostage relationship. (This is sometimes termed *extended deterrence*, the goal of which is to prevent an attack not only on oneself but also one's allies.) Thus, deterrence is seen as necessary not just to guard the country's homeland but also to prevent the enemy from attacking targets outside the country's own defense perimeter and alliance network.¹⁵

As the nuclear debate raged, political leaders in the United States and the Soviet Union both professed their commitment to avoiding nuclear war because it was "unthinkable." Both sought ways to prevent a nuclear exchange, for the United States by relying on MAD¹⁶ and for the Soviet Union by

15. The credibility of the American extended deterrent guarantee to the NATO countries has been questioned by both American allies and by U.S. strategic theorists since its inception. Henry Kissinger punctuated the doubt when in 1979 he noted that the promise involves "strategic assurances that we cannot possibly mean or if we do mean, we should not execute because if we should execute, we risk the destruction of civilization." This circumstance has led some critics to advocate "decoupling" Europe from the American strategic security umbrella and encouraging the NATO countries to develop for themselves a credible deterrent capacity.

16. Modifications in strategic doctrine have been proposed to enhance the adversaries' awareness that destruction in response to its attack would be ensured. For instance, to address potential uncertainties about whether fixed-site ICBMs could survive an attack in sufficient numbers to guarantee retaliation, a "launch-on-warning" doctrine was advocated. This calls for the automatic release of bombers and missiles upon early warning that the enemy had initiated an attack, under the conviction that the threat of the preemptive strike would successfully deter the adversary. Critics regard the doctrine as extremely destabilizing in crisis situations, as it calls for the creation of a doomsday instrument outside human control.

expanding the capabilities of both its defensive and offensive systems. At the same time, however, each superpower continued to develop and deploy the kinds of weapons that NUTs required—so-called discriminating low-yield nuclear weapons made possible by new technologies in guidance and precision. These prepare the contestants for warfare short of a massive all-out nuclear attack and are viewed by advocates as effective deterrents against a conventional war (in Europe in particular). But given the possibility that the use of even these smaller weapons could escalate to an unlimited war, the purposes that NUTs' strategists assign them appear highly dangerous. As the Commission on Integrated Long-Term Strategy (1988) concluded, keeping a limited war within bounds "involves a reckless gamble with fate." "In the last analysis . . . the deterrent against the massive conventional attack is the same as the deterrent against the all-out nuclear attack."

FROM OFFENSE TO DEFENSE The shift in strategic thinking from offense to defense likewise has been viewed by some experts as a challenge to the principle of mutual assured destruction, because a defensively oriented doctrine conceivably could remove the incentives for restraint on which stable deterrence presumably depends. President Reagan's Strategic Defense Initiative (SDI), proposed in 1983 as a means to provide a defensive shield against ballistic missiles, was criticized on these grounds. To free the world from the threat of nuclear war SDI calls for the development of and reliance on a high-tech "Star Wars" ballistic missile defense (BMD) system using advanced space-based technologies to destroy Soviet offensive weapons launched in fear, anger, or by accident. Reagan claimed that these technologies could make nuclear weapons "impotent and obsolete." Thus the Strategic Defense Initiative represented a profound shift in U.S. nuclear strategy away from reliance on offensive missiles to deter an attack—that is, from dependence on mutual assured destruction, which President Reagan deemed "morally unacceptable."

Considerable uncertainty surrounds Star Wars. Official statements about the program raise expectations that doubtlessly will not be met until well into the next century, if ever. The ability to end the balance of terror through technological fixes has been doubted by scientists, many of whom question the feasibility of doing so (see Slater and Goldfisher, 1988). The program is fraught with ambiguities and uncertainties, raising questions as to whether the effort to construct an effective defense against strategic weapons is feasible or foolish (see Haley and Merritt, 1986). Risked is not just investment in an extraordinarily expensive system that, in the last analysis, might induce an unwarranted sense of safety because it might not work, but one that could provide an incentive for the development of a new generation of offensive weapons designed to overwhelm the defensive ones.

While each superpower continued to engage in a massive arms buildup, each also tried to extricate itself from the costs (financial and psychological) that the new arms race entailed, by negotiating new arms control agreements

(see Chapter 13). Included in these efforts were proposals for an arms *build-down* (permitting both superpowers to modernize their arsenals, so that as less-threatening new warheads were built, more-threatening, older warheads could be destroyed) and START negotiations (Strategic Arms Reduction Talks) aimed at decreasing significantly the number of U.S. and Soviet missiles instead of merely preserving the balance, as SALT had sought. Other arms control endeavors (especially those relating to intermediate-range nuclear forces (INF)) figured prominently in the dialogue. Whether all this strategic posturing would lead to nuclear war or to nuclear peace remained, as ever, a subject of intense debate. The "search for a variant of, or substitute for, strategic nuclear war, in the form of counterforce strategy and tactical nuclear war which would avoid indiscriminate nuclear destruction and thereby restore the traditional distinction between victory and defeat" appears to remain a primary goal (Morgenthau, 1983).

To be militarily invulnerable, to contain an escalating and costly arms race, to remain prepared to meet any military challenge, to maintain an invincible deterrent capability, and to preserve peace—these are the primary goals of both superpowers. And to see one's nation as the best hope for peace and the strongest voice for restraint characterizes the self-image of both countries.

ESCAPING THE SECURITY DILEMMA?

The search for national security through preparation for war is understandable in a world in which states perceive themselves as ultimately responsible for their own self-defense. As President Dwight D. Eisenhower once noted, the view is compelling that "until war is eliminated from international relations, unpreparedness for it is well nigh as criminal as war itself." The belief prevails that peace is a product of strength and that security can be obtained by the possession of as much or more firepower than that of one's enemies. Security thus rests on the strength of each state relative to others. Hence the security dilemma has been a feature of the international system confronted by diplomats throughout history. The philosopher Jean-Jacques Rousseau, for example, argued in the eighteenth century that "the state . . . always feels itself weak if there is another that is stronger. Its security and preservation demand that it make itself more powerful than its neighbors. It can increase, nourish and exercise its power only at their expense. . . . Because the grandeur of the state is purely relative it is forced to compare itself to that of the others. . . . It becomes small or great, weak or strong, according to whether its neighbor expands or contracts, becomes stronger or declines."

The fears engendered by visions of nuclear devastation and by the cognizance of a nation's vulnerability to physical destruction also contribute to the belief that these perils might be avoided by the attainment of a sufficient deterrent capacity. Defense planners often base their plans on "worst-case" analyses that intensify the perceived need for more military preparation to

avoid these nightmares. The urge to arm is further stimulated by the ubiquitous influence of defense planners in the policymaking process of most countries. The policies proposed by defense planners have an uncanny, if understandable, habit of reflecting military thinking, and foreign policy decision makers have a penchant for adopting the vocabulary and concepts of their military advisers.¹⁷

To ask whether national security is risked rather than ensured by military preparedness is to raise an uncomfortable question that challenges the orthodox approach to national security prevalent throughout much of the world's history. But it is required if the ultimate questions are to be answered—Can the security dilemma be escaped and the vulnerability of the world to annihilation be removed? Less apocalyptically, how can new conceptions of national security, which incorporate awareness of the threats posed to well-being by the erosion of states' economic and ecological foundations (see Brown, 1986), be brought before policymakers for serious consideration?

Since the advent of nuclear weapons, most nation-states' security has clearly receded. Today nearly all states are "conditionally viable" (Boulding 1962) because they are dependent on other states for their survival. The superpowers are especially vulnerable as a result of the instruments of destruction they have created to protect themselves—a realization that led George Kennan to conclude in 1986 that "what most needs to be contained, as I see it is not so much the Soviet Union as the weapons race itself." The exposure to destruction and the concomitant presence of fears too horrible to contemplate were noted by former Secretary of Defense Harold Brown who in 1986 observed, "If one takes as a measure of national security the ability of the people of the United States to determine their own future without being influenced by what happens outside their own borders, the threat of nuclear destruction means that U.S. national security has deteriorated markedly and probably irreversibly since the early 1950s."

If militarization does, indeed, lead to a decrease in national and global security, how then can states escape this dilemma and free themselves from the prospect of destruction?

As the preceding discussion suggests, the predicament currently affords little room for maneuver. Security rests on the preservation of deterrence—an uncertain theory based on a peculiar, almost illogical premise that security depends on the continuing vulnerability of each state. Safety requires ever one to remain endangered. The threat system must be preserved in order to counter the threat: No sane actor will attack if attack ensures self-destruction.

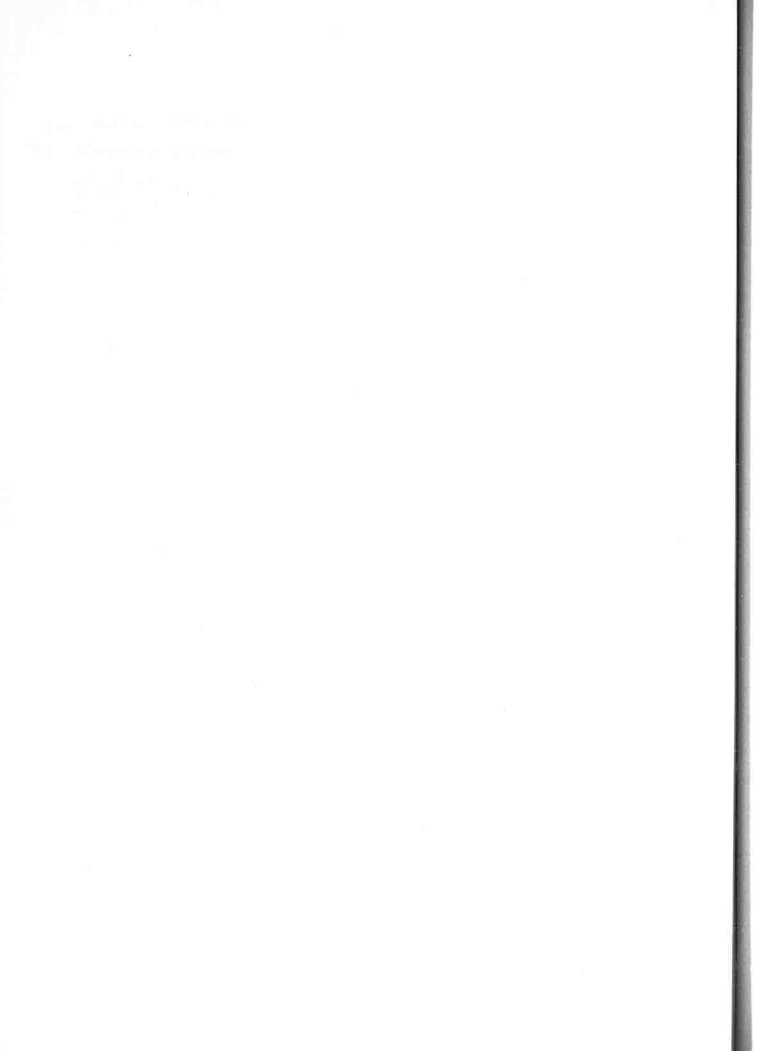
17. Recall the discussion of bureaucratic politics in Chapter 5. In this context, Carl Sagan is observed:

Each nation has military and intelligence establishments that evaluate the danger posed by the other side. These establishments have a vested interest in large military and intelligence expenditures. Thus, they must grapple with a continuing crisis of confidence—the disincentive to exaggerate the adversary's capabilities and intentions. When they succumb, it calls for necessary prudence, but whatever they call it, it propels the arms race. (Sagan, 1988, p. 10)

The theory of deterrence is open to criticism. And yet regardless of its deficiencies, it is the policy on which most of the militarized world relies. Plausible alternatives that can be implemented without encountering strong resistance do not appear available. As Harold Brown lamented, there is no choice but to continue to depend on deterrence to prevent destruction. Hence, human destiny may be becoming, as H. G. Wells long ago prophesied it would, more and more a race between self-restraint and survival. Security may depend as much on the control of force as on its pursuit.

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THREE

Foreign Policy Decision Making: Coping with International Circumstances

Foreign policy is the system of activities evolved by communities for changing the behavior of other states and for adjusting their own activities to the international environment.

GEORGE MODELSKI, 1962

Foreign affairs is a complicated and disorderly business, full of surprises, demanding hard choices that must be based on judgment rather than analysis—taking place in a world that changes so rapidly that memory and experience are likely out of date.

THOMAS C. SCHELLING, 1968

Analysts typically use the term *actor* to refer to those collectivities that are the primary moving forces in world politics. The term conjures up the image of the world as a stage on which those most capable of capturing the drama of world politics act out the roles assigned to them. The leading actors dominate the center of the stage, and others cast in supporting roles are less in evidence as they move along the periphery. The actors also seem to be playing their roles under constraints that are not readily visible to the casual observer, much as the actors in a community playhouse production follow their scripts under the guiding hand of the director.

Today the actors on the world stage are many and varied. They include countries, more properly called nation-states (like the United States and the Soviet Union), international organizations (like the United Nations), multinational corporations (such as International Business Machines), and terrorist groups, among others. We shall discuss each of these types of actors in subsequent chapters of this book. Here we focus on nation-states, and in particular on the processes through which they reach foreign policy decisions. This attention is warranted, as nation-states remain the principal repositories of economic and military capabilities in world affairs, and they alone assert the legal right to use force.

Although the terms state, nation, and nation-state are often used interchangeably, technically they are not the same. A *state* is a legal entity represented by a government empowered to make decisions and enforce rules for the people residing on a particular piece of the global terrain.¹ A *nation* is a collection of people who on the basis of ethnic, linguistic, or cultural affinity perceive themselves to be members of the same group. Thus *nation-states* are politics controlled by members of some nationality recognizing no authority higher than themselves. The term implies a convergence between territorial states and the psychological identification of people with them.² (The origins and development of the *state system* are discussed in Chapter 5.)

A primary objective of nation-states' foreign policies is to protect their *sovereignty*, a legal principle that promises freedom from the dictates of others. The international environment often appears hostile because the interests and objectives of other nation-states frequently threaten the freedom that states prize most. As a result, the primary task that decision makers face is to formulate foreign policies to ensure their state's independence and, ultimately, survival. Accordingly, they direct their foreign policies at other actors, whose behavior is an important determinant of their own foreign policy. By implication, from this viewpoint the choices that policymakers make will be shaped by strategic calculations of power, not by domestic politics or the process of policymaking itself.

This view of the sources of nations' foreign policies is the cornerstone of political realism (see Chapter 2). It conceives of the nation-state as the principal actor in world politics and maintains that the realities of international politics dictate foreign policy makers' choices. For many situations, this explanation of how nations decide to act toward others is persuasive. We shall therefore begin our inquiry by studying the model of rational decision making that political realism presupposes. Following this, we shall consider two alternative frameworks: the bureaucratic politics and the hero-in-history decision-making models. We shall conclude by briefly examining the role that national capabilities and domestic politics play in influencing nations' foreign policy decision-making processes.

1 As a legal construct, states are assumed to possess a relatively permanent population, a well-defined territory, and a government possessing sovereignty (that is, supreme authority over its inhabitants as well as freedom from interference by others). The properties of states under international law are discussed in Chapter 14.

2 Many states are made up of many nations, not just one, and some nations are not states. These nonstate nations are ethnic groups, such as native American tribes in the United States or Palestinians residing in the Middle East, composed of people without sovereign power over the territory they occupy. See Bertelsen (1977) for a discussion of nonstate nations, and Gastil (1978) for a listing of peoples without nation-states and peoples separated from existing nation-states. Gastil's inventory suggests that perhaps three-quarters of a billion people fall into one or another of these categories.

THE UNITARY ACTOR AND RATIONAL DECISION MAKING

When we speak generically about *foreign policy* and the decision routines that produce it, we are referring to the goals that the officials representing states seek to obtain abroad, the values that give rise to those objectives, and the means or instruments through which they are pursued. Given this definition, the question at issue is how best to describe the processes whereby the choices designed to cope with global circumstances are reached.

The theory of political realism emphasizes that the international environment largely determines state action. Accordingly, it assumes that all states and the individuals responsible for formulating their foreign policies similarly approach the problem of adapting to the challenges posed by the world beyond their borders. Because realism views states' basic motives and the corresponding decision calculus of its policymakers as the same, it assumes that each state makes its choices as though it were a *unitary actor*.

Perhaps the best way of understanding the relationship between states' foreign policy-making processes and their behavior in world politics according to this viewpoint is by visualizing states as billiard balls and the table on which they interact as the state system. This metaphor compares world politics to a game in which states, the billiard balls, continuously clash and collide with one another. The actions of each are determined by the interactions between and among the balls, not by what occurs within them. The leaders who make foreign policy decisions, the type of governments they head, the characteristics of their society, and the internal economic and political conditions of the state they represent are unimportant. Foreign policy decisions are shaped by events and circumstances abroad; what a state does to and with others is determined by their actions and by the dynamic action and reaction of each unit within the system. The system of action and reaction is itself the author of each unit's foreign policy behavior.

If this image derived from the logic of *realpolitik* is accurate, then foreign policy making consists primarily of adjusting the state to the demands of a global environment of strife and struggle and accommodating it to the pressures of a world system that remains permanent in its essential features. The unitary actor assumption maintains that all policymakers follow the same decision calculus to define their country's *national interest*. The overriding concern for the national interest requires the rational calculation of opportunities and constraints so that the state is able to maximize its power and to cope successfully with threats from abroad. The *rational actor* model of foreign policy making presumes that *all* decision makers go through the same processes to make value-maximizing choices designed to pursue the national interest defined in terms of power. In other words, the assumption is that all decision makers are essentially alike.

If they follow the [decision] rules, we need know nothing more about them. In essence, if the decision-maker behaves rationally, the observer, knowing the rules of rationality, can rehearse the decisional process in his own mind, and, if he knows the decision-maker's goals, can both predict the decision and understand why that particular decision was made. (Verba, 1969: 225)

What constitutes "rationality," and how might decision makers go about making "rational" foreign policy? At its core, rationality entails purposeful, goal-directed behavior that is exhibited when "the individual responding to an international event . . . uses the best information available and chooses from the universe of possible responses that alternative most likely to maximize his goals" (Verba, 1969). Scholars who study decision making and advise policy-makers on ways to improve their policy-formulation skills have described perfect rationality as a sequence of decision-making activities involving the following intellectual steps:

1. *Problem recognition and definition.* The necessity for decisions begins when policymakers perceive the existence of an external problem with which they must deal and attempt to define objectively its distinguishing characteristics. They must see the situation as it actually exists and not merely as they assume it to be. Accuracy requires full information about the actions, motivations, and capabilities of other actors as well as the state of the international environment and the transforming trends within it. The search for such information must be exhaustive; all the facts relevant to the problem must be gathered.
2. *Goal selection.* Rational actors must define how they want the perceived problem to be resolved. This disarmingly simple requirement is far from easy to achieve. It necessitates ranking values in terms of the degree to which they are preferred. This can be difficult because many national goals may be incompatible or mutually exclusive and their relative value can vary in different contexts. Yet, to set priorities rationality requires that all goals be identified and ranked in a hierarchy from most to least preferred.
3. *Identification of alternatives.* Rationality requires that an exhaustive list of all available policy options be compiled, which includes an estimate of the costs and opportunities associated with alternative courses of action that may be chosen to realize each goal in the hierarchy of preferences.
4. *Choice.* Finally, rational decision making consists of selecting from among these options the one alternative with the best prospect of achieving the desired goal(s). For this purpose, a rigorous means-ends, cost-benefit analysis must be conducted, informed by an accurate prediction of the likely results or chance of success of each possible option.

Clearly the requirements of perfect rationality are stringent. Decision makers nonetheless often describe their own behavior as resulting from a rational decision-making process designed to reach the "best" decision possi-

ble.³ Moreover, elements of this idealized version of foreign policy decision making have been exhibited in some past foreign policy decisions made in response to threats from abroad. For example, the 1962 Cuban missile crisis reveals several ways in which the deliberations of the key American policymakers concerned with the issue of Soviet missiles in Cuba conformed to a rational process (Allison, 1971). On recognizing the emergent problem, President John F. Kennedy charged the crisis decision-making group he formed to "set aside all other tasks to make a prompt and intensive survey of the dangers and all possible courses of action." Six options were ultimately identified: Do nothing; exert diplomatic pressure; make a secret approach to the Cuban leader Fidel Castro; invade Cuba; launch a surgical air strike against the missiles; and blockade Cuba. Choosing among these six alternatives required that goals be specified. Was removal of the Soviet missiles, retaliation against Castro, or maintenance of the balance of power the goal? Or did the missiles pose no serious threat to the vital interests of the United States? "Do nothing" could not be eliminated as an option until it was determined that the missiles did indeed represent a real threat to U.S. security. Once it was agreed that the goal was to eliminate the missiles, the discussion turned to evaluating the surgical air strike and blockade options. The latter was eventually chosen because of its presumed advantages, among which were the demonstration of firmness it permitted the United States and the flexibility with respect to further choices it allowed both parties.

Often, however, it would appear that rational decision making is more an idealized standard by which to evaluate behavior than an accurate description of real-world decision making. Theodore Sorensen, himself a participant in the Cuban missile crisis decision process, has indicated how the actual decision making often departed from the idealized version the Kennedy administration aspired to:

Each step cannot be taken in order. The facts may be in doubt or dispute. Several policies, all good, may conflict. Several means, all bad, may be all that are open. Value judgments may differ. Stated goals may be imprecise. There may be many interpretations of what is right, what is possible, and what is in the national interest. (Sorensen, 1963: 19-20)

Despite the virtues promised by rational choice, it is clear that in general the impediments to rational decision making are substantial. Foreign policy making takes place in an environment that imposes substantial constraints and

3. Theodore Sorensen (1963) described an eight-step process for policymaking that the Kennedy administration sought to follow that is consistent with the model we have described: (1) agreement on the facts; (2) agreement on the overall policy objective; (3) precise definition of the problems; (4) canvassing of all possible solutions; (5) listing of the possible consequences flowing from each solution; (6) recommendation of one option; (7) communication of the option selected; (8) provisions for its execution.

burdens. These limits are not just human (deriving from deficiencies in the intelligence, capability, and psychology of those who make decisions on behalf of nation-states). They also derive from circumstantial and organizational obstacles to making sound policy. For example, the setting for foreign policy making reduces the capacity of leaders to decide in ways that clearly promote their nation's interest. A variety of factors interfere with that capacity. Foremost among them is the ever-present ambiguity of most international situations requiring a choice. A complicating factor is that most decisions are reached in a group context, which requires agreement among many people about the wisest course of action. That is not easy, but nevertheless effective policy implementation requires achieving a modicum of consensus. Consequently, the politics of policymaking and the influence of domestic political factors are important facets in the foreign policy-making process.

A close examination of the ways in which decision makers make decisions reveals other behaviors that often depart from the ideal process of rational choice. Problem recognition is often delayed, for example. Moreover, information sufficient to define emergent problems accurately is frequently lacking, with the result that decisions are made on the basis of incomplete information. In addition, the information that is available is often inaccurate because it is screened, sorted, and rearranged by the large bureaucratic organizations on which political leaders depend for information and advice. Goal selection, moreover, is difficult because of ambiguities in defining national interests. Because policymakers work constantly with overloaded agendas and short deadlines, the search for policy options is seldom exhaustive. And in the choice phase of the decision process, goal-maximizing alternatives are rarely selected, instead of choosing the option or set of options that has the maximum chance of realizing desired goals, the typical decision maker evaluates one option at a time but terminates the evaluation as soon as an option is discovered that appears to be superior to those previously considered. Decision makers typically engage in what Herbert A. Simon (1957) has labeled "satisficing" behavior: Rather than seeking to discover optimal alternatives, they are routinely content to select the choice that meets minimally acceptable standards.

Part of the reason for the discrepancy between the theory and practice of rational decision making relates to the assumption that states are unitary actors. In practice, states are composed of individuals with different beliefs, values, and preferences, and these differences produce disagreement over the goals to be pursued and the plans developed to implement them. These disagreements are not resolved in a tidy, orderly, rational process but, as described more fully later, through bargaining and compromise among the key players, with inertia, incremental change, and sometimes unsound policies being common occurrences. "Rather than through grand decisions or grand alternatives, policy changes seem to come through a series of slight modifications of existing policy, with new policy emerging slowly and haltingly by

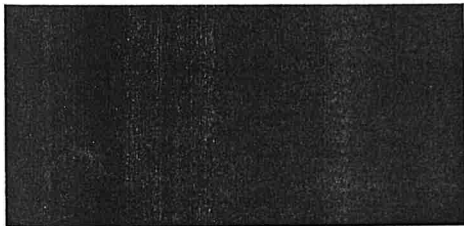
small and usually tentative steps, a process of trial and error in which policy zigs and zags, reverses itself, and then moves forward" (Hilsman, 1967).

Thus, despite the image they seek to project, it is apparent from the ways in which policymakers go about making decisions in real life that foreign policy making is an exercise that lends itself to error, rigidity, bias, miscalculation, mistakes, and fiascoes. The real world of foreign policy making thus warrants the conclusion that the ideal requirements of rational decision making are rarely if ever met in practice.

The discrepancy between the ideal process of rational decision making and actual performance is summarized in Table 3:1. William D. Coplin (1971) captures the discrepancy in this way: "Foreign policy decision makers tend to avoid new interpretations of the environment, to select and act upon traditional goals, to limit the search for alternatives to a small number of moderate ones, and finally to take risks which involve low costs if they prove unsuccessful." Indeed, the degree of rationality in foreign policy decision making "bears little relationship to the world in which officials conduct their deliberations" (Rosenau, 1980).

But knowing that rational foreign policy making is more an ideal than a description of reality, we can assume nevertheless that policymakers aspire to rational decision-making behavior, which they may occasionally approximate. Indeed, as a working proposition, it is useful to accept rationality as a vision of how the decisional process should work and as a description of key aspects of the foreign policy formulation process:

Officials have some notion, conscious or unconscious, of a priority of values; . . . they possess some conceptions, elegant or crude, of the means available and their potential effectiveness; they engage in some effort,



extensive or brief, to relate means to ends, and . . . therefore, at some point they select some alternative, clear-cut or confused, as the course of action that seems most likely to cope with the immediate situation. (Rosenau, 1980: 304-305)

THE BUREAUCRATIC POLITICS OF FOREIGN POLICY DECISION MAKING

Picture yourself as a head of state charged with managing your country's relations with the rest of the world. To make decisions for your state, you must acquire information and seek advice, and you must see that the policies initiated are properly implemented. To whom can you turn for these functions? Out of necessity, you must turn to many others for the expertise you lack.

In today's world the extensive economic, political, and military relations of states require dependence on large-scale organizations, and it is to these that leaders turn to manage foreign affairs. This is more true of great powers than it is of small states, but even states without large budgets and complex foreign policy organizations make most of their decisions in a group or organizational context (Korany, 1986). The reasons stem from the indispensable services these organizations perform, services that enhance the state's capacity to cope with changing global circumstances.

Just as bureaucracy has become a necessary component of modern government, often many different bureaucratic organizations are involved in making and executing a nation's foreign policy. In the United States, for example, the State Department, the Defense Department, and the Central Intelligence Agency are key elements in the nation's foreign policy machinery, but there are many other departments and agencies that also are responsible for various aspects of America's foreign relations, as shown in Table 3.2. The same is true in other nations. Because the government of the Soviet Union faces many of the same kinds of foreign policy problems and issues as does that of the United States, for instance, it likewise relies on a variety of departments and agencies to manage its foreign relations, as illustrated in Table 3.3.

Bureaucratic management of foreign relations is not new. It was in evidence long ago in Confucian China. But it is a peculiarly modern phenomenon. Bureaucratic procedures are relied on throughout the world, in large part because they are perceived to contribute to rational decision making and efficient administration. The intellectual origins of that proposition date back to the seminal theoretical work on bureaucracies by the German sociologist and political economist Max Weber (1864-1920). Bureaucratic decision making produces effective administration and rational choice, Weber argued, in part because of the ways in which large-scale bureaucracies are organized. In particular, bureaucracy enhances rationality and efficiency by assigning responsibility for different tasks to different people, defining rules and standard operating

procedures that specify how tasks are to be performed, relying on a system of records to gather and store information, and dividing authority among different organizations so as to avoid duplication of effort. Ideally the presence of many organizations results in "multiple advocacy" (George, 1972) which enhances the probability that all possible policy options will be considered. In addition to efficiency, bureaucracy allows some specialists the luxury of engaging in forward planning designed to determine in advance the objectives to be accomplished in meeting long-term needs and the means by which they might be attained. Unlike heads of state, whose roles require that attention be focused on the crisis of the moment,⁴ bureaucracies can consider the future and not merely the present.

What emerges from this description of bureaucracy is another idealized picture of the policymaking process that appears conducive to the realization of rational choice. Before jumping to the conclusion that bureaucratic decision making is a modern blessing, however, we should emphasize that these propositions tell us how, according to organization theory, decision making through bureaucracies *should* occur. They do not tell us how foreign policy making in bureaucracies *does* occur. The actual practice of bureaucratic decision making and the foreign policy outcomes it produces depict a reality of burdens and not just benefits.

Consider once more the 1962 Cuban missile crisis, probably the single most threatening crisis in the postwar era and one in which American policymakers are often viewed as having very nearly approximated the ideal of rational choice.

From another perspective, however, which is often described as the *bureaucratic politics* model of decision making,⁵ the missile crisis reveals some of the ways that decision making by and within organizational contexts compromised rather than facilitated rational choice. As described by Graham Allison (1971) in his well-known book on the missile crisis, *Essence of Decision*, there are really two elements in the bureaucratic politics model. One, which Allison calls *organizational process*, reflects the constraints that organizations place on decision makers' choices. The other, which Allison calls *governmental politics*, draws attention to the "pulling and hauling" that occurs among the key participants in the decision process.

How do large-scale bureaucratic organizations contribute to the policymaking process? One way, as we indicated, is by devising *standard operating procedures* (SOPs) for coping with policy problems when they arise. For

4. As Henry A. Kissinger (1979) observed: "There is little time for leaders to reflect. They are locked in an endless battle in which the urgent constantly gains on the important. The public life of every political figure is a continual struggle to rescue an element of choice from the pressure of circumstance."

5. The characteristics of the bureaucratic politics model of foreign policy decision making are elaborated in Allison (1971), Caldwell (1977), C. Hermann (1988), Kissinger (1973), and Townsend (1982); for a critique, see Krasner (1972).

TABLE 3. DIFFERENTIALS IN THE GOVERNANCE OF THE SOVIET UNION

National Policy and Leadership	Central Party and Government	Regional Party and Government	Local Party and Government
<ul style="list-style-type: none"> Central Party and Government Regional Party and Government Local Party and Government 	<ul style="list-style-type: none"> Central Party and Government Regional Party and Government Local Party and Government 	<ul style="list-style-type: none"> Central Party and Government Regional Party and Government Local Party and Government 	<ul style="list-style-type: none"> Central Party and Government Regional Party and Government Local Party and Government
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Source: Adapted from Alexander L. Orlov, *The Soviet Union: A History of the USSR* (Washington, D. C.: American Enterprise Institute for Public Policy Research, 1988), p. 10.

example, once the Kennedy administration opted for a naval quarantine of Cuba during the 1962 missile crisis, so as to prevent further shipments of Soviet missiles, the U.S. Navy could be called on to implement the president's decision according to previously devised routines. Curiously, however, these same routines or SOPs effectively limit the range of viable policy choices from which political decision makers might select options. That is, rather than expanding the number of policy alternatives in a manner consistent with the logic of rational decision making, what organizations can and cannot do defines what is possible and what is not. Again in the case of Cuba, a surgical air strike designed to destroy the Soviet missiles then under construction in Cuba was a leading alternative to the blockade but was finally eliminated as a possible policy option when it was discovered that the U.S. Air Force could not guarantee 100 percent success in taking out the missiles. Thus organizational procedures and capabilities profoundly shaped the means from which the Kennedy administration could choose to realize its objective, which was the complete removal of all Soviet missiles from Cuban soil.

What Allison calls governmental politics is related to the bureaucratic character of modern foreign policy making in complex societies. Not surprisingly, the participants in the deliberations that lead to policy choices often define issues and favor policy alternatives that reflect their organizational affiliations. "Where you stand depends on where you sit" is a favorite aphorism reflecting these bureaucratic imperatives. Thus State Department officials would typically be expected to favor diplomatic approaches to policy problems, whereas military officers from the Pentagon would routinely be expected to favor military solutions.

Because the players in the game of governmental politics are responsible for protecting the nation's security, they are "obliged to fight for what they are convinced is right," with the consequence that "different groups pulling in different directions produce a result, or better a resultant—a mixture of conflicting preferences and unequal power of various individuals—distinct from what any person or group intended" (Allison, 1971). Rather than being a value maximizing choice, then, the process of policymaking is itself intensely political. According to the governmental process paradigm, in other words, a explanation of why nations make the choices they do resides not in the behavior vis-à-vis one another in the global arena but within the government themselves. And rather than presupposing the existence of a unitary actor, "it is necessary to identify the games and players, to display the coalition bargains, and compromises, and to convey some feel for the confusor" (Allison, 1971). From this perspective, the decision to blockade Cuba was much a product of *who* favored the choice as of any inherent logic that might have commended it. Once Robert Kennedy, the president's brother and then attorney general, Theodore Sorensen, the president's special counsel and "alter ego," and Robert McNamara, his secretary of defense, united behind the blockade, a coalition of the president's most trusted advisers and those with whom he was personally most compatible had formed (Allison, 1971). How could he have decided in favor of any other option?

Quite apart from the influence of bureaucratic organizations on the policy choices of political leaders, a number of other characteristics associated with the way that large-scale organizations affect the decision-making environment in which foreign policy choices are framed warrant scrutiny.

One characteristic derives from the proposition that bureaucratic agencies are parochial. According to this argument, every administrative unit within a state's foreign policy-making bureaucracy seeks to promote its own purposes and power. The agency's needs are put ahead of the state's needs, which sometimes encourages national interests to be sacrificed for bureaucratic interests. As a corollary, bureaucratic parochialism breeds interagency competition and bureaucratic imperialism. Far from being neutral or impartial administrators desiring only to carry out orders from the head of state, bureaucratic organizations comprising a state's foreign affairs government frequently take policy positions designed to maximize their own influence relative to that of other agencies. They seek to expand their size in order to increase their clout and importance. Characteristically they are driven to enlarge their prerogatives and expand the conception of their mission; they seek to take on the responsibilities of other units and to gain the powers that go with those responsibilities. The world is thus increasingly run by bureaucracies whose jurisdictions within states overlap, whose purposes are blurred, and whose capacity for coordinated action are compromised.

Part of the reason for this propensity is that bureaucratic agencies seek to minimize interference from and penetration by those authorities to whom they report as well as other agencies within the government of which they are a part. Because knowledge is power, the common device for promoting organizational exclusivity is to hide inner workings—and policy activities—from others. The "invisible government" operating within the United States National Security Council during the Reagan administration that permitted Lieutenant Colonel Oliver North to orchestrate the arms-for-hostages deal, popularly known as the Iran-*contra* affair, illustrates this syndrome.

The natural tendency of bureaucracies to act as entities unto themselves is reinforced by the proclivity of bureaucrats to adapt their outlook and beliefs to those prevailing in the organizations of which they are a part. Accordingly, every bureaucracy tends to develop a shared "mind set" or dominant way of looking at reality akin to the "groupthink" characteristic of the cohesiveness and solidarity that small groups often develop (Janis, 1982). The development of an institutional mind set discourages creativity, dissent, and independent thinking; it encourages reliance on standard operating procedures and deference to precedent rather than exploration of new options to realize goals.

What these salient characteristics of bureaucratic decision making suggest can be stated in a single general proposition: Decision making by collectivities may reduce (rather than increase, as Max Weber hoped) the degree to which rational choice rules the world.

A second consequence of bureaucratic decision making is that by refusing to act promptly in response to orders issued by a head of state, bureaucracies may serve as a brake on policy innovation. The foreign affairs machinery of

governments is often capable of disloyalty to the head of state it ostensibly serves. Bureaucratic unresponsiveness and inaction sometimes manifest themselves as lethargy, but at other times bureaucratic sabotage can be direct and immediate, as vividly illustrated again by the American experience in the 1962 Cuban missile crisis. While President Kennedy sought to orchestrate American action and bargaining, his bureaucracy in general and the navy in particular were in fact controlling events by doing as they wished.

[The bureaucracy chose] to obey the orders it liked and ignore or stretch others. Thus, after a tense argument with the Navy, Kennedy ordered the blockade line moved closer to Cuba so that the Russians might have more time to draw back. Having lost the argument with the President, the Navy simply ignored his order. Unbeknownst to Kennedy, the Navy was also at work forcing Soviet submarines to surface long before Kennedy authorized any contact with Soviet ships. And despite the President's order to halt all provocative intelligence, an American U-2 plane entered Soviet airspace at the height of the crisis. When Kennedy began to realize that he was not in full control, he asked his Secretary of Defense to see if he could find out just what the Navy was doing. McNamara then made his first visit to the Navy command post in the Pentagon. In a heated exchange, the Chief of Naval Operations suggested that McNamara return to his office and let the Navy run the blockade. (Gelb and Halperin, 1973: 256)

Bureaucratic recalcitrance is a recurrent annoyance to leaders throughout the world and is encountered in authoritarian and democratic political systems alike. Policy implementation and revision in centralized communist societies have been slowed or stopped by bureaucratic resistance (Holmes, 1981; Valenta and Potter, 1984),⁶ for example, and in the United States nearly every president has complained at one time or another about how the bureaucracy ostensibly designed to serve him has undercut his policies, as the statements noted in Box 3.1 illustrate. The implementation of foreign policy innovations thus poses a major challenge to most leaders (see Smith and Clark, 1985).

The prospect for change is further discouraged by the dynamics of the governmental politics paradigm described earlier, which sees policy choices as the "political resultant" of a tug of war among competing agencies, a political game with high stakes, in which differences are settled at the minimum common denominator instead of by rational, cost-benefit calculations. As former U.S. Secretary of State Henry A. Kissinger described the process:

Each of the contending factions within the bureaucracy has a maximum incentive to state its case in its most extreme form because the ultimate

6. As Allen S. Whiting (1985) put it in evaluating China's foreign policy, it is "subject to the same vicissitudes of subjective perception, organizational conflict, bureaucratic politics, and factional infighting that bedevil other governments, perhaps more so given its size."

BOX 3.1 Bureaucratic Obstacles to Effective Foreign Policy Making: Accounts by American Presidents

You should go through the experience of trying to get any changes in the thinking, policy, and action of the career diplomats and then you'd know what a real problem was. But the Treasury and the State Department put together are nothing as compared with the Navy. . . . To change anything in the Navy is like punching a feather bed. You punch it with your right and you punch it with your left until you are exhausted, and then you find the damn bed as it was before you started punching.

Franklin D. Roosevelt

I sit here all day trying to persuade people to do the things they ought to have sense enough to do without me persuading them.

Harry S. Truman

There is nothing more frustrating for a President than to issue an order to a Cabinet officer, and then find that, when the order gets out in the field, it is totally mutilated. I have had that happen to me, and I am sure every other President has had it happen.

Gerald Ford

You know, one of the hardest things in a government this size is to know that down there, underneath, is the permanent structure that's resisting everything you're doing.

Ronald Reagan

Outcome depends, to a considerable extent, on a bargaining process. The premium placed on advocacy turns decision making into a series of adjustments among special interests—a process more suited to domestic than to foreign policy. This procedure neglects the long-range because the future has no administrative constituency and is, therefore, without representation in the adversary proceedings. Problems tend to be slighted until some agency or department is made responsible for them. . . . The outcome usually depends more on the pressure or the persuasiveness of the contending advocates than on a concept of over-all purpose. (Kissinger, 1969: 268)

Thus it is perhaps not surprising that bureaucracies throughout the world are frequently the object of criticism by both the political leaders and the citizenry they supposedly serve.

THE ROLE OF LEADERS IN FOREIGN POLICY DECISION MAKING

The course of world history is determined by the decisions of political elites. Leaders—and the kind of leadership they exert—shape the way that foreign policies are made and the consequent behavior of nation-states in world politics.

These simple propositions describe a popular image of the source of states' foreign policies. It is tempting to think of foreign policy as being determined exclusively by the hopes and visions of a head of state, even though as we noted, nations' foreign policies typically result from the efforts of many individuals and organizations. "There is properly no history, only biography," was the way Ralph Waldo Emerson encapsulated the view of individual leaders as movers of history.

This *hero-in-history* model equates national action with the preferences and initiatives of the highest officials in national governments. Leaders are assumed to lead, and new leaders are assumed to "make a difference" (see Bunce, 1981). To reinforce this image, names of leaders are attached to policies as though the leaders were synonymous with the nation itself, and most successes and failures in foreign affairs are attributed to the leader in charge at the time they occurred. By extension, if foreign policy is little more than the predispositions of the leadership, then the Reagan and Brezhnev doctrines, for example, were simply products of the personalities of the leaders who enunciated them.

The mass citizenry is not alone in thinking that leaders are the decisive determinants of a state's foreign policy and, by extension, the course of world history. Leaders themselves seek to inculcate impressions of their own self-importance while attributing extraordinary powers to other leaders. The assumptions they make about the personalities of their counterparts, consciously or unconsciously, in turn influence their own behavior toward them (Wendzel, 1980).⁷

Despite the popularity of the *hero-in-history* model, we must be wary of ascribing too much importance to the impact of individual leaders. The influence is likely to be much more subtle than popular impressions would have us believe. Henry Kissinger, himself a highly successful American diplomatic negotiator who has been described as "the most powerful individual

⁷ This interpretation stresses that the images of leaders determine their actions and decisions (Keleman, 1965, 1970). Perceptions indisputably shape foreign policy behaviors and actions in powerful ways, which is why political psychology is so important to understanding the origins of human behaviors. Rationality is "bounded" by leaders' assumptions about reality and their expectations. Consider, as an illustration, the roots of antagonism between the United States and the Soviet Union, which may be attributed to the perceptions of both American and Soviet leaders that encompass the assumptions of "the obvious innocence of the national self, the obvious guilt of the enemy, the unchangeableness of the enemy's evil nature, the efficacy of force in dealing with an opponent, and the inefficacy of anything but force" (White, 1984).

the world in the 1970s" (Isaak, 1975), warned against placing too much reliance on personalities. Discussing Soviet-American relations during a commencement address at the University of South Carolina (1985), he noted:

[There is] a profound American temptation to believe that foreign policy is a subdivision of psychiatry and that relations among nations are like relations among people. But the problem [of reducing tension with the Soviet Union] is not so simple. Tensions that have persisted for 40 years must have some objective causes, and unless we can remove these causes, no personal relationship can possibly deal with them. We are doing neither ourselves nor the Soviets a favor by reducing the issues to a contest of personalities.

Most leaders operate under a variety of political, psychological, and circumstantial constraints that limit considerably what they can accomplish and reduce their control over events. In this context Emmet John Hughes observed that "all of [America's past presidents] from the most venturesome to the most reticent have shared one disconcerting experience: the discovery of the limits and restraints—decreed by law, by history, and by circumstances—that sometimes can blur their clearest designs or dull their sharpest purposes." "I have not controlled events, events have controlled me" was the way Abraham Lincoln summarized his presidential experience.

The question at issue is not whether leaders lead; nor is it whether they make a difference. They clearly do both. But they are not in complete control, and their influence is severely circumscribed. Personality and personal political preferences do not determine public policy directly. The relevant question is not so much whether leaders' personal characteristics make a difference but, instead, under what conditions their personal characteristics are influential.⁸

In general, the impact of a leader's personal characteristics on his or her nation's foreign policy behavior increases when the leader's authority and legitimacy are widely accepted by citizens. This is especially true in centralized authoritarian or totalitarian governments. Moreover, certain kinds of circumstances tend to enhance the potential impact of individuals. Among them are new situations that free leaders from conventional approaches to defining the situation; complex situations involving a large number of different factors; and situations devoid of social sanctions that permit freedom of choice because norms delineating the range of permissible options are unclear (DiRenzo, 1974).

8. As Margaret G. Hermann has observed, the impact of leaders is modified by at least six kinds of characteristics:

- (1) what their world view is, (2) what their political style is like, (3) what motivates them to have the position they do, (4) whether they are interested in and have any training in foreign affairs, (5) what the foreign policy climate was like when the leader was starting out his or her political career, and (6) how the leader was socialized into his or her present position. World view, political style, and motivation tell us something about the leader's personality; the other characteristics give information about the leader's previous experiences and background. (1988: 264)

A head of state's self-image—that person's belief in his or her own ability to control events politically—will also influence the degree to which a leader's personal values and psychological needs will govern decision making (De-Rivera, 1968). Conversely, when such a sense of self-importance and efficacy is absent, leaders governed by self-doubt will undermine their own capacity to lead and implement policy changes. This linkage is not direct, however; it will be affected substantially by the extent of the populace's desire for strong leadership. When public opinion within a nation coalesces to produce a strong preference for a powerful leader and when the state is headed by an individual with an exceptional need to be admired, foreign policy will then more likely be a product of that leader's inner needs. For example, Kaiser Wilhelm II's narcissistic personality is alleged to have met the German people's desire for a symbolically powerful leader, and that public preference in turn influenced the foreign policy that Germany pursued during Wilhelm's reign which ended with the disaster of World War I (see Baron and Pletsch, 1985).

Other factors undoubtedly also influence the degree to which leaders can and do shape how nations decide. For instance, when leaders believe that their own interests and welfare are at stake in a situation, they tend to respond in terms of their private needs and psychological drives, as suggested by the highly personalized policy reactions of the shah of Iran and Ferdinand Marcos of the Philippines when they felt themselves personally threatened by internal insurrections which led to the overthrow of their regimes. But when circumstances are stable and routinized and when leaders' egos are not entangled with policy outcomes, the impact of their personal characteristics is less obtrusive. The amount of information available about particular situations is also important to assessing leaders' impact on policy performance. In the absence of pertinent information regarding a situation, policy is likely to be based on leaders' gut likes or dislikes. Conversely, "the more information an individual has about international affairs, the less likely is it that his behavior will be based upon non-logical influences" (Verba, 1969).

Similarly, the timing of a leader's assumption of power is important. When an individual first assumes a position of leadership, the formal requirements of that role are least likely to circumscribe what he or she can do. That holds true especially for new heads of state who routinely are allowed a "honeymoon" period during which they are relatively free of criticism and unusual pressure. Moreover, when a leader comes to office following a dramatic event (a land slide election, the assassination of a predecessor, or the acquisition of sovereign statehood by a former colony), "the new high level political leader can institute his [or her] policies almost with a free hand. Constituency criticism is held in abeyance during this time" (Hermann, 1976).

Perhaps most crucial as a determinant of leaders' control over foreign policy making is the existence of conditions of national crisis. During crises decision making tends to be centralized and handled exclusively by the top leadership. The situation is ambiguous and threatening. Crucial information is likely to be unavailable. Leaders tend to perceive themselves responsible for

outcomes. In a situation that simultaneously challenges the will of a nation and the self-esteem of the decision maker, the decision processes tend to become fused with the personality psychodynamics of the state's leader; and the resolution of a policy crisis under such circumstances could depend ultimately on the outcome of a personal, emotional crisis (DiRenzo, 1974). Not surprisingly, therefore, great leaders in history customarily have arisen during periods of extreme challenge. Leaders appear to be heroes, capable of determining events; the moment may make the person, rather than the person the moment, in the sense that a crisis can liberate a leader from the constraints that normally would inhibit his or her capacity to engineer change in their state's foreign policy.

Compelling as the hero-in-history viewpoint may be, we must be cautious and remember that leaders are not necessarily all-powerful determinants of states' foreign policy behavior. Rather, leaders shape decision making more powerfully in some circumstances than in others. The impact of personal factors varies with the context, and often the context is more powerful than the leader.

Thus, the utility of the hero-in-history model of foreign policy must be questioned. The "great man"-versus-"zeitgeist" debate is relevant here. At the core of this timeless controversy is the perhaps unanswerable question of whether the times must be conducive to the emergence of great leaders or whether, instead, great people would have become famous leaders regardless of when and where they lived (see Greenstein, 1987). At the very least, the hero-in-history model appears much too simple an explanation of how states react to pressures from abroad. Most world leaders follow the rules of the "game" of international politics (Cohen, 1980; Spanier, 1987), which suggests that the ways in which states cope with their external environments are influenced less strongly by the types of people heading states than by other factors. Put differently, states respond to international circumstances in often similar ways, regardless of the predispositions of those who head them, which may account for the remarkable uniformities in state practice in a world of diverse leaders, different political systems, and turbulent change. In this sense, political realists' assumptions about the uniformity of different actors' motives, which are hypothesized to derive from the rational calculation of opportunities and constraints, are both reasonable and compelling.

OTHER DIMENSIONS OF FOREIGN POLICY DECISION MAKING

We have described three general models of how nations reach decisions—a rational actor model, a bureaucratic politics model, and a hero-in-history model. All apply to all countries to some degree, but none is applicable to every country under every circumstance. Situations change in such a way that one model may apply in one circumstance but not another.

Furthermore, the diversity that characterizes the nation-states comprising the contemporary state system makes it difficult to generalize about which circumstances matter most in what situations. History, culture, geography, geostrategic location, perceptions, misperceptions, military might, economic prowess, resource endowments, political system, and position in the international pecking order all are factors that affect how nations decide. The United States, for example, prospered under a fortuitous set of circumstances in which the vast oceans separating it from Europe and Asia combined with the absence of strong, threatening powers on its borders to permit it to develop economically and militarily without any immediate security threat. China, on the other hand, which shares an extended common border with the Soviet Union, much as the United States shares one with Canada, perceives the state on the other side as a security threat, with the location of the border itself partially a product of a long history of "unequal treaties" between China and outside powers that powerfully shapes China's contemporary view of the world.

On the southern side of the U.S. border is Latin America, a region long the object of studied interest and frequent intervention by the giant to the north. Realizing autonomy from its northern neighbor is a continuing theme in many Latin American nations' foreign policy concerns. In this sense they share a concern with other states in world politics that find themselves unable to compete on an equal footing with the world's more advantaged nations, a fact underlying the political division between the world's rich nations, which tend to be concentrated in the Northern Hemisphere, and its poor, which tend to be concentrated in the Southern Hemisphere.

Maintaining autonomy from continental politics is an enduring theme in Great Britain, whose island status, like Japan's, has been a source of both concern about developments abroad and a means of isolation from them. Germany, on the other hand, which sits in the very heartland of Europe, has found its domestic political system and foreign policy preferences profoundly affected by its geostrategic position. "In this century alone, Germany has undergone four radical changes in political personality—from Wilhelm II's empire to the Weimar Republic, from Hitler's *Reich* of the Thousand Years to its two postwar successors, the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR)" (Ioffe, 1985). Significantly, the rise or demise of all four, as the case may be, was tied directly to war. France, twice a victim of German aggression in this century, in turn has emerged from World War II as a middle-rank power intent on improving its position in the pecking order of the world's powerful. It has done so by seeking to increase its power base through population growth, rapid industrial development, economic modernization, and the acquisition of the most advanced of modern weapons (Macridis, 1985b).

The quest to modernize not only economically but also socially and politically is an important aspiration of many nations throughout the world. Principal among them are Middle Eastern states, in which the transition from tradi-

tional societies to modernity has been a continuing source of domestic unrest and international upheaval during much of the post-World War II era. How those forces have been managed at home and abroad has figured prominently on the global agenda historically and continues to do so today.⁹

As the foregoing examples suggest, trends and transformations occurring in the world today are profoundly affected by a multitude of factors which may explain why nations pursue the kinds of foreign policies they do. How these factors intertwine with issues and situations to create the fabric of contemporary world politics will be examined in the subsequent chapters of this book. As a preface to this inquiry, it is useful to make a few general observations about the way that these factors may affect the decision-making processes in different nations, which then leads to variations in the ways that nations seek to cope with international circumstances.

Level of Development and the Role of Economic and Military Capabilities

Because rationality is a goal to which all nations are hypothesized to aspire and that they may approximate from time to time and under varying circumstances, it is perhaps most relevant to ask under what conditions the bureaucratic politics and hero-in-history models are likely to be most applicable.¹⁰

All nations are subject to some extent to the vagaries of bureaucratic politics, but bureaucracies are relatively more important in advanced industrial societies whose governments are confronted with exceedingly complex questions requiring multifaceted expertise that only highly developed organizations can provide. In such circumstances, the capacity of individual leaders to rise above the issues that their nations face so as to impose their own hopes and visions on the future is severely circumscribed. Put differently, the hero-in-history model is less applicable as an explanation of foreign policy behavior in

9. See Macridis (1985a) for essays that explore ideas related to the historical, strategic, and cultural conditions that affect nations' foreign policy behavior.

10. Such questions lie at the core of the comparative study of foreign policy, a research orientation dedicated to the search for theories that can account for the internal and external sources of foreign policy behavior (see Hermann, Kegley, and Rosenau, 1987). Most of the voluminous literature in this field (see East, Salmore, and Hermann, 1978) has addressed the impact of national attributes on external conduct by examining the relationship between a state's size, wealth, type of government, culture, and the like and its behavior. In the context of our discussion, these factors operate as intervening variables conditioning the kind of decisions that different types of actors are prone to reach. For instance, a state's external orientation is clearly affected by its size: Small states are more vulnerable to the pressures from beyond their borders than are large, wealthy countries, a circumstance that influences fundamentally the way in which they define their foreign policy goals and restricts the range of alternatives available for their pursuit. For this reason most analysts have sought to develop categories or discern types of states and to associate certain decision-making procedures and properties with each of them, as we shall illustrate in the paragraphs that follow.

situations in which the level of economic advancement—by necessity if not design—diffuses responsibility for the control, coordination, and implementation of public policy among multiple domestic political actors. The contrast is especially germane to the Soviet Union, in which both proponents and opponents of the efforts of General Secretary Mikhail Gorbachev to modernize the Soviet politicoeconomic system see the Soviet leader's greatest challenge as his ability to motivate the massive, sluggish, unresponsive Soviet state bureaucracy to share his vision of the future and make the sacrifices required to achieve it.

The converse proposition occurs in states in which bureaucratic restraints are not sufficiently developed as to prevent political leaders from pursuing their personal preferences. Here Libya's leader, the mercurial Muammar Qaddafi; and Idi Amin, the ruthless dictator who formerly ruled Uganda, stand out. Both presumably were given greater opportunities to play the hero-in-history role than were most of their counterparts in North America, Western Europe, and the Soviet Union because their foreign policy whims and wishes were less constrained by large-scale bureaucratic organizations. However, both also doubtlessly felt more constrained by the outside world than did their counterparts in the more economically advanced countries.

What the foregoing suggests is that the degree of economic and industrial development enjoyed by a state greatly affects the nature of its foreign policy-making system. The more advanced that states are in these regards, the more they will develop and depend on bureaucratic decision-making procedures; the less advanced, the greater will be the opportunity for the hero in history to emerge as the decisive force in shaping a nation's foreign policy. As a general proposition, we can suggest that the more developed a state is economically, the more likely it is that bureaucratic rather than leadership performance will determine the way it seeks to cope with external circumstances.¹¹

The level of a nation's economic development is also important insofar as it enhances its capabilities to engage in interstate diplomacy and to pursue its goals and interests abroad. Rich nations tend to have interests that extend far beyond their borders and also the means necessary to pursue and protect them. Not coincidentally, political systems that enjoy advanced industrial capabilities also tend to be powerful militarily, in part because military might is a function of economic capacity. Nuclear weapons, regarded by many as the ultimate expression of military prowess, for example, have historically been the product of the most scientifically sophisticated industrial economies in the world. In this sense they are the *result* of being powerful, not its cause (Waltz, 1971).

11. Although the hero-in-history decision-making model tends to apply to decision making for most new Third World countries in which governments tend to be led by powerful elites (Calvert, 1986), the model also applies to all states under conditions of crisis or national emergency when those circumstances expand the decision-making power of individual leaders.

The United States and the Soviet Union stand out among all of the world's nations precisely because they enjoy that combination of economic and military capabilities, including extensive arsenals of nuclear weapons and the means to deliver them anywhere, which leads them to have global interests and the capacity to pursue and protect them. Extensive national resource endowments contribute to their capabilities, and their enormous size, with each stretching across an entire continent, contribute to their overwhelming importance in world politics. In fact, size, which is often used in combination with other factors to distinguish great powers from middle-ranked or minor powers, by itself is an important national attribute predicting the extensiveness of states' foreign policy interests. One consequence is that great powers (large states) tend to become involved in foreign conflict more frequently than do minor powers (small states) (Jensen, 1982).

Type of Political System

Besides level of development, a second important dimension affecting state behavior internationally is the nature of its political system. Here the important distinction is between constitutional democracy and authoritarianism and totalitarianism in their various manifestations. Whether the type of political system affects either states' foreign policy performance or the goals and objectives they seek to attain abroad remains a matter of serious dispute among scholars. There is even disagreement among them as to whether the process of policymaking differs significantly between them. This follows naturally from the proposition that decision making in advanced industrial states is driven by essentially similar processes, which suggests that the nature of a state's political system is largely irrelevant to the way it decides.

But there are important differences in the political processes of democratic (open) and authoritarian and totalitarian (closed) political systems. In neither can political leaders long survive without the support of important domestic political interests, but in the former those interests are likely to be dispersed well beyond the government itself and those who benefit (more or less) directly from it. In democratic societies in particular, public opinion and interest groups who seek to represent that opinion are more visibly part of the political process. Similarly, the electoral process in democratic societies typically frames choices and produces results about who will lead more meaningfully than in authoritarian regimes, in which the real choices are made by a select few behind closed doors. In short, democracy promises that public beliefs and preferences matter.

This is not to deny that elitism operates in democratic societies, for it clearly does. According to at least some versions of this model, decisions are typically made by a small ruling elite for purposes designed to serve its own interests (Mills, 1956). The military-industrial complexes obtrusively evident in many countries are examples of groups sometimes believed to exercise disproportionate control over foreign policy making. But pluralism—which

sees policymaking as an upward-flowing process in which competitive subnational groups pressure the government for policies responsive to their interests and needs—is a peculiarly democratic phenomenon whose pervasiveness is widespread even if its effects are sometimes difficult to pinpoint.

In the eyes of some observers, the result of the intrusion of domestic politics on foreign policy in democratic political systems is that they are disadvantaged in their ability to deal decisively and promptly with foreign policy issues and to bargain with allies and adversaries (see Kennan, 1951). Authoritarian regimes, according to this argument, enjoy special advantages. They are alleged to be both more effective and efficient in their foreign policy making, because ideally they can "make decisions more rapidly, ensure domestic compliance with their decisions, and perhaps be more consistent in their foreign policy." But there is a cost: "Authoritarian regimes often are less effective in developing an innovative foreign policy because of subordinates' pervasive fear of raising questions" (Jensen, 1982).

These brief comments on the way that attributes of states relate to their foreign policy-making processes highlight the extent to which foreign policy decisions are influenced by conditions internal to states, not just those external causes captured in the realists' billiard ball model. Many developments in world politics examined in subsequent chapters recommend that attention be given to the internal roots of external behavior. As the web of global interdependence among nations has progressively tightened, for example, the internationalization of the global political economy has expanded domestic pressures on the formulation of governments' foreign policies. That trend has blurred the distinction between foreign and domestic politics, heightened the salience of welfare issues, aroused the efforts of private groups to modify national policies, and elevated the participation of domestically oriented government agencies in the foreign policy-making process (see Keohane and Nye, 1977). At the same time, national security issues have gained renewed urgency in the public mind as the capacity for nuclear destruction has grown geometrically. Faced with the threat of catastrophic war, citizens in many different countries have mobilized to pressure their governments to refrain from pursuing policies believed to enhance, not deter, the prospects of a nuclear apocalypse. Arms control has become a domestic political issue; it no longer is confined to government-to-government bargaining. Hence, external behavior increasingly springs from internal roots.

MALFUNCTIONS IN THE POLICYMAKING PROCESS

The proposition that domestic stimuli and not just international events are a source of foreign policy is not novel. In ancient Greece, for instance, Thucydides observed how the external behavior of the Greek city-states was often shaped less by what each was doing toward the others than by what was occurring within them. He added that often the behavior of leaders toward

other city-states was undertaken to affect not relations with the targets of the action but, instead, the political climate within the leaders' own city-states. In much the same spirit, Mikhail Gorbachev in 1987 disclosed that the Soviet Union's "international policy is more than ever determined by domestic policy."

Do states have the capacity to respond to the demands that external challenges and internal politics simultaneously place on their leaders? For a number of reasons, that capacity seems increasingly to have been strained.

Foreign policy is made in an environment of uncertainty and multiple, competing interests. On occasion, it is also made in situations in which national values are threatened, at which time policymakers are caught by surprise and a quick decision is needed. The stress produced by these factors impairs leaders' cognitive abilities and may cause them to become emotive rather than analytical thinkers, preoccupied with sunk costs, short-run outcomes, and postdecisional rationalization.

To compound the psychological strains, the small homogeneous groups of advisers that leaders typically rely on for guidance and emotional support also have shortcomings. When cohesive groups in stressful situations lack impartial leadership and are insulated from outside criticism, social pressures for conformity may lead group members to adopt stereotypes of their opponents, take extreme risks, discount warnings, and suppress personal reservations about the moral consequences of their recommendations (see Janis, 1982). Consensus seeking replaces critical thinking, with the result that the full range of alternatives is not surveyed, costs attached to the preferred course of action are ignored, and contingency plans to cope with potential setbacks are not developed.

High-level policymakers are also at the mercy of bureaucratic politics. Because of the competition among rival agencies, a head of state may receive a welter of narrow, biased analyses from these contending bureaucracies. Alternatively, they may obtain a concealed compromise produced by a series of lateral agreements aimed at protecting each bureaucracy's parochial interests. In either case, policymakers will not get the full, balanced information that they need to formulate sound policy.

Finally, a lack of information on the conditions under which different types of policy instruments will be successful in attaining their stipulated goals poses a further problem. Given this lack of information, individuals frequently base their positions on foreign policy issues on general and superficial lessons drawn from historical events they have personally or vicariously experienced. These analogies often are inapplicable.

In conclusion, a variety of impediments stand in the way of making wise foreign policy decisions. Fortunately, policymaking machinery can be designed and managed to reduce their impact. Multiple advocacy, subgrouping, formal options systems, second-chance meetings, and the use of devil's advocates are among the procedural tools that are often recommended for this purpose. However, none of them can transform foreign policy making into a

neat, orderly system. Policymaking is a turbulent political process, one that involves complex problems, a chronic lack of information, and a multiplicity of conflicting actors. As President Kennedy summarized it, there will always be "the dark and tangled stretches in the . . . process—mysterious even to those who may be most intimately involved."

The trends and transformations currently unfolding in world politics are the product of countless decisions taken daily in diverse national settings throughout the world. Some of those decisions are more important than others, and some of the actors making them are more important than others. The United States and the Soviet Union stand at the center of the world political stage, for they alone possess the combination of economic capacity, military might, and the means to project power worldwide that earns them the status of superpowers. How the superpowers relate to each other thus has enormous consequences for the entire drama of world politics. It is to the dynamics of their contest on the global stage that our attention now turns.

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the fighting, not only on the peninsular battlefield but in the resources used by both sides. It was "all-out," though, only within some dramatic restraints, no nuclear weapons, no Russian, no Chinese territory, no Japanese territory, no bombing of ships at sea or even airfields on the United Nations side of the line. It was a contest in military strength circumscribed by the threat of unprecedented civilian violence. Korea may or may not be a good model for speculation on limited war in the age of nuclear violence, but it was dramatic evidence that the capacity for violence can be consciously restrained even under the provocation of war that measures its military dead in tens of thousands and that fully preoccupies two of the largest countries in the world.

A consequence of this third stage is that "victory" inadequately expresses what a nation wants from its military forces. Mostly it wants, in these times, the influence that resides in latent force. It wants the bargaining power that comes from its capacity to hurt, not just the direct consequence of successful military action. Even total victory over an enemy provides at best an opportunity for unopposed violence against the enemy population. How to use that opportunity in the national interest, or in some wider interest, can be just as important as the achievement of victory itself; but traditional military science does not tell us how to use that capacity for inflicting pain. And if a nation, victor or potential loser, is going to use its capacity for pure violence to influence the enemy, there may be no need to await the achievement of total victory.

Actually, this third stage can be analyzed into two quite different variants. In one, sheer pain and damage are primary instruments of coercive warfare and may actually be applied, to intimidate or to deter. In the other, pain and destruction *in* war are expected to serve little or no purpose but *prior threats* of sheer violence, even if automatic and uncontrolled violence, are coupled to military force. The difference is in the all-or-none character of deterrence and intimidation. Two acute dilemmas arise. One is the choice of making prospective violence as frightening as possible or hedging with some capacity for reciprocity or restraint. The other is the choice of making retaliation as automatic as possible or keeping deliberate control over the fateful decisions. The choices are determined partly by governments, partly by technology. Both variants are characterized by the coercive role of pain and destruction—of threatened (not inflicted) pain and destruction. But in one the threat either succeeds or fails altogether, and any ensuing violence is gratuitous; in the other, progressive pain and damage may actually be used to threaten more. The present era, for countries possessing nuclear weapons, is a complex and uncertain blend of the two.

The power to hurt is nothing new in warfare, but for the United States modern technology has drastically enhanced the strategic importance of pure, unconstructive, unacquisitive pain and damage, whether used against us or in our own defense. This in turn enhances the importance of war and threats of war as techniques of influence, not of destruction; of coercion and deterrence, not of conquest and defense; of bargaining and intimidation.

War no longer looks like just a contest of strength. War and the brink of war are more a contest of nerve and risk-taking, of pain and endurance. Small wars embody the threat of a larger war; they are not just military engagements but "crisis diplomacy." The threat of war has always been somewhere underneath international diplomacy, but for Americans it is now much nearer the surface. Like the threat of a strike in industrial relations, the threat of divorce in a family dispute, or the threat of bolting the party at a political convention, the threat of violence continuously circumscribes international politics. Neither strength nor goodwill procures immunity.

Military strategy can no longer be thought of, as it could for some countries in some eras, as the science of military victory. It is now equally, if not more, the art of coercion, of intimidation and deterrence. The instruments of war are more punitive than acquisitive. Military strategy, whether we like it or not, has become the diplomacy of violence.

Notes

1. Paul I. Wellman, *Death on the Prairie* (New York, Macmillan, 1934), p. 82.
2. Winston Churchill is often credited with the term, "balance of terror," and the following quotation succinctly expresses the familiar notion of nuclear mutual deterrence. This, though, is from a speech in Commons in November 1934. "The fact remains that when all is said and done as regards defensive methods, defining some new discovery the only direct measure of defense upon a great scale is the certainty of being able to inflict simultaneously upon the enemy as great damage as he can inflict upon ourselves. Do not let us undervalue the efficiency of this procedure. It may well prove in practice—[I admit] I cannot prove it in theory—capable of giving complete immunity. If two Powers show themselves equally capable of inflicting damage upon each other by some particular process of war, so that neither gains an advantage from its adoption and both suffer the most hideous reciprocal injuries, it is not only possible but it seems probable that neither will employ that means...."
3. Chicago, University of Chicago Press, 1942, p. 296.

Robert Jervis

Offense, Defense, and the Security Dilemma

Another approach starts with the central point of the security dilemma—that an increase in one state's security decreases the security of others—and examines the conditions under which this proposition holds. Two crucial variables are involved: whether defensive weapons and policies can be distinguished from offensive ones, and whether the defense or the offense has the advantage. The definitions are not always clear, and many cases are difficult to judge, but these two variables shed a great deal of light on the question of whether status-quo powers will adopt compatible

From Robert Jervis, "Cooperation Under the Security Dilemma," *World Politics*, Vol. 30, No. 2 (Jan. 1978), pp. 186-214. Copyright © 1978 by Princeton University Press. Reprinted with permission of Princeton University Press. Portions of the text and some footnotes have been

security policies. All the variables discussed so far leave the heart of the problem untouched. But when defensive weapons differ from offensive ones, it is possible for a state to make itself more secure without making others less secure. And when the defense has the advantage over the offense, a large increase in one state's security only slightly decreases the security of the others, and status-quo powers can all enjoy a high level of security and largely escape from the state of nature.

Offense-Defense Balance

When we say that the offense has the advantage, we simply mean that it is easier to destroy the other's army and take its territory than it is to defend one's own. When the defense has the advantage, it is easier to protect and to hold than it is to move forward, destroy, and take. If effective defenses can be erected quickly, an attacker may be able to keep territory he has taken in an initial victory.¹ Thus, the dominance of the defense made it very hard for Britain and France to push Germany out of France in World War I. But when superior defenses are difficult for an aggressor to improve on the battlefield and must be constructed during peacetime, they provide no direct assistance to him.

The security dilemma is at its most vicious when commitments, strategy, or technology dictate that the only route to security lies through expansion. Status-quo powers must then act like aggressors; the fact that they would gladly agree to forego the opportunity for expansion in return for guarantees for their security has no implications for their behavior. Even if expansion is not sought as a goal in itself, there will be quick and drastic changes in the distribution of territory and influence. Conversely, when the defense has the advantage, status-quo states can make themselves more secure without gravely endangering others.² Indeed, if the defense has enough of an advantage and if the states are of roughly equal size, not only will the security dilemma cease to inhibit status-quo states from cooperating, but aggression will be next to impossible, thus rendering international anarchy relatively unimportant. If states cannot conquer each other, then the lack of sovereignty, although it presents problems of collective goods in a number of areas, no longer forces states to devote their primary attention to self-preservation. Although if force were not usable, there would be fewer restraints on the use of nonmilitary instruments, these are rarely powerful enough to threaten the vital interests of a major state.

Two questions of the offense-defense balance can be separated. First, does the state have to spend more or less than one dollar on defensive forces to offset each dollar spent by the other side on forces that could be used to attack? If the state has one dollar to spend on increasing its security, should it put it into offensive or defensive forces? Second, with a given inventory of forces, is it better to attack or to defend? Is there an incentive to strike first or to absorb the other's blow? These two aspects are often linked: if each dollar spent on offense can overcome each dollar spent on defense, and if both sides have the same defense budgets, then both are likely to build offensive forces and find it attractive to attack rather than to wait for the adversary to strike.

These aspects affect the security dilemma in different ways. The first has its greatest impact on arms races. If the defense has the advantage, and if status-quo powers have reasonable subjective security requirements, they can probably avoid an arms race. Although an increase in one side's arms and security will still decrease the other's security, the former's increase will be larger than the latter's decrease. So if one side increases its arms, the other can bring its security back up to its previous level by adding a smaller amount to its forces. And if the first side reacts to this change, its increase will also be smaller than the stimulus that produced it. Thus a stable equilibrium will be reached. Shifting from dynamics to statics, each side can be quite secure with forces roughly equal to those of the other. Indeed, if the defense is much more potent than the offense, each side can be willing to have forces much smaller than the other's, and can be indifferent to a wide range of the other's defense policies. The second aspect—whether it is better to attack or to defend—influences short-run stability. When the offense has the advantage, a state's reaction to international tension will increase the chances of war. The incentives for pre-emption and the "reciprocal fear of surprise attack" in this situation have been made clear by analyses of the dangers that exist when two countries have first-strike capabilities.³ There is no way for the state to increase its security without menacing, or even attacking, the other. Even Bismarck, who once called preventive war "committing suicide from fear of death," said that "no government, if it regards war as inevitable even if it does not want it, would be so foolish as to leave to the enemy the choice of time and occasion and to wait for the moment which is most convenient for the enemy."⁴ In another arena, the same dilemma applies to the pollsterman in a dark alley confronting a suspected criminal who appears to be holding a weapon. Though racism may indeed be present, the security dilemma can account for many of the tragic shootings of innocent people in the ghettoes.

Beliefs about the course of a war in which the offense has the advantage further deepen the security dilemma. When there are incentives to strike first, a successful attack will usually so weaken the other side that victory will be relatively quick, bloodless, and decisive. It is in these periods when conquest is possible and attractive that states consolidate power internally—for instance, by destroying the feudals barons—and expand externally. There are several consequences that decrease it chance of cooperation among status-quo states. First, war will be profitable for it winner. The costs will be low and the benefits high. Of course, losers will suffer. If the fear of losing could induce states to try to form stable cooperative arrangements, the temptation of victory will make this particularly difficult. Second, because wars are expected to be both frequent and short, there will be incentives for high levels arms, and quick and strong reaction to the other's increases in arms. The state can afford to wait until there is unambiguous evidence that the other is building new weapons. Even large states that have faith in their economic strength cannot wait because the war will be over before their products can reach the army. Third, when wars are quick, states will have to recruit allies in advance.⁵ Without the opportunities for bargaining and re-alignments during the opening stages of hostilities, peaceful alternatives meet a degree of the fluidity that facilitates balance-of-power politics.

Because alliances must be secured during peacetime, the international system is more likely to become bipolar. It is hard to say whether war therefore becomes more or less likely, but this bipolarity increases tension between the two camps and makes it harder for status-quo states to gain the benefits of cooperation. Fourth, if wars are frequent, statesmen's perceptual thresholds will be adjusted accordingly and they will be quick to perceive ambiguous evidence as indicating that others are aggressive. Thus, there will be more cases of status-quo powers arming against each other in the incoherent belief that the other is hostile.

When the defense has the advantage, all the foregoing is reversed. The state that fears attack does not pre-empt—since that would be a wasteful use of its military resources—but rather prepares to receive an attack. Doing so does not decrease the security of others, and several states can do it simultaneously; the situation will therefore be stable, and status-quo powers will be able to cooperate. When Herman Kahn argues that ultimatums "are vastly too dangerous to give because... they are quite likely to touch off a pre-emptive strike,"⁷ he incorrectly assumes that it is always advantageous to strike first.

More is involved than short-run dynamics. When the defense is dominant, wars are likely to become stalemates and can be won only at enormous cost. Relatively small and weak states can hold off larger and stronger ones, or can deter attack by raising the costs of conquest to an unacceptable level. States then approach equality in what they can do to each other. Like the .45-caliber pistol in the American West, fortifications were the "great equalizer" in some periods. Changes in the status quo are less frequent and cooperation is more common wherever the security dilemma is thereby reduced.

Many of these arguments can be illustrated by the major powers' policies in the periods preceding the two world wars. Bismarck's wars surprised statesmen by showing that the offense had the advantage, and by being quick, relatively cheap, and quite decisive. Falling into a common error, observers projected this pattern into the future.⁸ The resulting expectations had several effects. First, states sought semi-permanent allies. In the early stages of the Franco-Prussian War, Napoleon III had thought that there would be plenty of time to recruit Austria to his side. Now, others were not going to repeat this mistake. Second, defense budgets were high and reacted quite sharply to increases on the other side. It is not surprising that Richardson's theory of arms races fits this period well. Third, most decision makers thought that the next European war would not cost much blood and treasure.⁹ That is one reason why war was generally seen as inevitable and why mass opinion was so bellicose. Fourth, once war seemed likely, there were strong pressures to pre-empt. Both sides believed that whoever moved first could penetrate the other deep enough to disrupt mobilization and thus gain an insurmountable advantage. (There was no such belief about the use of naval forces. Although Churchill made an ill-advised speech saying that if German ships "do not come out and fight in time of war they will be dug out like rats in a hole,"¹⁰ everyone knew that submarines, mines, and coastal fortifications made this impossible. So at the start of the war each navy prepared to defend itself rather than attack, and the short-run destabilizing forces that lunched the armies

toward each other did not operate.)¹¹ Furthermore, each side knew that the other saw the situation the same way, thus increasing the perceived danger that the other would attack, and giving each added reasons to precipitate a war: if conditions seemed favorable. In the long and the short run, there were thus both offensive and defensive incentives to strike. This situation casts light on the common question about German motives in 1914: "Did Germany unleash the war deliberately to become a world power or did she support Austria merely to defend a weakening ally," thereby protecting her own position?¹² To some extent, this question is misleading. Because of the perceived advantage of the offense, war was seen as the best route both to gaining expansion and to avoiding drastic loss of influence. There seemed to be no way for Germany merely to retain and safeguard her existing position.

Of course the war showed these beliefs to have been wrong on all points. Trenches and machine guns gave the defense an overwhelming advantage. The fighting became deadlocked and produced horrendous casualties. It made no sense for the combatants to bleed themselves to death. If they had known the power of the defense beforehand, they would have rushed for their own trenches rather than for the enemy's territory. Each side could have done this without increasing the other's incentives to strike. War might have broken out anyway, but at least the pressures of time and the fear of allowing the other to get the first blow would not have contributed to this end. And, had both sides known the costs of the war, they would have negotiated settlement as soon as the shape of the war became clear. Schlieffen said that if his plan failed, peace should be sought.¹³ The answer is complex, uncertain, and largely outside of the scope of our concerns. But part of the reason was the hope and sometimes the expectation that breakthroughs could be made and the dominance of the offensive restored. Without that hope, the political and psychological pressures to fight to a decisive victory might have been overcome.

The politics of the interwar period were shaped by the memories of the previous conflict and the belief that any future war would resemble it. Political and military lessons reinforced each other in ameliorating the security dilemma. Because it was believed that the First World War had been a mistake that could have been avoided by skillful conciliation, both Britain and, to a lesser extent, France were highly sensitive to the possibility that interwar Germany was not a real threat to peace, and alert to the danger that reacting quickly and strongly to her arms could create unnecessary conflict. And because Britain and France expected the defense to continue to dominate, they concluded that it was safe to adopt a more relaxed and nonthreatening military posture.¹⁴ Britain also felt less need to maintain tight alliances with the Allies' military posture then constituted only a slight danger to Germany. Had the latter been content with the status quo, it would have been easy for both sides to have felt secure behind their lines of fortifications. Of course the Germans were not content, so it is not surprising that they devoted their money and attention to finding ways out of a defense-dominated stalemate. *Blitzkrieg* tactics were necessary if they were to use force to change the status quo.

The initial stages of the war on the Western Front also contrasted with the First

World War. Only with the new air arm were there any incentives to strike first, and these forces were too weak to carry out the grandiose plans that had been both dreamed and feared. The armies, still the main instrument, rushed to defensive positions. Perhaps the Allies could have successfully attacked while the Germans were occupied in Poland.¹⁵ But belief in the defense was so great that this was never seriously contemplated. Three months after the start of the war, the French Prime Minister summed up the view held by almost everyone but Hitler: on the Western Front there is "deadlock. Two Forces of equal strength and the one that attacks seeing such enormous casualties that it cannot move without endangering the continuation of the war or of the aftermath."¹⁶ The Allies were caught in a dilemma they never fully recognized. It alone solved. On the one hand, they had very high war aims, although unconditional surrender had not yet been adopted, the British had decided from the start that the removal of Hitler was a necessary condition for peace.¹⁷ On the other hand, there were no realistic plans or instruments for allowing the Allies to impose their will on the other side. The British Chief of the Imperial General Staff noted: "The French have no intention of carrying out an offensive for years, if at all"; the British were only slightly bolder.¹⁸ So the Allies looked to a long war that would wear the Germans down, cause civilian suffering through shortages, and eventually undermine Hitler. There was little anxiety to support this view—and indeed it probably was not supportable—but as long as the defense was dominant and the numbers on each side relatively equal, what else could the Allies do?

To summarize, the security dilemma was much less powerful after World War I than it had been before. In the later period, the expected power of the defense allowed status-quo states to pursue compatible security policies and avoid arms races. Furthermore, high tension and fear of war did not set off short-run dynamics by which each state, trying to increase its security, inadvertently acted to make war more likely. The expected high costs of war, however, led the Allies to believe that no sane German leader would run the risks entailed in an attempt to dominate the Continent, and discouraged them from risking war themselves.

Technology and Geography: Technology and geography are the two main factors that determine whether the offense or the defense has the advantage. As Brodie notes, "On the tactical level, as a rule, few physical factors favor the attacker but many favor the defender. The defender usually has the advantage of cover. He characteristically fires from behind some form of shelter while his opponent crosses open ground."¹⁹ Anything that increases the amount of ground the attacker has to cross, or impedes his progress across it, or makes him more vulnerable while crossing, increases the advantage accruing to the defense. When states are separated by barriers that produce these effects, the security dilemma is eased, since both can have forces adequate for defense without being able to attack. Impenetrable barriers would actually prevent war; in reality, decision makers have to settle for a good deal less. Buffer zones slow the attacker's progress; they thereby give the defender time to prepare, increase problems of logistics, and reduce the number of soldiers available for the final assault. At the end of the 19th century, Arthur Balfour noted Afghanistan's

"non-conducting" qualities. "So long as it possesses few roads, and no railroads, it will be impossible for Russia to make effective use of her great numerical superiority at any point immediately vital to the Empire." The Russians valued buffers for the same reasons; it is not surprising that when Persia was being divided into Russian areas, British spheres of influence some years later, the Russians sought assurances that the British would refrain from building potentially menacing railroads in their sphere. Indeed, since railroad construction radically altered the abilities of countries to defend themselves and to attack others, many diplomatic notes and much intelligence activity in the late 19th century centered on this subject.²⁰

Oceans, large rivers, and mountain ranges serve the same function as buffer zones. Being hard to cross, they allow defense against superior numbers. The defender is merely to stay on his side of the barrier and so can utilize all the men he can bring to it. The attacker's men, however, can cross only a few at a time, and they are very vulnerable when doing so. If all states were self-sufficient islands, anarchy would be sufficient to repel invasion. Only very weak states would be vulnerable, and only very large ones could menace others. As noted above, the United States, and to lesser extent Great Britain, have partly been able to escape from the state of nature because their geographical positions approximated this ideal.

Although geography cannot be changed to conform to borders, borders can be changed to conform to geography. Borders across which an attack is easy tend to be unstable. States living within them are likely to expand or be absorbed. Frequent wars are almost inevitable since attacking will often seem the best way to protect which one has. This process will stop, or at least slow down, when the state's borders reach—by expansion or contraction—a line of natural obstacles. Security without attack will then be possible. Furthermore, these lines constitute salient solutions bargaining problems and, to the extent that they are barriers to migration, are likely to divide ethnic groups, thereby raising the costs and lowering the incentives for conquest.

Attachment to one's state and its land reinforce one quasi-geographical aid to defense. Conquest usually becomes more difficult the deeper the attacker pushes in the other's territory. Nationalism spurs the defenders to fight harder, advancing in only one direction the attacker's supply lines, but takes him through unfamiliar, often devastated lands that require troops for garrison duty. These stabilizing dynamics will not operate, however, if the defender's war material is situated near borders, or if the people do not care about their state, but only about being on the winning side. In such cases, positive feedback will be at work and initial defeats will be insurmountable.²¹

Imitating geography, men have tried to create barriers. Treaties may provide demilitarized zones on both sides of the border, although such zones will rarely be deep enough to provide more than warning. Even this was not possible in Europe but the Russians adopted a gauge for their railroads that was broader than that of neighboring states, thereby complicating the logistics problems of any attacker

Perhaps the most ambitious and at least temporarily successful attempts to construct a system that would aid the defenses of both sides were the interwar naval treaties, as they affected Japanese-American relations. As mentioned earlier, the problem was that the United States could not defend the Philippines without denying Japan the ability to protect her home islands.²⁰ (In 1941 this dilemma became insoluble when Japan sought to extend her control to Malaya and the Dutch East Indies. If the Philippines had been invulnerable, they could have provided a secure base from which the U.S. could interdict Japanese shipping between the homeland and the areas she was trying to conquer.) In the 1920s and early 1930s, each side would have been willing to grant the other security for its possessions in return for a reciprocal grant, and the Washington Naval Conference agreements were designed to approach this goal. As a Japanese diplomat later put it, their country's "fundamental principle" was to have "a strength insufficient for attack and adequate for defense."²¹ Thus, Japan agreed in 1922 to accept a navy only three-fifths as large as that of the United States, and the U.S. agreed not to fortify its Pacific islands.²² (Japan had earlier been forced to agree not to fortify the islands she had taken from Germany in World War I.) Japan's navy would not be large enough to defeat America's anywhere other than close to the home islands. Although the Japanese could still take the Philippines, not only would they be unable to move farther, but they might be weakened enough by their efforts to be vulnerable to counterattack. Japan, however, gained security. An American attack was rendered more difficult because the unlimited numbers of cruisers, destroyers, and submarines that could weaken the American fleet as it made its way across the ocean.²³

The other major determinant of the offense-defense balance is technology. When weapons are highly vulnerable, they must be employed before they are attacked. Others can remain quite invulnerable in their bases. The former characteristics are embodied in unprotected missiles and many kinds of bombers. (It should be noted that it is not vulnerability *per se* that is crucial, but the location of the vulnerability. Bombers and missiles that are easy to destroy only after having been launched toward their targets do not create destabilizing dynamics.) Incentives to strike first are usually absent for naval forces that are threatened by a naval attack. Like missiles in hardened silos, they are usually well protected when in their bases. Both sides can then simultaneously be prepared to defend themselves successfully.

In ground warfare under some conditions, forts, trenches, and small groups of men in prepared positions can hold off large numbers of attackers. Less frequently, a few attackers can storm the defenses. By and large, it is a contest between fortifications and supporting light weapons on the one hand, and mobility and heavier weapons that clear the way for the attack on the other. As the erroneous views held before the two world wars show, there is no simple way to determine which is dominant. (These oscillations are not smooth and predictable like those of a swinging pendulum. They are uneven in both extent and time. Some occur in the course of a single battle or campaign, others in the course of a war, still others during a series of wars.

¹ *Other terms oscillations can also be described.*

The early Gothic age, from the twelfth to the late thirteenth century, with its wonderful cathedrals and fortified places, was a period during which the attackers in Europe generally met serious and increasing difficulties, because the improvement in the strength of firearms outran the advance in the power of destruction. Later, with the spread of firearms at the end of the fifteenth century, old fortresses lost their power to resist. An age ensued during which the offense possessed, apart from short-term setbacks, new advantages. Then, during the seventeenth century, especially after about 1660, and until at least the outbreak of the War of the Austrian Succession in 1740, the defense regained much of the ground it had lost since the great medieval fortresses had proved unable to meet the bombardment of the new and more numerous artillery.²⁴

Another scholar has continued the argument: "The offensive gained an advantage with new forms of heavy mobile artillery in the nineteenth century, but the stalemate of World War I created the impression that the defense again had an advantage; the German invasion in World War II, however, indicated the offensive superiority of highly mechanized armies in the field."²⁵

The situation today with respect to conventional weapons is unclear. Until recently it was believed that tanks and tactical air power gave the attacker an advantage. The initial analyses of the 1973 Arab-Israeli war indicated that new anti-tank and anti-aircraft weapons have restored the primacy of the attacking weapons as cheap, easy to use, and can destroy a high proportion of the attacking vehicles and planes that are sighted. It then would make sense for a status-quo power to buy lots of \$20,000 missiles rather than buy a few half-million dollar fighter-bombers. Defense would be possible even against a large and well-equipped force: states that care primarily about self-protection would not need to engage in arms races. But further examinations of the new technologies and the history of the October War cast doubt on these optimistic conclusions and leave us unable to render any firm judgment.²⁶

Concerning nuclear weapons, it is generally agreed that defense is impossible—a triumph not of the offense, but of deterrence. Attack makes no sense, not because it can be beaten off, but because the attacker will be destroyed in turn. In terms of the questions under consideration here, the result is the equivalent of the primacy of the defense. First, security is relatively cheap. Less than one percent of the G.N.P. is devoted to deterring a direct attack on the United States; most of it is spent on acquiring redundant systems to provide a lot of insurance against the worst conceivable contingencies. Second, both sides can simultaneously gain security in the form of second-strike capability. Third, and related to the foregoing, second-strike capability can be maintained in the face of wide variations in the other side's military posture. There is no purely military reason why each side has to react quickly and strongly to the other's increases in arms. Any spending that the other devotes to trying to achieve first-strike capability can be neutralized by the state's spending much smaller sums on protecting its second-strike capability. Fourth, there are no incentives to strike first in a crisis.

Important problems remain, of course. Both sides have interests that go well beyond defense of the homeland. The protection of these interests creates conflicts

even if neither side desires expansion. Furthermore, the shift from defense to deterrence has greatly increased the importance and perceptions of resolve. Security now rests on each side's belief that the other would prefer to run high risks of total destruction rather than sacrifice its vital interests. Aspects of the security dilemma thus appear in a new form. Are weapons procurements used as an index of resolve? Must they be so used? If one side fails to respond to the other's buildup, will it appear weak and thereby invite predation? Can both sides simultaneously have images of high resolve or is there a zero-sum element involved? Although these problems are real, they are not as severe as in the pre-nuclear era: there are many indices of resolve, and states do not so much judge images of resolve in the abstract as ask how likely it is that the other will stand firm in a particular dispute. Since states are most likely to stand firm on matters which concern them most, it is quite possible for both to demonstrate their resolve to protect their own security simultaneously.

Offense-Defense Differentiation

The other major variable that affects how strongly the security dilemma operates is whether weapons and policies that protect the state also provide the capability for attack. If they do not, the basic postulate of the security dilemma no longer applies. A state can increase its own security without decreasing that of others. The advantage of the defense can only ameliorate the security dilemma. A differentiation between offensive and defensive stances comes close to abolishing it. Such differentiation does not mean, however, that all security problems will be abolished. If the offense has the advantage, conquest and aggression will still be possible. And if the offense's advantage is great enough, status-quo powers may find it too expensive to protect themselves by defensive forces and decide to procure offensive weapons even though this will menace others. Furthermore, states will still have to worry that even if the other's military posture shows that it is peaceful now, it may develop aggressive intentions in the future.

Assuming that the defense is at least as potent as the offense, the differentiation between them allows status-quo states to behave in ways that are clearly different from those of aggressors. Three beneficial consequences follow. First, status-quo powers can identify each other, thus laying the foundations for cooperation. Conflicts growing out of the mistaken belief that the other side is expansionist will be less frequent. Second, status-quo states will obtain advance warning when others plan aggression. Before a state can attack, it has to develop and deploy offensive weapons. If procurement of these weapons cannot be disguised and takes a fair amount of time, as it almost always does, a status-quo state will have the time to take countermeasures. It need not maintain a high level of defensive arms as long as its potential adversaries are adopting a peaceful posture. (Although being so armed should not, with the one important exception noted below, alarm other status-quo powers.) States do, in fact, pay special attention to actions that they believe would not be taken by a status-quo state because they feel that states exhibiting such behavior are aggressive. Thus the secure or development of transportation facilities will alarm others more if these

facilities have no commercial value, and therefore can only be wanted for military reasons. In 1906, the British rejected a Russian protest about their activities in the district of Persia by claiming that this area was "only of [strategic] importance [to Russians] if they wished to attack the Indian frontier, or to put pressure upon us, making us think that they intend to attack it."⁷¹

The same inferences are drawn when a state acquires more weapons observers feel are needed for defense. Thus, the Japanese spokesman at the London naval conference said that his country was alarmed by the American navy to give Japan a 70 percent ratio (in place of a 60 percent ratio) in heavy cruiser tonnage as America held ten percent advantage. It was possible for her to attain as long as America insisted on sixty percent instead of seventy percent, the idea exist that they were trying to keep that possibility, and the Japanese people could accept that.⁷² Similarly, when Mussolini told Chamberlain in January 1939 Hitler's arms program was motivated by defensive considerations, the Prime Minister replied that "German military forces were now so strong as to make it impossible any Power or combination of Powers to attack her successfully. She could not have any further armaments for defensive purposes, what then did she want them for?" Of course these inferences can be wrong—as they are especially likely because states underestimate the degree to which they menace others.⁷³ And they are wrong, the security dilemma is deepened. Because the state thinks it received notice that the other is aggressive, its own arms buildup will be restrained and the chances of cooperation will be decreased. But the danger of incorrect inferences should not obscure the main point: when offensive and defensive postures are different, much of the uncertainty about the other's intentions contributes to the security dilemma is removed.

The third beneficial consequence of a difference between offensive and defensive weapons is that if all states support the status-quo, an obvious arms control agreement is a ban on weapons that are useful for attacking. As President Roosevelt put it in a message to the Geneva Disarmament Conference in 1933: "If all nations will wholly to eliminate from possession and use the weapons which make possible successful attack, defenses automatically will become impracticable, and the first and independence of every nation will become secure."⁷⁴ The fact that such a treaty has been part—the Washington naval agreements discussed above and the anti-treaty can be cited as examples—shows either that states are not always willing to guarantee the security of others, or that it is hard to distinguish offensive from defensive weapons.

Is such a distinction possible? Salvador de Madariaga, the Spanish statesman active in the disarmament negotiations of the interwar years, thought not: "A weapon is either offensive or defensive according to which end of it you are looking at." French Foreign Minister Agred (although French policy did not always follow this view). "Every arm can be employed offensively or defensively in turn.... The way to discover whether arms are intended for purely defensive purposes or for use in a spirit of aggression is in all cases to enquire into the intentions of the country concerned." Some evidence for the validity of this argument is provided by the

that much time in these unsuccessful negotiations was devoted to separating offensive from defensive weapons. Indeed, no simple and unambiguous definition is possible and in many cases no judgment can be reached. Before the American entry into World War I, Woodrow Wilson wanted to arm merchantmen only with guns in the back of the ship so they could not initiate a fight, but this expedient cannot be applied to more common forms of armaments.³²

There are several problems. Even when a differentiation is possible, a status-quo power will want offensive arms under any of three conditions. (1) If the offense has a great advantage over the defense, protection through defensive forces will be too expensive. (2) Status-quo states may need offensive weapons to regain territory lost in the opening stages of war. It might be possible, however, for a state to wait to procure these weapons until war seems likely, and they might be needed only in relatively small numbers, unless the aggressor was able to construct strong defenses quickly in the occupied areas. (3) The state may feel that it must be prepared to take the offensive either because the other side will make peace only if it loses territory or because the state has commitments to attack if the other makes war on a third party. As noted above, status-quo states with extensive commitments are often forced to behave like aggressors. Even when they lack such commitments, status-quo states must worry about the possibility that if they are able to hold off an attack, they will still not be able to end the war unless they move into the other's territory to damage its military forces and inflict pain. Many American naval officers after the Civil War, for example, believed that "only by destroying the commerce of the opponent could the United States bring him to terms."³³

A further complication is introduced by the fact that aggressors as well as status-quo powers require defensive forces as a prelude to acquiring offensive ones, to protect one frontier while attacking another, or for insurance in case the war goes badly. Criminals as well as policemen can use bulletproof vests. Hitler as well as Maginot built a line of forts. Indeed, Churchill reports that in 1936 the German Foreign Minister said: "As soon as our fortifications are constructed [on our western borders] and the countries in Central Europe realize that France cannot enter German territory, all these countries will begin to feel very differently about their foreign policies, and a new constellation will develop."³⁴ So a state may not necessarily be reassured if its neighbor constructs strong defenses.

More central difficulties are created by the fact that whether a weapon is offensive or defensive often depends on the particular situation—for instance, the geographical setting and the way in which the weapon is used. "Tanks... spearheaded the fateful German thrust through the Ardennes in 1940, but if the French had disposed of a properly concentrated armored reserve, it would have provided the best means for their cutting off the penetration and turning into a disaster for the Germans who became instead an overwhelming victory."³⁵ Anti-aircraft weapons seem obviously defensive—to be used, they must wait for the other side to come to them. But the Egyptian attack on Israel in 1973 would have been impossible without effective air defenses that covered the battlefield. Nevertheless, some distinctions are possible. Sir John Simon, then the British Foreign Secretary, in response to the views cited earlier,

stated that just because a line could not be drawn, "that was no reason for saying that there were not stretches of territory on either side which all practical men and women knew to be well on this or that side of the line." Although there are almost no weapons and strategies that are useful only for attacking, there are some that are almost exclusively defensive. Aggressors could want them for protection, but a state that relied mostly on them could not menace others. More frequently, we cannot determine the absolute character of a weapon, but [we can] make a comparison...[and] discover whether or not the offensive potentialities predominate, whether a weapon is more useful in attack or in defense.³⁶

The essence of defense is keeping the other side out of your territory. A purely defensive weapon is one that can do this without being able to penetrate the enemy's land. Thus a committee of military experts in an interwar disarmament conference declared that armaments "incapable of mobility by means of self-contained power, or movable only after long delay, were 'only capable of being used for the defense of a State's territory.'"³⁷ The most obvious examples are fortifications. They can shelter attacking forces, especially when they are built right along the frontier,³⁸ but they cannot occupy enemy territory. A state with only a strong line of forts, fixed guns, and a small army to man them would not be much of a menace. Anything else that can serve only as a barrier against attacking troops is similarly defensive. In this category are systems that provide warning of an attack, the Russian's adoption of a different railroad gauge, and nuclear land mines that can seal off invasion routes.

If total immobility clearly defines a system that is defensive only, limited mobility is unfortunately ambiguous. As noted above, short-range fighter aircraft and anti-aircraft missiles can be used to cover an attack. And, unlike forts, they can advance with the troops. Still, their inability to reach deep into enemy territory does make them more useful for the defense than for the offense. Thus, the United States and Israel would have been more alarmed in the early 1970s had the Russians provided the Egyptians with long-range instead of short-range aircraft. Naval forces are particularly difficult to classify in these terms, but those that are very short-legged can be used only for coastal defense.

Any forces that for various reasons fight well only when on their own soil in effect lack mobility and therefore are defensive. The most extreme example would be passive resistance. Noncooperation can thwart an aggressor, but it is very hard for large numbers of people to cross the border and stage a sit-in on another's territory. Morocco's recent march on the Spanish Sahara approached this tactic, but its success depended on special circumstances. Similarly, guerrilla warfare is defensive to the extent to which it requires civilian support that is likely to be forthcoming only in opposition to a foreign invasion. Indeed, if guerrilla warfare were easily exportable and if it took ten defenders to destroy each guerrilla, then this weapon would not only be one which could be used as easily to attack the other's territory as to defend one's own, but one in which the offense had the advantage: so the security dilemma would operate especially strongly.

If guerrillas are unable to fight on foreign soil, other kinds of armies may be unwilling to do so. An army imbued with the idea that only defensive wars were just

would fight less effectively, if at all, if the goal were conquest. Citizen militias may lack both the ability and the will for aggression. The weapons employed, the short term of service, the time required for mobilization, and the spirit of repelling attacks on the home-land, all lend themselves much more to defense than to attacks on foreign territory.³⁸

Less idealistic motives can produce the same result. A leading student of medieval warfare has described the armies of that period as follows: "Assembled with difficulty, insubordinate, unable to maneuver, ready to melt away from its standard the moment that its short period of service was over, a feudal force presented an assemblage of unsoldierlike qualities such as have seldom been known to coexist. Primarily intended to defend its own borders from the Magyar, the Norman, or the Saracen... the institution was utterly undadaped to take the offensive."³⁹ Some political groupings can be similarly described. International conditions are more readily held together by hope of gain. Thus Castlereagh was not being entirely self-serving when in 1816 he argued that the Quadruple Alliance "could only have owed its origin to a sense of common danger; in its very nature it must be conservative; it cannot threaten either the security or the liberties of other States."⁴⁰ It is no accident that most of the major campaigns of expansion have been waged by one dominant nation (for example, Napoleon's France and Hitler's Germany), and that conditions among relative equals are usually found defending the status quo. Most gains from conquest are too uncertain and raise too many questions of future squabbles among the victors to hold an alliance together for long. Although defensive conditions are by no means easy to maintain—conflicting national objectives and the free-rider problem partly explain why three of them dissolved before Napoleon was defeated—the common interest of seeing that no state dominates provides a strong incentive for solidarity.

Weapons that are particularly effective in reducing fortifications and barriers are of great value to the offense. This is not to deny that a defensive power will want some of those weapons if the other side has them. Brodie is certainly correct to argue that while their tanks allowed the Germans to conquer France, properly used French tanks could have halted the attack. But France would not have needed these weapons if Germany had not acquired them, whereas even if France had no tanks, Germany could not have forgone them since they provided the only chance of breaking through the French lines. Mobile heavy artillery is, similarly, especially useful in destroying fortifications. The defender, while needing artillery to fight off attacking troops or to counterattack, can usually use lighter guns since they do not need to penetrate such massive obstacles. So it is not surprising that one of the few things that most nations at the interwar disarmament conferences were able to agree on was that heavy tanks and mobile heavy guns were particularly valuable to a state planning an attack.⁴¹

Weapons and strategies that depend for their effectiveness on surprise are almost always offensive. That fact was recognized by some of the delegates to the interwar disarmament conferences and is the principle behind the common national ban on concealed weapons. An earlier representative of this widespread view was the

Knives, dirks, and sword canes are entirely useless. They are fit only for attack, and all such attacks are of murderous character. Whoever carries such a weapon has prepared himself for homicide."⁴²

It is, of course, not always possible to distinguish between forces that are most effective for holding territory and forces optimally designed for taking it. Such a distinction could not have been made for the strategies and weapons in Europe during most of the period between the Franco-Prussian War and World War I. Neither naval forces nor tactical air forces can be readily classified in these terms. At the point here is that when such a distinction is possible, the central characteristic of the security dilemma no longer holds, and one of the most troublesome consequences of anarchy is removed.

Offense-Defense Differentiation and Strategic Nuclear Weapons. In the interwar period, most statesmen held the reasonable position that weapons that threatened civilians were offensive.⁴³ But when neither side can protect its civilians, a counter-city posture is defensive because the state can credibly threaten to retaliate only in response to an attack on itself or its closest allies. The costs of this strike are so high that the state could not threaten to use it for the less-than-vital interests of compelling the other to abandon an established position.

In the context of deterrence, offensive weapons are those that provide defense. In the now familiar reversal of common sense, the state that could take its population out of hostage, either by active or passive defense or by destroying the other's strategic weapons on the ground, would be able to alter the status quo. The desire to prevent such a situation was one of the rationales for the anti-ABM agreements; it explains why some arms controllers opposed building ABMs to protect cities, but favored sites that covered ICBM fields. Similarly, many analysts want to limit warhead accuracy and favor multiple re-entry vehicles (MIRVs). The former are more useful than presently targetable re-entry vehicles (MRVs), but oppose multiple independence warheads for penetrating city defenses, and ensure that the state has a single warheads for penetrating city defenses, and therefore do not want second-strike capability. MIRVs enhance counterforce capabilities. Some arms controllers argue that this is also true of cruise missiles, and therefore do not want them to be deployed either. There is some evidence that the Russians are not satisfied with deterrence and are seeking to regain the capability for defense. Such an effort, even if not inspired by aggressive designs, would create a severe security dilemma.

What is most important for the argument here is that land-based ICBMs are both offensive and defensive, but when both sides rely on Polaris-type systems (SLBMs), offense and defense use different weapons. ICBMs can be used either to destroy the other's cities in retaliation or to instigate hostilities by attacking the other's strategic missiles. Some measures—for instance, hardening of missile sites and warning systems—are purely defensive, since they do not make a first strike easier. Others are predominantly offensive—for instance, passive or active city defenses, and high-accuracy warheads. But ICBMs themselves are useful for both purposes. An accurate warhead, because states seek a high level of insurance, the desire for protection as well as the contemplation of a counterforce strike can explain the acquisition of extremely large

military posture. Each side's efforts to increase its own security by procuring more missiles decreases, to an extent determined by the relative efficacy of the offense and the defense, the other side's security. That is not the case when both sides use SLBMs. The point is not that sea-based systems are less vulnerable than land-based ones (this bears on the offense-defense ratio) but that SLBMs are defensive, retaliatory weapons. First, they are probably not accurate enough to destroy many military targets.⁶ Second, and more important, SLBMs are not the main instrument of attack against other SLBMs. The hardest problem confronting a state that wants to take its cities out of hostage is to locate the other's SLBMs, a job that requires not SLBMs but anti-submarine weapons. A state might use SLBMs to attack the other's submarines (although other weapons would probably be more efficient), but without anti-submarine warfare (ASW) capability the task cannot be performed. A status-quo state that wanted to forego offensive capability could simply forego ASW research and procurement.

There are two difficulties with this argument, however. First, since the state's SLBMs are potentially threatened by the other's ASW capabilities, the state may want to pursue ASW research in order to know what the other might be able to do and to design defenses. Unless it does this, it cannot be confident that its submarines are safe. Second, because some submarines are designed to attack surface ships, not launch missiles, ASW forces have missions other than taking cities out of hostage. Some U.S. officials plan for a long war in Europe which would require keeping the sea lanes open against Russian submarines. Designing an ASW force and strategy that would meet this threat without endangering Soviet SLBMs would be difficult but not impossible, since the two missions are somewhat different.⁶ Furthermore, the Russians do not need ASW forces to combat submarines carrying out conventional missions; it might be in America's interest to sacrifice the ability to meet a threat that is not likely to materialize in order to reassure the Russians that we are not menacing their retaliatory capability.

When both sides rely on ICBMs, one side's missiles can attack the other's, and so the state cannot be indifferent to the other's building program. But because one side's SLBMs do not menace the other's, each side can build as many as it wants and the other need not respond. Each side's decision on the size of its force depends on technical questions, its judgment about how much destruction is enough to deter, and the amount of insurance it is willing to pay for—and these considerations are independent of the size of the other's strategic force. Thus the crucial nexus in the arms race is severed.

Here two objections not only can be raised but have been, by those who feel that even if American second-strike capability is in no danger, the United States must respond to a Soviet buildup. First, the relative numbers of missiles and warheads may be used as an index of each side's power and will. Even if there is no military need to increase American arms as the Russians increase theirs, a failure to respond may lead third parties to think that the U.S. has abandoned the competition with the U.S.S.R. and is no longer willing to pay the price of world leadership. Furthermore, if either side believes that nuclear "superiority" matters, then, through the bargaining logic, it will matter. The side with "superiority" will be more likely to stand firm in a

confrontation if it thinks its "stronger" military position helps it, or if it thinks that the other thinks its own "weaker" military position is a handicap. To allow the other side to have more SLBMs—even if one's own second-strike capability is unimpaired—will give the other an advantage that can be translated into political gains.

The second objection is that superiority does matter, and not only because of mistaken beliefs. If nuclear weapons are used in an all-or-none fashion, then all that is needed is second-strike capability. But limited, gradual, and controlled strikes are possible. If the other side has superiority, it can reduce the state's forces by a slow-motion war of attrition. For the state to strike at the other's cities would invite retaliation; for it to reply with a limited counterforce attack would further deplete its supply of missiles. Alternatively, the other could employ demonstration attacks—such as taking out an isolated military base or exploding a warhead high over a city—in order to demonstrate its resolve. In either of these scenarios, the state will suffer unless it matches the other's arms posture.⁶

These two objections, if valid, mean that even with SLBMs one cannot distinguish offensive from defensive strategic nuclear weapons. Compellence may be more difficult than deterrence.⁶ But if decision makers believe that numbers of missiles or of warheads influence outcomes, or if these weapons can be used in limited manner, then the posture and policy that would be needed for self-protection is similar to that useful for aggression. If the second objection has merit, security would require the ability to hit selected targets on the other side, enough ammunition to wage a controlled counterforce war, and the willingness to absorb limited countervalue strikes. Secretary Schlesinger was correct in arguing that this capability would not constitute a first-strike capability. But because the "Schlesinger Doctrine" could be used not only to cope with a parallel Russian policy, but also to support an American attempt to change the status quo, the new American stance would decrease Russian security. Even if the U.S.S.R. were measured that the present U.S. Government lacked the desire or courage to do this, there could be no guarantee that future governments would not use the new instruments for expansion. Once we move away from the simple idea that nuclear weapons can only be used for all-out strikes, half the advantage of having both sides rely on a sea-based force would disappear because of the lack of an offensive-defensive differentiation. To the extent that military policy affects political relations, it would be harder for the United States and the Soviet Union to cooperate even if both supported the status quo.

Although a full exploration of these questions is beyond the scope of this paper, it should be noted that the objections rest on decision makers' beliefs—beliefs, furthermore, that can be strongly influenced by American policy and American statements. The perceptions of third nations of whether the details of the nuclear balance affect political conflicts—and, to a lesser extent, Russian beliefs about whether superiority is meaningful—are largely derived from the American strategic debate. If most American spokesmen were to take the position that a secure second-strike capability would be sufficient and the increments over that (short of a first-strike capability) would only be a waste of money, it is doubtful whether America's allies or the neutrals would judge the superpowers' useful military might or political will by the size of their

that marginal increases in strategic forces bring political gains; any attempt to do so could be rendered less effective by an American assertion that this is nonsense. The bargaining advantages of possessing nuclear "superiority" work best when both sides acknowledge them. If the "weaker" side convinces the other that it does not believe there is any meaningful difference in strength, then the "stronger" side cannot safely stand firm because there is no increased chance that the other will back down.

This kind of argument applies at least as strongly to the second objection. Neither side can employ limited nuclear options unless it is quite confident that the other accepts the rules of the game. For if the other believes that nuclear war cannot be controlled, it will either refrain from responding—which would be fine—or launch all-out retaliation. Although a state might be ready to engage in limited nuclear war without acknowledging this possibility—and indeed, that would be a reasonable policy for the United States—it is not likely that the other would have sufficient faith in that prospect to initiate limited strikes unless the state had openly avowed its willingness to fight this kind of war. So the United States, by patiently and consistently explaining that it considers such ideas to be mad and that any nuclear wars will inevitably get out of control, could gain a large measure of protection against the danger that the Soviet Union might seek to employ a "Schlesinger Doctrine" against an America that lacked the military ability or political will to respond in kind. Such a position is made more convincing by the inherent implausibility of the arguments for the possibility of a limited nuclear war.

In summary, as long as states believe that all that is needed is second-strike capability, then the differentiation between offensive and defensive forces that is provided by reliance on SLBMs allows each side to increase its security without menacing the other, permits some inferences about intentions to be drawn from military posture, and removes the main incentive for status-quo powers to engage in arms races.

Four Worlds

The two variables we have been discussing—whether the offense or the defense has the advantage, and whether offensive postures can be distinguished from defensive ones—can be combined to yield four possible worlds.

The first world is the worst for status-quo states. There is no way to get security without menacing others, and security through defense is terribly difficult to obtain. Because offensive and defensive postures are the same, status-quo states acquire the same kind of arms that are sought by aggressors. And because the offense has the advantage over the defense, attacking is the best route to protecting what you have; status-quo states will therefore behave like aggressors. The situation will be unstable; arms races are likely. Incentives to strike first will turn crises into wars. Decisive Armies races are likely. Incentives to strike first will grow and shrink rapidly, and it will be hard for any state to maintain its size and influence without trying to increase them. Cooperation among status-quo powers will be extremely hard to achieve.

OFFENSE HAS THE ADVANTAGE

OFFENSIVE POSTURE
NOT DISTINGUISHABLE
FROM DEFENSIVE ONE

	1	2
Doubly dangerous	3	Doubly stable
No security dilemma, but status-quo states can follow different policy than aggressors. Warning given.		4

OFFENSIVE POSTURE
DISTINGUISHABLE
FROM DEFENSIVE ONE

respects natural allies, ended up as enemies. Of course much of the explanation is Germany's ill-chosen policy. And from the perspective of our theory, the possibility to avoid war in a series of earlier crises cannot be easily explained. Nevertheless, much of the behavior in this period was the product of technology and belief magnified the security dilemma. Decision makers thought that the offense had advantage and saw little difference between offensive and defensive military postures. And once war seemed likely, mobilization was created powerful incentives to strike first.

In the nuclear era, the first world would be one in which each side retains vulnerable weapons that were aimed at similar forces and each side understood situation. In this case, the incentives to strike first would be very high—to hit the status-quo powers as well as aggressors would be sorely tempted to pre-empt since the forces could be used to change the status quo as well as to preserve it would be no way for both sides to increase their security simultaneously. Not familiar logic of deterrence leads both sides to see the dangers in this world. In the era was understood of this situation was one reason why vulnerable bombs missiles were replaced. Ironically, the 1950s would have been more hazardous decision makers had been aware of the dangers of their posture and had therefore greater pressure to strike first. This situation could be recreated if both sides rely on MIRVed ICBMs.

In the second world, the security dilemma operates because offensive and defensive postures cannot be distinguished; but it does not operate as strongly as in the first world because the defense has the advantage, and so an incentive in our theory to increase its security more than it decreases the other's. So, if both sides have strong subjective security requirements, are of roughly equal power, and reasonable defensive carrier are favorable, it is quite likely that status-quo states will adopt compatible security policies. Although a state will not be able to justify other's intentions from the kinds of weapons it procures, the level of arms will give important evidence. Of course a state that seeks a high level of arms will give important evidence. Of course a state that seeks a high level of arms will give

and if confronted will reply in kind. To assume that the apparently excessive level of arms indicates aggressiveness could therefore lead to a response that would deepen the dilemma and create needless conflict. But empathy and skillful statesmanship can reduce this danger. Furthermore, the advantageous position of the defense means that a status-quo state can often maintain a high degree of security with a level of arms lower than that of its expected adversary. Such a state demonstrates that it lacks the ability or desire to alter the status quo, at least at the present time. The strength of the defense also allows states to react slowly and with restraint when they fear that others are menacing them. So, although status-quo powers will to some extent be threatening to others, that extent will be limited.

This world is the one that comes closest to matching most periods in history. Attacking is usually harder than defending because of the strength of fortifications and obstacles. But purely defensive postures are rarely possible because fortifications are usually supplemented by armies and mobile guns which can support an attack. In the nuclear era, this world would be one in which both sides relied on relatively invulnerable ICBMs and believed that limited nuclear war was impossible. Assuming no MIRVs, it would take more than one attacking missile to destroy one of the adversary's. Pre-emption is therefore unattractive. If both sides have large inventories, they can ignore all but drastic increases on the other side. A world of either ICBMs or SLBMs in which both sides adopted the "Schlesinger Doctrine" would probably fit in this category too. The means of preserving the status quo would also be the means of changing it, as we discussed earlier. And the defense usually would have the advantage because compellence is more difficult than deterrence. Although a state might succeed in changing the status quo on issues that matter much more to it than to others, status-quo powers could deter major provocations under most circumstances.

In the third world there may be no security dilemma, but there are security problems. Because states can procure defensive systems that do not threaten others, the dilemma need not operate. But because the offense has the advantage, aggression is possible, and perhaps easy. If the offense has less of an advantage, stability and cooperation are likely because the status-quo states will procure defensive forces. They need not react to others who are similarly armed, but can wait for the warning they would receive if others started to deploy offensive weapons. But each state will have to watch the others carefully, and there is room for false suspicions. The costliness of the defense and the allure of the offense can lead to unnecessary mistrust, hostility, and war, unless some of the variables discussed earlier are operating to restrain defection.

A hypothetical nuclear world that would fit this description would be one in which both sides relied on SLBMs, but in which ASW techniques were very effective. Offense and defense would be different, but the former would have the advantage. This situation is not likely to occur; but if it did, a status-quo state could show its lack of desire to exploit the other by refraining from threatening its submarines. The desire to have more protecting you than merely the other side's fear of retaliation is a strong one, however, and a state that knows that it would not expand even if its cities were safe is likely to believe that the other would not feel threatened by its ASW program.

It is easy to see how such a world could become unstable, and how spirals of tensions and conflict could develop.

The fourth world is doubtfully safe. The differentiation between offensive and defensive systems permits a way out of the security dilemma; the advantage of the defense disposes of the problems discussed in the previous paragraphs. There is no reason for a status-quo power to be tempted to procure offensive forces, and aggressors give notice of their intentions by the posture they adopt. Indeed, if the advantage of the defense is great enough, there are no security problems. The loss of the ultimate form of the power to alter the status quo would allow greater scope for the exercise of nonmilitary means and probably would tend to freeze the distribution of values.

This world would have existed in the first decade of the 20th century if the decision makers had understood the available technology. In that case, the European powers would have followed different policies both in the long run and in the summer of 1914. Even Germany, facing powerful enemies on both sides, could have made herself secure by developing strong defenses. France could also have made her frontier almost impregnable. Furthermore, when crises arose, no one would have had incentives to strike first. There would have been no competitive mobilization races reducing the time available for negotiations.

In the nuclear era, this world would be one in which the superpowers relied on SLBMs. ASW technology was not up to its task, and limited nuclear options were not taken seriously. We have discussed this situation earlier; here we need only add that, even if our analysis is correct and even if the policies and postures of both sides were to move in this direction, the problem of violence below the nuclear threshold would remain. On issues other than defense of the homeland, there would still be security dilemmas and security problems. But the world would nevertheless be safer than it has usually been.

Notes

1. That, when Wolfers argues that a status-quo state that settles for rough equality of power with its adversary, rather than seeking preponderance, may be able to convince the other to reciprocate by showing that it wants only to protect itself, not menace the other, he assumes that the defense has no advantage. See Arnold Wolfers, *Discord and Collaboration* (Baltimore: Johns Hopkins Press, 1962), p. 114.
2. Thomas Schelling, *The Strategy of Conflict* (New York: Oxford University Press, 1963), chap. 9, see p. 144.
3. Quoted in Fritz Fischer, *War of Illusions* (New York: Norton, 1975), 371, 461.
4. George Quester, *Offense and Defense in the International System* (New York: John Wiley, 1977), 105-06.
5. Herman Kahn, *On Thermonuclear War* (Princeton: Princeton University Press, 1960), p.211 (also see p. 144).
6. For a general discussion of such mistaken learning from the past, see Jerrold J. Perle, *Perception and Misperception in International Relations* (Princeton: Princeton University Press, 1976), chap. 6. The importance and still not completely understood question of why this belief formed a and was maintained throughout the war is treated in Bernard Brodie, *War and Politics* (New York: Macmillan, 1973), 262-70; Brodie, "Technological Change, Strategic Doctrine, and Political Outcome," *Journal of American Studies*, 10 (1976), 1-14; and Kenneth A. Culbertson, *The Strategic Problem* (Lawrence: University Press of Kansas, 1976), 290-92 and Douglas Porch, "The French Army and the Spirit of the Offensive,"

- 1900-14." In Brian Bond and Ian Roy, eds., *War and Society* (New York: Holmes & Meier, 1975), 117-43.
7. Some were not so optimistic. Grey's remark is well-known: "The lamps are going out all over Europe; we shall not see them lit again in our life-time." The German Prime Minister, Bethmann, also feared the consequences of the war. But the controlling view was that it would certainly pay for the winner.
8. Quoted in Martin Gilbert, *Wilson vs. Churchill*, III, *The Challenge of War, 1914-1918* (Boston: Houghton Mifflin, 1971), 84.
9. Quetter (fn. 4), 98-99; Robert A. *The Influence of Foreign Policy on Secession*; II (Berkeley: Hills Sage Professional Papers in International Studies Series, 1973), 14-18, 20-22.
10. Konrad Jarausch, "The Illusion of Limited War: Chancellor Bethmann Hollweg's Calculated Risk, July 1914," *German European History*, II (March 1969), 50.
11. Brodie, *War and Politics* (New York: Macmillan, 1973), 58.
12. President Roosevelt and the American delegates to the League of Nations Disarmament Conference maintained that the tank and mobile heavy artillery had reestablished the dominance of the offensive, thus making disarmament more urgent (Marion Boggs, *Attempts to Delay and Limit "Aggressive" Armaments in Diplomacy and Strategy* [Columbia: University of Missouri Studies, XVI, No. 1, April 1941], pp. 31, 108), but this was a minority position and may not even have been pursued by the Americans. The reduced prestige and influence of the military, and the high pressures to cut government spending throughout the period also contributed to the lowering of defense budgets.
13. *Hitler Wins: The Defeat of Britain* (New York: Stein, 1968); Nicholas Weymouth Bethell, *The War Hitler Won: The Defeat of Poland, September 1939* (New York: Holt, 1972); John Chazanoff and Richard Rosecrance, "Disarmament in 1939," *World Politics*, XXXIX (April 1972), 404-24.
14. Rodrick Mackay and Denis Kelly, eds., *Time Expired: The Frontiers Crisis, 1917-1940* (New York: McKay, 1962), 173.
15. For a short time, as France was falling, the British Cabinet did discuss treating a negotiated peace with Hitler. The official history downplays this, but it is covered in F. V. H. Bell, *A Certain Emancipation* (Farnborough, England: Saxon House, 1974), 40-48.
16. Macleod and Kelly (fn. 14), 17. In fact, contradiction to common sense and almost everything they believed about modern warfare, the Allies planned an expedition on Scandinavia to cut the supply of iron ore to Germany and to aid Finland against the Russians. But the dominant mood was the one described above.
17. Brodie (fn. 11), 179.
18. Arthur Bullock, "Memorandum," Committee on Imperial Defense, April 30, 1903, pp. 2-3; see the arguments by Sir Arthur Nicolson, in P. Goodrich and Harold Temperley, eds., *British Documents on the Origins of the War*, Vol. 4 (London: H. M. S. O., 1929), 429-52. These letters do not present the passage of long-range aircraft, but even in the air, distance usually aids the defender.
19. See, for example, the discussion of verification in Chance, with John H. Stewart Co., "The Chinese Warlord System as an International System," in Morton Kaplan, ed., *New Approaches to International Relations* (New York: St. Martin's, 1968), 405-25.
20. Some American decision makers, including military officers, thought that the best way out of the dilemma was to abandon the Philippines.
21. Quoted in Eling Horton, *Torpedo and Tradition: A Study of the Life and Times of Henry L. Simon* (Boston: Houghton Mifflin, 1960), 326.
22. The U.S. refused to consider limitations on Hawaiian defense, since these would pose no threats to Japan. William Bradford, *The United States Navy at the Pacific, 1899-1922* (Austin: University of Texas Press, 1971), 612.
23. That is part of the reason why the Japanese admirals strongly objected when the civilian leaders decided to accept a seven-year and no lighter cash in 1930. Stephen Paul, *Raise or Fossil Healer* (Cambridge: Harvard University Press, 1974), 3.
24. John N. G. White and Homer Ferguson (New York: Norton, 1963), 185. Also see fn. 23, 262-63, and 323; C. N. Oman, *The Art of War in the Middle Ages* (Ithaca, N. Y.: Cornell University Press, 1953), 70-72; John Buse, *Wages of War* (London, N. Y.: Cornell University Press, 1970), 197-212; Michael Howard, *War in European History* (London: Oxford University Press, 1976), 31-37.
25. Quincy Wright, *A Study of War* (Chicago, ed.; Chicago: University of Chicago Press, 1964), 142. Also see 63-70, 1-72. There are important exceptions to these generalizations—the American Civil War, for instance, 1861-1865. The great importance of these generalizations to the American Civil

26. Geoffrey Kemp, Robert Patzigoff, and Uri Ravnitzky, eds., *The Other Arms Race* (Lexington, MA: D. C. Heath, 1972); James Foster, "The Future of Conventional Arms Control," *Policy Perspectives* (Spring 1972), 1-19.
27. Richard Chalker, *Admirals, Generals, and American Foreign Policy, 1899-1914* (Ithaca: Cornell University Press, 1973), 271. Gray to Nicholson in Goodrich and Temperley (fn. 18), 4.
28. Quoted in James Grosvenor, *Japan's Quest for Mastery in the Pacific* (Princeton: Princeton University Press, 1966). American war officers agreed with the Japanese that a ten-to-six ratio would end Japan's superiority in the home waters.
29. E. L. Woodward and R. Bruce Edger, *Documents on British Foreign Policy, 1919-1928*, Third Series (London: H. M. S. O., 1940), 526.
30. Jervis (fn. 6), 69-72, 352-53.
31. Quoted in Mervin Taylor, *The United States and Armaments* (Cambridge: Harvard University Press, 1948), 108.
32. Boggs (fn. 12), 15, 40.
33. Kenneth Hagan, *American Gunboat Diplomacy and the Old Navy, 1877-1889* (Westport, CT: Greenwood Press, 1973), 20.
34. Winton Churchill, *The Gathering Storm* (Boston: Houghton, 1948), 306.
35. Boggs (fn. 12), 42, 83. For a good argument about the possible differentiation between offensive defensive weapons in the 1930s, see Hans Liddell Hart, "Aggression and the Problem of Weapons," *English Review*, Vol. 55 (July 1952), 71-78.
36. Quoted in Boggs (fn. 12), 39.
37. On these grounds, the Germans claimed in 1932 that the French forts were offensive (ibid.). Similarly, fortified forward naval bases can be necessary for launching an attack; see Brannan (fn. 14), 543.
38. The French made this argument in the interwar period; see Richard Chalker, *The French in the Aegean in Arms* (New York: Columbia University Press, 1955), 181-82. The Germans did so as well; see Boggs (fn. 12), 44-45.
39. Quoted in Charles Webster, *The Foreign Policy of Castlereagh, 1815-1822* (London: G. B. Sells, 1963), 910.
40. Oman (fn. 24), 57-58.
41. Quoted in Philip Jordan, *Frontier Law and Order* (Lincoln: University of Nebraska Press, 1980), 16-17.
42. Boggs (fn. 12), 47-48, 60.
43. Quoted in Philip Jordan, *Frontier Law and Order* (Lincoln: University of Nebraska Press, 1980), 16-17.
44. Boggs (fn. 12), 20, 22.
45. See, however, Desmond Ball, "The Counterforce Potential of American SLBM Systems," *Journal of Peace Research*, XIV (No. 1, 1977), 23-40.
46. Richard Garwin, "Anti-Submarine Warfare and National Security," *Scientific American*, Vol. 176 (July 1972), 14-25.
47. The latter scenario, however, does not require that the state closely match the number of missiles other deploys.
48. Thomas Schelling, *Arms and Influence* (New Haven: Yale University Press, 1966), 69-76. Schelling argues are not entirely convincing, however. For further discussion, see Jervis, "Deterrence Theory Re-Vindicated," Working Paper No. 14, UCLA Program in Arms Control and International Security.

The Global Possibilities, 1990-2025 Immanuel Wallerstein

In the light of the patterns of the world-system that we have analysed for the years 1945-90, what can we plausibly expect of our present/future, 1990-2025? Formally, there are only two real possibilities. One is that the world-system will continue to function more or less in the ways that it has been functioning for five centuries now, throughout its life, as a capitalist world-economy, with to be sure the constant necessary adjustments to the machinery of the system. This would mean, in terms of the cycles that we have been analysing in this work, that the Kondratieff cycle would turn upwards again, and that the longer hegemonic cycle would begin again its path of reconstruction. The world-system might be different in many ways, but essentially it would remain a capitalist world-economy, based on an axial division of labour, unequal exchange, and an interstate system.

The second possibility is that those new phenomena which began to be noticeable in the 1970s, but which we argued could not be analysed as being simply the reflections either of a normal Kondratieff B-cycle or of the beginning of a hegemonic decline, prove sufficiently important and massive that it becomes no longer reasonable to expect that the system will continue more or less in the same manner, with merely some adjustments. In this case, we would rather expect the burgeoning of a systemic crisis or bifurcation, which would manifest itself as a period of systemic chaos, the outcome of which would be uncertain. The basic methodology we shall use is very simple. We shall assemble the arguments that might be made for the second hypothesis, that of systemic crisis. If the arguments we put forward do not seem plausible or convincing, then the first alternative, the normal continuance of the system, would be upheld, and it therefore will not be necessary to argue it separately.

It may be useful to distinguish in this analysis the 1990s from the period 2000-2025. We are already living in the 1990s. It seems clear that this is the final subperiod of the Kondratieff B-phase in which the world-economy has been since 1967/73. It is now widely asserted in the media and in political discourse that the 1990s are a period of 'recession'. This is, of course, *no more* true than it has been for two decades now. But since the final years of a B-phase are often the worst in terms of unemployment and general belt-tightening, it is harder for commentators to deny the reality of the worldwide 'recession', a denial in which the powers that be indulged themselves during the 1970s and the 1980s.

We may possibly, but not certainly, have a dramatic 'crash' of prices soon. This is simply one way (but not the only way) to clear the decks of the weakest economic performers in a period of stagnation, to prepare the way for a fresh expansion of the world-economy. We may also witness an acute increase in social unrest. It is normal that, in the early years of a Kondratieff B-phase, the working classes tend to be conciliatory in the hopes of retaining their jobs in a threatened job market. But in the later years, the advantages of further conciliation pale by comparison with the threat to their already lowered standard of living, and greater militancy is a normal response. While more intense class struggle is a rational response (rational in that it speaks directly to the problem at hand), such moments also see the intensification of less 'rational' inter-ethnic struggle, in response to the sense many people have of being threatened by the economic squeeze ever more immediately. It is no different this time: in the 1990s we are seeing an increase (by comparison with earlier moments in the post-1945 period) of both class struggles and inter-ethnic struggles around the world.

The coincidence of a Kondratieff B-phase with the beginning of hegemonic decline poses special problems for great powers, especially for those that are located in the core zone. Their internal equilibrium is much more shaky than usual, and fear of social unrest at home becomes the compelling priority. They also know that the possibility of doing well in the expansion of the prospective A-phase depends on their ability to be competitive in one particular subfield of world production, that of the new leading products. This, too, leads these states to turn inward, in search of formulas that will reward the workforce in these new product areas while remaining very prudent about concessions to the working classes in what are considered outdated areas of production. If such a period coincides with the culminating phase of a long struggle for hegemonic supremacy, it can lead to world war. But if it is at only the beginning of such a struggle for hegemony, as we are

now, the combination of the two internal concerns leads these powers instead to be quite cautious in the international arena. The utilization of threats of force, implying sending troops outside the national frontiers, risks social explosion at home, given a situation of pre-existing social unrest. Geopolitically, such a situation can be rather paralyzing, and this is precisely what we are seeing in the 1990s - in Bosnia, in Somalia, in Haiti, in Korea, and elsewhere.

To be sure, the situation of the 1990s would normally be quite transitory. At some point, probably ± 2000 , there should be an economic upturn. There will have been enough 'cleaning-out' of unprofitable productive enterprises worldwide, enough elimination of accumulated rent situations, and enough innovations in the prospective new leading industries, plus enough restoration worldwide of global demand through a combination of new proletarianizations and the increase in social benefits acquired as a result of the renewed class struggles, such that there will once again be an adequate basis for an expansionary momentum in the world-economy. Not only is this a normal expectation, but there is little reason to think that it will not occur this time too.

Thus, at one level we may expect the normal continuance of the patterns of the world-system. The question is how this ongoing pattern will be affected by interact with, the new elements of which we have been speaking. We shall analyse the mixture in terms of the same six vectors we used to analyse the period 1945-90: the interstate system, world production, the world labour force, world human welfare, the social cohesion of the states, and the structures of knowledge.

It is now a commonplace observation that, given the relative decline of US economic strength, the world-system has become triadic, by which is meant that there are now three loci, or central nodes, around which economic activity is organized, and that the three are sufficiently complementary with each other - that is, near enough in the prices at which they can supply major products on the world market - that none of the three, now or in the immediate future, will be able easily to outdistance the others. This triadic distribution has been discussed primarily as an economic phenomenon, and of course this is the heart of its existing reality. But such a triadic distribution of economic strength cannot fail to have geopolitical implications.

The end of the Cold War has made archaic all institutions that had their origins in the Cold War. This is the basic problem of NATO. It is the object of lavish rhetorical support while at the same time it has been given in fact a relatively minor role to play in the post-1989 geopolitical arena. In short, it is being treated by the great powers in the

way we have observed them acting for almost fifty years towards the United Nations, as a secondary adjunct.

The USA remains in the 1990s by far the strongest military power in the world, a *fortiori* given the collapse of the USSR. But it is a power whose force is on the wane, given the decline in its internal financial base and its internal legitimacy. On the contrary, it is most probable that each of the other potentially major military powers in the world - the European Community, Japan, Russia and China - will, in the twenty-five years to come, become stronger than they are in the 1990s. Furthermore, it is quite clear that nuclear weapons are no longer technically out of the reach of the so-called middle powers. Who among them already has such weapons, who will have them soon, who will only have them twenty-five years from now is a matter of considerable debate, but nuclear proliferation is already occurring. How fast things move is a function of how much the USA can and will still invest in rearguard manoeuvres against this proliferation. It is hard to believe that by 2025 there will not be at least several dozen states who will have nuclear weapons at their disposal. There is in addition the present reality and prospective spread of chemical and bacteriological weapons, which are inherently more difficult to monitor than nuclear weapons.

Thus, it is scarcely adventurous to put forward the picture of a world-system in which there will be widespread diffusion of significant military power without the comforting concentration of this power in two efficient (and mutually restraining) command posts such as existed in the world-system during the Cold War. The absence of such command-posts opens up three major possibilities, all of which may occur: a proliferation of 'minor' wars that will be relatively unchecked; the possibility that multiple forces in the South, coincidentally or conjointly, will deliberately engage in military challenges to the North; and a difficult search in the North for new alliance patterns in the hope of stabilizing the interstate system.

The ability of the North to contain a military disintegration of the world-system would depend on the degree to which the so-called major powers could in fact re-create stabilizing alliances. This is, of course, what is being discussed under the heading of 'finding a new role for NATO'. The likelihood of this depends, however, on the current struggle over the creation of new quasi-monopolies in world production. It is this struggle that will determine the ability of each of the three triadic nodes to retain and augment their overall economic strength and consequently their ability to accumulate capital and to sustain and improve their national standards of living.

During the Kondratieff A-phase, the competition between the three

nodes will be acute, each trying to secure a sufficient economic edge such that it can 'lock in' some technological advantage, and thus achieve the rents deriving *de facto* from middle-term monopolies. It is in part a battle over concentrating the key patents which will bring in their wake high profit margins. If the three nodes are not too far apart as of the 1990s, it is not likely that they will remain in this relative equilibrium in the period 2000-2025. One of them will probably pull ahead, as has happened so regularly in past competitions of this sort.

The economic competition poses two sorts of problem. The TNCs which are located primarily in the one node or the other are individually, and also in collusion with fellow-national TNCs, seeking optimal arrangements to pursue their ability to accumulate capital. This requires the making of inter-enterprise alliances and it requires as well support from their state machineries. The fact that there are three nodes and not two means that the structure is unstable. As the competitive battle goes on, it will be tempting to try to reduce the triad to a dyad, since in this case the two of the three that link up will have a clear advantage over the third. On the other hand, any struggle to reduce the triad to a dyad will exacerbate the latent tensions among them, and make it more difficult for the governments to reach accord on a common front of the North *vis-à-vis* the incipient military challenges from the South.

The manoeuvring by TNCs is already going on, and no clear pattern has yet emerged. In the effort to secure control of the new leading products - microcomputers, biotechnology, metals that permit superconductivity, multimedia informatics, waste management, and so on - the USA has the advantage of the largest existing markets but the disadvantage of structures of production that are less than maximally efficient with an overextended, indeed bloated, network of middle-management cadres. Japan is in virtually the opposite situation: relatively efficient overall structures of production (including, of course, the whole system of subcontracting) with insufficient internal markets to absorb the production. Western Europe seems to fall in between on both criteria. Of course, governments and the TNCs are aware of these differences, and have been moving to reduce the negatives. But this is more easily said than done.

Like teams preparing for the big contest, the three nodes have been assembling their forces. This has taken the form of constructing regional networks which are potentially, but not yet actually, protectionist redoubts. The European Community is an entity of approximately the same weight as the USA and Japan, or perhaps the USA plus Canada and Japan plus the so-called four dragons. Each of the three has been moving to expand its node by including some countries that are lower-

cost production zones in a privileged relationship; Mexico for the U.A. (NAFTA), parts of Southeast Asia for Japan, possibly east-central Europe for Western Europe.

In this situation, the result of any struggle to reduce the triad to a dyad is more likely to see Japan and the United States coming together than either of them with Europe. The reasons are not primarily economic, since economically any of the three combinations could probably work about equally well. The reasons are more broadly political and cultural.

First of all, there is what may be called the special positions of China and Russia. These two countries combine present and potential military and political weight with large populations who are very eager and ready to serve both as an import market and as a source of cheap labour for world production. There are, of course, other countries that have the second characteristic, but it is the combination of the two features that gives them their special position, and considerable bargaining power. Including China or Russia in one or another of the nodes will constitute a major prize in the struggle for primacy. Japan clearly wishes to include China in its node, but for historical reasons will find it difficult to do this; it would be easier for both Japan and China if the USA were to join them in a three-legged alliance. Europe has little to offer China but much to offer Russia, and will work hard to bring Russia within its node. Russia might be interested in a link with the USA, but it is unclear that the USA would have the political and economic energy to develop such relations with both China and Russia; and, for geopolitical as well as historical reasons, the USA is more interested in China.

Aside from how the triad relate to Russia and China, there is a second consideration that brings the USA and Japan closer together, and forces Europe and the USA further apart: the politics of military power. Japan will be politically unable fully to develop its military potential for at least another twenty-five years. It therefore needs a military ally, and the USA is the obvious candidate. Europe, on the other hand, wants very much to develop *now* a fuller military presence on the world scene, and it can only really do this to the extent that it loosens its links with the USA.

The military issue is linked to a third factor, what might be called the general cultural issue. Japan and China are both interested in reasserting an East Asia centrality on the world cultural scene, a reassertion which goes against the grain of the Eurocentrist assumptions of the gloculture of the world-system. Clearly, they cannot do this if they ally with Europe. The USA is, of course, culturally derivative of Europe,

but given its hybrid cultural structure, Europe is probably more flexible in the long run in this regard than Europe, on the other hand, wishes to reassert itself as the heartland of European culture, a role that the USA usurped from Europe in the post-1945 period. Europe can more easily achieve this by distinguishing itself from the USA rather than by drawing closer.

These, then, are the reasons why we may expect the emerging dyad, if there is one, to be Japan/USA/China versus Europe/Russia. In the 1990s we are still in a triadic situation, and there is much public quarrelling between the USA and East Asia. But does each side mean what they say? It may well be that the public quarrels are merely a smokescreen of rhetoric behind which the geopolitical alliances of the early twenty-first century are steadily being forged.

The real question is whether any dyadic outcome, whatever its shape, will allow the North to deal with any challenges from the South that are more than rhetorical. One question is how the South will react to an emerging dyadic situation in the North. Initially, many countries in the South may seek to become part of the nodes. They will, so to speak, offer themselves for closer integration into the production networks under construction; indeed many are already doing so. But it is not enough to offer oneself for exploitation; one has to be accepted. The economic energy of the North in terms of monetary and human investment is not unlimited. The famous FDI coming from the strong states tends therefore to be directed where it will pay off the most. Most of it goes, as we have seen, from one part of the core zone to another, or to those temperamental zones which have privileged political ties. Another large amount goes normally to those countries which, for political and/or economic reasons, are newly given priority; and we have already suggested the reasons why China and Russia will be such priority areas. Finally, some of it must go to appease restive investment in the major states of the core zone. After all this investment is distributed, how much will be left over in the coming A-phase for the other half of the globe? Probably not very much at all. There will, of course, be selective investment in enclaves all over, but, as we know from past A-phases, this may not add up to very much – almost certainly not enough at the level of larger states in the South to satisfy increasingly restive, increasingly larger, populations.

What seems very possible is that we shall enter into a vicious circle of low investment, leading to an increased sense of exclusion, leading to social unrest, leading to these countries becoming increasingly unstable as loci of investment and therefore to still further exclusion. And all this would be occurring at a time when the new expansionary A-phase

will seem to offer a more glittering standard of living than ever to populations in the North, or at least to its large middle strata. The gap between zones which has always existed, and whose increasing width the world was already discussing joyfully during the 1945-90 period, may become magnified both in reality and above all in perception.

The consequence for the structure of the world labour force of dyadic competition in the North combined with an increased North-South gap in the coming world-economic expansion will be reinforcement of the patterns already described for the 1945-90 period. The continuing deruralization of the world labour force will push ever larger numbers into sprawling urban centres, where they will be employed, to the extent that they are, in widening networks of part-time, informal, subcontracting structures. These will be located worldwide, North and South, but in a hierarchical pattern that will encourage the stronger individuals to seek upward mobility by upward migration.

Upward migration on an ever more massive scale may prove to be enormously politically disruptive for states in the North. Once there is a new A-phase, there will be a very strong lobby of employers to permit more legal migration, or failing that to collude in widening mechanisms of illegal immigration, which in turn will meet constant resistance from groups who see their wage levels and even their jobs threatened by this influx.

Economically this may seem to be a development that would be moving in a direction opposite from polarization, since it would involve some flattening of wage disparities between North and South to the degree that the influx of migrants effectively lowered average wage levels in the North. Actually, the modern world-system will be coming full circle in the structuring of the world labour force. Originally, low wages were the norm throughout the world-system, with only pockets of high-wage activities. The early patterns of industrialization led to a geographical concentration of higher wage pockets, such that states in which core activities were located had larger and larger percentages of persons for whom the 'iron law of wages' was a meaningless referent. With the increasing deruralization of the world labour force, and the depreciation of the profitability of those kinds of industrial production which employ large labour forces, we are once again returning to a situation where the distribution of lower and higher level wage jobs is becoming somewhat more worldwide. With, however, one major difference: the income gap between those whose wages are at survival level and those whose wages are more than that is now considerable, unlike in the fifteenth to eighteenth centuries. Thus an increasing core-periphery gap will become less and less seen or defined as a clearly

geographical phenomenon, and more and more as a class phenomenon in all countries.

This is the worst of all situations for those interested in the political stability of the existing world-system. On the one hand, the populations in the South, who will still be the worst off and the most desperate, may be ready to contemplate more serious anisystemic disruption. On the other hand, the bottom strata in the countries of the North will no longer enjoy some of the amenities which they had been invited to share in the post-1945 period, and even more importantly will no longer believe that it is certain that their children will enjoy a higher standard of living than they.

In the states of the North, this could lead not merely to disorder, but quite extensively to the end of Jacobinism, the ideal of the integrative nation-state, whose ultimate rationale was the disparity it could guarantee between the working strata of the North and those of the South. The cultural-political expression of the breakdown of Jacobinism is the rise of 'multiculturalism' in its many guises. Even if only partially successful, the assertion of 'group rights' will interfere with the ability of states of the North to mobilize politically (and militarily) against states of the South. But this will be happening at a point in the historical development of the world-system where, as we have seen above, it will be all the more necessary for states in the North to mobilize mass support at home because of the increased destructiveness of weapons available to the South at the raised minimum threshold level. That is to say, even though the states of the North will no doubt continue to maintain a considerable technological edge in their military capacities, the power of the weak states will for the first time be sufficiently destructive as to be truly threatening. If, on top of this, national identity breaks down in northern states, it is not clear how they can effectively oppose military defiance from southern states.

It is here that the vector of world welfare raises its head as a crucial political variable. The seemingly steady increase over time of formal education, health services, and availability of nutritious food has served as a pillar of the world-system, however unevenly this welfare has been distributed. The exigencies of dyadic competition and vast migratory transfers of population will put enormous pressure upon - have already been putting enormous pressure upon - the abilities of governments, both South and North, to maintain their current levels of services. At the same time, the flattening of urban distribution, both within and among countries, combined with the long-term effects of the rhetorical commitments of the world-system to human welfare, have led to a much increased demand for democratization, a concept whose reality

has long been *de facto* measured in very large part by the distribution of welfare services.

What this means is very simple. For the first time in at least 200 years, governments are seeking to cut back everywhere on previous levels of expenditures on social services of all kinds. But this is the very moment where populations are pressing for a significant increase in government expenditures on social services of all kinds. Furthermore, the movements of the ethnic understrata and of women are insisting precisely on a further and special increase of these services to them as previously neglected groups. Quite obviously, this is a scissors effect of the sharpest sort, and expresses itself as the 'fiscal crises of the states'.

To the extent that states do not resolve their fiscal crises, they undermine the contextual stability that capitalist enterprises need in order to permit relatively rational risk-taking. On the other hand, to the extent that they seek to resolve their fiscal crises by some kinds of cutbacks, the cutbacks they will be able to make that would be most financially significant - the so-called entitlements - form a good part of the income of the middle strata in the states of the North. These are the same middle strata whose bloated numbers are the target of those enterprises which are seeking greater leanness in the competitions of the world market. The combination of reduction of middle-strata jobs (by enterprises, and by governments who will support fewer such jobs in research-related activities) and the reduction of direct benefits to these middle strata in terms of entitlements would constitute an attack on precisely those elements who have been the political stalwarts of the liberal states of the North, and their major soldiers in the effort to contain the discontents of the lower strata.

In addition, it is not only the middle strata of the North who are thus in peril, but also (albeit in somewhat different ways) the smaller yet equally politically crucial middle strata in the South. In the post-1945 period, the improvement of the political and economic situation of middle strata in the South was even more spectacular than that in the North, although this group constitutes a much smaller percentage of its national population. They were the primary beneficiaries of the national projects of the national liberation movements, and they have taken as the measure of what they ought to expect the standard of living of their equivalents in the states of the North. Their sustenance has been costly to state budgets, in part through the legal dispensing of perquisites, in part through illegal acquisitions. They have begun now to be squeezed, in part by the structural adjustment programmes imposed by the IMF and other world structures and in part by popular rebellion against precisely their privileges. In addition, they have lost the sense of

mission that the national liberation project had offered them, and which had given them legitimacy in the eyes of the popular strata and in their own eyes. From revolution to corruption is not a very exhilarating collective trajectory. Of course, this has been a trajectory not only of strata in the South but in most of the North, as the political upheaval of the 1990s in Italy amply demonstrated. This, of course, further weakens the political framework of the world-system.

The decline in world welfare, and above all the decline of the confidence that world welfare is rising, constitutes a major blow to the social cohesion of the states. Nor is it the only such blow. Indeed, it is in large part a consequence of the far more important decline of the faith in the traditional anti-systemic movements, and thereby the rupture of the belief in the efficacy of rational reformism. This is not a mere cyclical up and down, or at least it is more than that. We have argued that the world revolution of 1968, completed in 1989, involved a process of irreversible shift in collective social psychology. It marked the end of the dream of modernity — not the end of the search for its goals of human liberation and equality, but the end of the faith that the state within the capitalist world-economy could serve as the facilitator and guarantor of steady progress towards achieving these goals.

The great stabilizer of the system, which made possible the social cohesion of the states, has been an underlying optimism of the long term. It is no longer there. It is not that long-term pessimism has replaced it, but rather acute uncertainty and lingering fear. Fear is not new, but it has been fear of certain people or groups or institutions; such fear could be countered by struggle to overcome them. The fear that now pervades is much less tangible: it is the fear that the situation is crumbling and that nothing is being or can be done to stop the crumbling. This kind of fear leads to much more erratic behaviour, much more uncontrollable behaviour.

Individual states have, of course, frequently been weak, or under attack from within. But normally they were under attack from alternative organizing structures which had clear long-term projects. There were not only the structures and projects of the old left. There were also the structures and projects of the dissenting Churches (broadly defined), and even those of the mafia. All of these structures with projects carried within them an internal optimism which made members impatiently militant in the short run but patiently confident in their long-term prospects. To the extent that such movements had been able by their militancy to achieve interim gains for their members (that is, an increase in human welfare), their anti-state rhetoric has in fact resulted historically in an increase, not a decrease, in the social cohesion of the states.

Today, there are some substitute movements that have been putting themselves forward, with similar anti-state rhetoric. Some have taken the guise of religious integritism, some a renewed claim for ethnic separatism. The question is not whether such movements can mobilize populations in the short run, but whether they can achieve interim goals for their members in the middle run. At some point, these movements will be called upon to assume some responsibility for government, as has always been the case. And at this point their ability to meet expectations is less a function of their programmes or wisdom than of the structural possibilities the world-system offers them. It is this latter that has changed. In this case, we are in another vicious circle: disillusionment with the old anti-systemic movements and the prospects for liberal reformism leads to the weakening both of such movements and of the social cohesion of the states; this opens space for other movements, which may gain local successes, followed by an inability to perform better in the provision of human welfare; and this leads to a further weakening of the social cohesion of the states. We seem to be in precisely that circle now.

There is one final problem, which affects simultaneously the stability of the interstate system, the profitability of world production, and the social cohesion of the states. It is addressed in the social issue that became for the first time a major concern in the last twenty-five years: ecology, or the health of our ecosystem. Ecology had long been a local concern, but it is only recently that it became a global concern. The reason is very clear: the steady expansion of both world production and world population had begun to use up remaining margins of waste within the world ecosystem. The objective constraints became blatantly evident, and in many cases frightening. The point is not to rehearse this story, but simply to outline the dilemmas involved in responding to the problem. There are two collective tasks involved: repair to damage already done; minimizing future damage. Each is costly, but the mode of payment is different. Essentially, repair to damage already done is a task that can only be undertaken in a significant way by governments, and financing the work requires taxation. Minimizing future damage can most effectively be done by forcing enterprises to internalize the costs.

The basic question is who will bear the costs, and what priority such costs will have vis-à-vis alternative expenditures. Within each state, the cost for repair can be seen as part of the overall bill for welfare, since the main issue is public health. Within a context in which the current level of expenditures on welfare is diminishing and under constant attack, how plausible is it that a bill for significant repair of damage will in fact be incorporated into state budgets? To what extent, that is, will the

taxation be progressive, or 'user-related'? Clearly, we have added a very divisive element to an already explosive debate about the role of governments in reducing or sustaining internal inequalities.

In terms of the system of world production, forced internalization of the (not small) costs of waste management will seriously constrain the profitability of enterprises in a situation where secular global rises of wage levels are already putting serious pressures on profit levels. To be sure, if all enterprises were under exactly parallel pressures (a dubious proposition), this would not affect their competitive position, but it could still affect the overall profit level, on the assumption that the elasticity of demand was less than one. To be sure, waste management has itself become a profitable enterprise, but it is profitable to firms specializing in it; it remains a cost for all the other firms.

One solution that will appeal to many in the North is to export the costs to the South, by exporting waste and by exporting industries that do not wish to internalize the costs of waste management and seek therefore to avoid bureaucratic controls. In terms of the interstate system, this will involve a significant further increase in the North-South polarization, and this at a time when, as we have seen, the military stability of the interstate system will be much weakened, especially in relation to the North-South axis.

The final difficulty is located in the structures of knowledge. The modern world-system has been built on the faith in science — science as unlimited technological advance, and hence as the foundation of the world production system; science as progress, and hence as the foundation of world human welfare; science as rationality, and hence as the guarantor of social stability and the inspirer of rational reformism. We have explored the degree to which this faith in science has been called into question in the last twenty-five years in ways that are more fundamental and more corrosive of collective faith than any critiques with which science has been confronted for at least 200 years.

The intellectual and moral challenges to the simple trust in a science that could and would perform its social task of making possible collective improvement comes at precisely the moment when, with the end of the Cold War, organized science is losing the extraordinary financial base it had obtained in the post-1945 era. Everywhere, big science is being subjected to budget cuts, and has to face the challenge of alternative uses of collective resources, without the advantage of hiding such expenditures as military costs. We must not forget that science as an enterprise is as much a social organization as it is an intellectual activity, and bureaucratic attack affects recruitment, confidence and optimism.

Organized science finds itself in a position similar to that of the antisystemic movements. Disillusionment is creeping in, albeit not yet to the degree that has affected the antisystemic movements. The new science represents an attempt to respond to the intellectual *crisis de sac*. It may also have implications for the social organization of science. The very attempts to regain antisystemic energy by inventing new social movements, less linked to the search for state power, has served as an additional obstacle, both intellectual and organizational, for organized science to overcome in the struggle to maintain and/or restore its privileged position. The question is whether the new science may not be caught in a squeeze between a still strong group unflinching in their commitment to positivism and those advocating a rejection of science *par se*. This is in part an organizational question, but it is also in great part an intellectual one. By insisting on the inherent indeterminacy of the future, on the impossibility of quantitative accuracy, on the transitory nature of theories, the new science may have solved many of the intellectual conundrums posed by Newtonian science. But its practitioners may equally find themselves in the position of reform movements: wanting to save the house of science, they may have undermined its social legitimacy, at least within the framework of the existing system.

Does this series of dilemmas for the major institutional vectors of the world-system add up to a situation of systemic chaos? We shall, of course, know the answer to this only in the observation of the social reality as it develops. We shall be able to monitor this reality in five major arenas, for each of which we can observe the degree to which there will be great oscillation in behaviour which the system might be unable to contain. Each of these arenas constitutes a sensitive zone, in which too great an oscillation may, if one may be permitted the metaphor, force the vehicle permanently to leave its groove.

The first is the arena of 'groups', or, to be more precise, of *Gemeinschaften*. A *Gemeinschaft* is the kind of group defined in terms of a (fictive) commonality and which lays claim to loyalty over and above egoistic interests. The story of the modern world-system has been *not* the elimination of *Gemeinschaften* but their subordination to the primacy of one particular one, that of 'citizenship'. Citizenship has, of course, been identified totally with states. In principle, in the modern world-system, for at least two centuries now, everyone has been a citizen of some country and normally of only one country. There have been exceptions to this rule, but they were considered as anomalies. Of course, the rule still holds. The question for the immediate future is not whether citizenship continues to exist and even to command loyalty, but whether it will continue to exert primacy of loyalty.

As the ability of the states to respond to the currently expressed demands of its citizens lessens (for the reasons explained previously), and as, above all, the faith of the citizens that the state can and eventually will respond to its demands disappears, it is natural that the claims of priority of other groups, other *Gemeinschaften*, become more persuasive. Indeed, as we have argued, this process has already begun. It is fuelled by two quite different sources. One is fears concerning survival in a situation where states seem less capable of ensuring security and stability. The other is the demand for democratization, the sense that the states have systematically ignored the needs of certain groups, who have thus *de jure* been excluded from the benefits obtained by other citizens. Both concerns lead to the militant organization of such groups. But the second movement leads groups to oppose themselves to the states, whereas the first movement leads groups to oppose themselves to other groups.

The problem is that, in real social organization, the line between the two movements is not very clear, and the actual groups are often divided among themselves as to strategy, the argument being one about whether the primary objective is self-protection (and hence group-aggrandizement) or democratization (or equality). One can well imagine a scenario in which *these* forces are at work: those favouring group-aggrandizement, those favouring democratization, and those favouring the status quo ante of 'citizenship' (formal equality but *de facto* hierarchy). In a situation of economic polarization, the absence of a stable geopolitical equilibrium, and a collapse of some of the ideological fundamentals of the world-system, it is not implausible to see a confused zigzag of battles between these three forces, within and among states, which will feed upon itself. The second arena is what we may call police order. The ability of any historical system to operate is predicated upon a certain minimum of police order - that is, of a certain degree of general confidence in daily security of person and property. The level of security is never perfect, but it is normally high. If it is not, the system of production cannot operate and very soon there are major problems of material distribution. In addition, it becomes very difficult to operate any kind of political or cultural institution.

In our modern world-system, police order is guaranteed by the states, who use force, reward and faith to enforce order. The degree of internal order has, of course, not been uniform across the states. States containing a high quota of core-like processes have always had more resources (material and spiritual) with which to maintain internal order effectively. But the remarkable feature of the modern world-system has been its ability to promote ever higher degrees of internal order worldwide on

the basis of secular states that are legitimated by popular sovereignty and participate in the singular division of labour of the world-economy. We have reviewed some of the reasons why this secular growth of 'stateness' (which is another name for this police order) may have passed its apogee and be for the first time declining. The question is whether it will decline as gradually as it ascended historically. There is reason to doubt this. The increase of stateness can be gradual because it is sustained by the assumption that it will grow greater, which was the result of the belief in progress, the faith in science, and the credibility of rational reformism. But if these pillars fail, the effect may be dramatic. In a scenario of prospective decline of stateness, the rush for advantage (or rather the rush to avoid disadvantage) can be precipitous. Such precipitation would, of course, be reinforced by the kind of confused inter-group struggle previously adumbrated.

The third arena is that of military order, which is an aspect of the interstate system. Wars have, of course, been as chronic within the modern world-system as previously in world history. It is, however, important to see that, over time, the wars have tended to be of two principal varieties. The first is that of the wars of conquest, which have been part and parcel of the establishment of a core-periphery axial division of labour. In our language of today, they have been wars launched by the North to subordinate the South. The second is that of the wars of hegemony, the struggle among states in the North with each other for primacy, culminating in the world wars. In the historic process, two other kinds of wars have not occurred, or have been eliminated. Wars among states in the South have been suppressed. Indeed, the 'restoration of order' in the South was one of the great imperialistic themes of the nineteenth century. And wars launched by the South against the North have not been possible. The wars of national liberation have, of course, been launched by the South but they were by definition and by objective territorially limited.

What has begun to happen in recent years is the re-emergence of wars among the states of the South as well as wars launched by the South against the North that go beyond national boundaries. It is the sign of a diminution of collective military strength of the North. Once again, we have already analysed the sources of this decline: technological, economic and, above all, those deriving from collective social psychology. Here again, as in the case of police order, the question is whether a decline in military order can be as gradual as its ascent. And here again, one may doubt that this is truly possible. The possibilities of warfare are as much conditioned by what is in the hands of the warriors as by what is or can be in their hands. A 'failure of nerve' in

the North can precipitate a... the North can precipitate a...

equality of women. This is no doubt because all the world's religious institutions have been centrally concerned with the issue of sexuality.

We do not propose here to suggest how this conflict could in fact be resolved. We merely wish to point to the fact that the conflict is very acute and socially extremely disruptive. The rise of groups not giving priority to citizenship has allowed both new religious integritisms and new feminist movements to flourish. But each of the two is building its strength on the basis of arguments that lead it into direct conflict with the other. This is not merely one more intergroup conflict, because it has implications for the entire organization of social life. It will therefore not be something that can be 'handled' by the kind of social compromise that postpones resolution. Or rather, it might be so handled, if the world-system were otherwise stable. But given the multiple instabilities which we have been analysing, it is quite improbable that this conflict will be shelved. And since this conflict will interact with at least the arenas of group conflict, police order and world welfare, it will have a cumulative effect.

It may be possible to contain the conflicts in one or more of the arenas. The question is, will this happen? And even if it does, will it be enough? Since the arenas interact, containing the conflicts in one arena may turn out to be provisional, as the conflicts erupt in another. In a nutshell, which is the picture we have been drawing of the world-system, the fire can spread. This is precisely what is meant by systemic chaos.

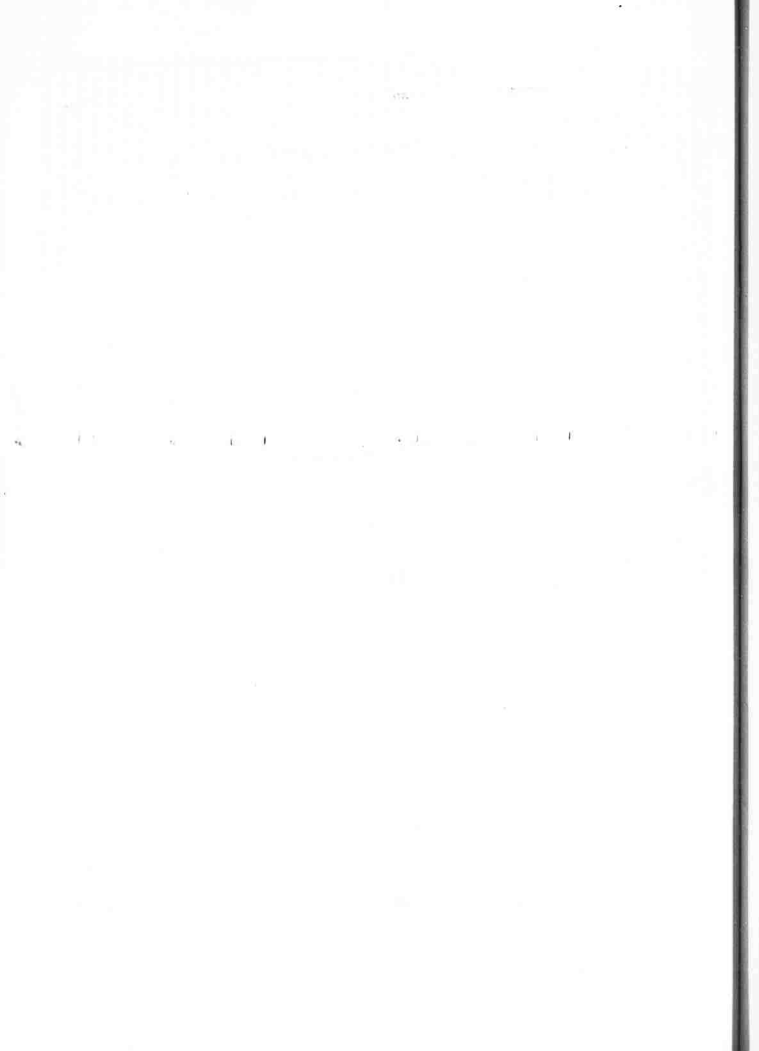
To be sure, after systemic chaos will come some new order, or orders. But here we must stop. It is not possible to discern what such a new order would be. It is only possible to assert what we would like it to be, and to struggle to make it so.

the North can precipitate a disintegration of the protective dikes against the two kinds of wars that were suppressed in the modern world-system. Of course, any kind of breakdown in the military order will immediately affect the degree of police order that is possible, and intensify the intergroup struggles.

The fourth arena is that of welfare, and in particular that of public health and food distribution. The great achievement of the modern world-system has been the steady improvement of public health and food distribution for at least the privileged third of the world's population. We have examined some of the reasons why this has begun to be challenged: malfunctioning of the ecosystem, the intensification of migratory flows, the persistent demands of the non-privileged to be included in the benefits, the growth of the non-privileged to be included in the benefits, the ideologies of the world-system have been congratulating themselves on the conquest of diseases and the elimination of famines. Here, too, one must ask whether we have not passed the apogee and now find ourselves on a descending curve. The general famine revival as in Africa, that this is a technological problem open to solution with enough investment of money and intellectual energy. And this may be the case, provided that the numbers of such problems do not grow and provided that we are not faced with breakdowns of police and military order. But, of course, we have just indicated why we may be faced with such breakdowns of order, in which case it may well be that the basic health problems expand very rapidly and overwhelm the capacities of the world health system to cope with them. In this arena as in the others, the oscillations can rapidly become quite wild.

The final arena is the stability of our religious institutions. In a sense, the legitimacy of religious institutions has long been thought to have been undermined by the emergence of the secular, scientific culture of the modern world-system. In fact, the reality has been that religious institutions have survived, and even in a real sense, tamed the challenge of secularism. Not only have the passions of anticlericalism begun to be a faint memory of things past but we are said to be living a great religious revival across the world.

Such a reading of the present misses the fact that the world's religious institutions are today facing a much more fundamental challenge than that of Newtonian science or liberalism, which have proved to be paper tigers in this regard. The greater challenge is that of the demand for full equality of women. It is a historic fact that all the world's major religious structures have been built on assumptions about and attitudes towards women that are not in fact compatible with the demand for the full



(Training Course on)

**INTERNATIONAL POLITICS AND ECONOMICS FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS II**

14 January 2002 – 27 January 2002

Cititel (Mid Valley), Kuala Lumpur

**“MALAYSIA’S EXTERNAL RELATIONS IN THE
CONTEXT OF GLOBALIZATION**

by

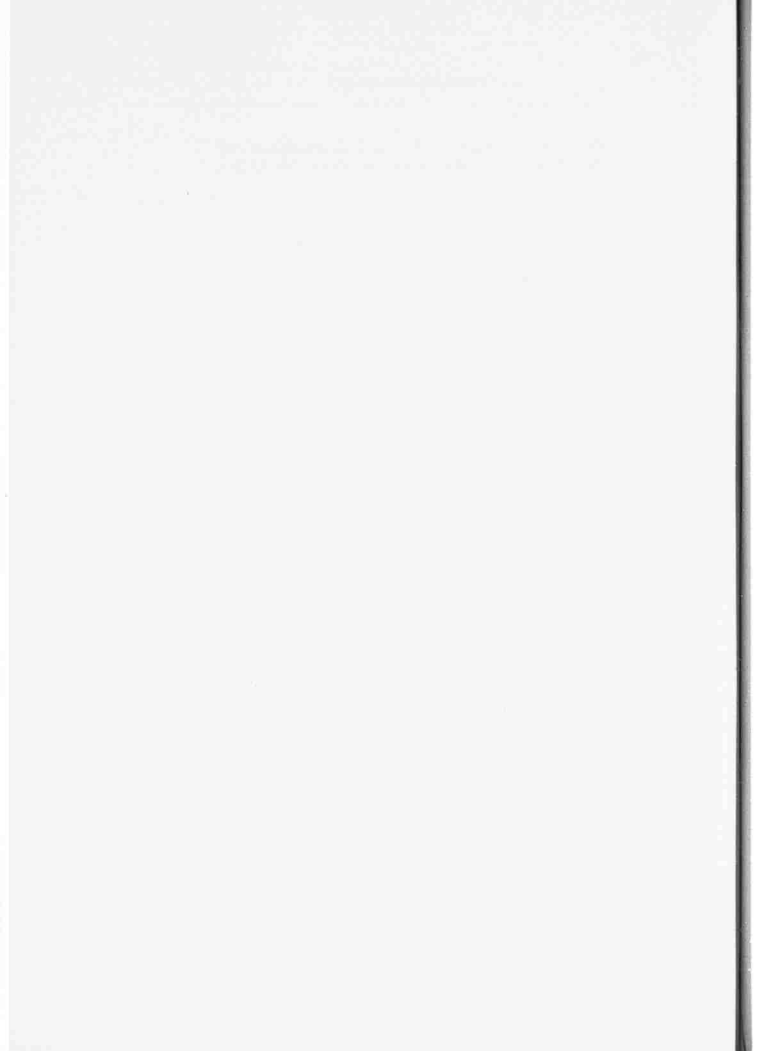
**Mr. Husni Zai Yaacob
(Ministry of Foreign Affairs, Malaysia)**

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MALAYSIA'S EXTERNAL RELATIONS AND GLOBALIZATION

Foreign Policy

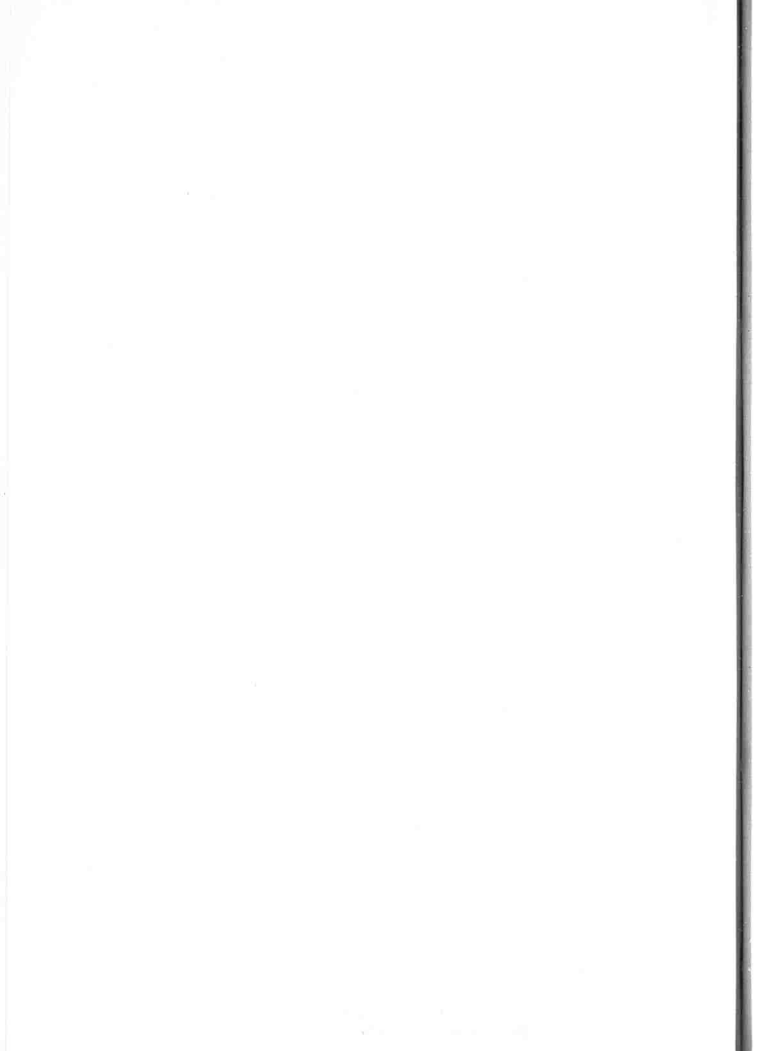
As an extension of domestic policy, foreign policy is designed with the purpose in mind of defending and promoting the country's national security, economic and other vital interests. Despite the diversity of views regarding the perception and explanation of foreign policy, no foreign policy can be formulated in a vacuum. It must serve to function in a dynamic environment.

Malaysia's foreign policy is no exception. Various geographical, historical, social and political determinants contribute to shaping the nature of Malaysia's foreign policy and the conduct of the country's international relations.

Added to this is the external environment, or what may be termed as the systemic determinant, which becomes increasingly important with the advent of globalization and in the wake of the epoch of communication and information technology (ICT). But the basic objective remains the same, i.e. the pursuit of Malaysia's national interest at the international level.

Malaysia's initiatives at various regional and international fora have put the country on the world map. Increased economic prosperity and political stability has in fact enabled Malaysia to carve its own niche in the international scene. Making our presence felt has allowed us to exercise some influence in setting the international agenda. Being less dependent on foreign aid and assistance, Malaysia has been able to speak up on issues that other developing countries feel constrained to voice for fear of retribution by the major, particularly western, powers.

Malaysia's activism at the international front has of course attracted attention and reaction from various quarters. Malaysia in turn becomes the target for being "too vocal".



But this is something that we need to take in our own stride if Malaysia is to be proactive at the global level.

At the regional level, Malaysia will continue to push for the strengthening of ASEAN as a regional grouping. This includes support for a whole range of functional co-operation on a sub-regional basis (like the ASEAN Mekong Development Co-operation) or on an ASEAN-wide basis, the early phasing in of AFTA and the implementation of the ASEAN investment area.

In the post-cold war situation which sees the emergence of competing regional economic groupings and uncertainty in the regional security environment, Malaysia believes that a strong and successful ASEAN is not only an economic necessity but also a strategic imperative. A prosperous, consolidated and stable ASEAN at peace with itself and with its immediate neighbours provide the best guarantee for the security of the entire Southeast Asia and East Asia region. The recent expansion of ASEAN to include Cambodia, Laos and Myanmar, will make an even bigger contribution to developing national resilience, promoting economic growth, enhancing regional co-operation and ensuring peace and security.

Malaysia believes that the existence of ASEAN has encouraged patterns of behaviour that reduce risks to security by enhancing bilateral relations as well as fostering habits of open dialogue on political and security matters including establishing confidence building measures. The existing dialogue through the ASEAN PMC process and ASEAN Regional Forum (ARF), in which ASEAN functions as the core group, adequately serves the purpose. Malaysia hopes that the early realization of the zone of peace freedom and neutrality (ZOPFAN) including the Southeast Asian nuclear weapon free zone (SEANWFZ) will help to further enhance regional security.

Notwithstanding criticisms made against ASEAN, it is clear that co-operation within ASEAN is now firmly entrenched. ASEAN is not about to lose its dynamism, viability and relevance with the inclusion of new member states. On the contrary, increasing

interest towards ASEAN and requests made for sectoral dialogue partnership by a number of Asian, African and Latin American countries reflect the high esteem accorded by them to ASEAN as a regional organization.

Globalization

In general term, globalization is an ongoing process that disintegrates the geopolitical borders between countries and transforms the world into one global unit. There are many aspects of globalisation namely economic, political and social. While economic globalisation is not a new process, its pace has accelerated as a result of various factors such as the development of Information and Communication Technology (ICT).

For developing countries, the globalization process has been a source of concern. While developed countries have benefited from globalization, many developing countries have not shared in these benefits. The income gap between the richest and the poorest has significantly widened over the years, and the number of people living in absolute poverty in developing countries has been increasing despite unprecedented prosperity in the developed world. The more vulnerable countries, especially the least developed countries that rely heavily on exports of certain primary commodities, have been negatively affected by globalization.

Globalization even affects the notions of statehood and government as it weakens the basis for effective domestic government and the scope of economic policies at the national level. With "globalisation of policy making", the ability of a developing country to have its own agenda or national policies is being severely constrained. The result may be that the country's economic, social and development goals will be more and more difficult to attain.

Globalization alone does not lead to growth and development nor does it solve the problem of poverty. In Africa, policy intervention by the international financial institutions like IMF has failed to address the vicious circle of poverty, commodity

dependence, low savings rates and debt burden. Rapid or premature liberalization has, in many cases, damaged emerging economies in Asia and Latin America.

One significant phenomenon that will impact strongly on Malaysia's foreign policy as we move into the next millennium is globalization. Our greatest challenge would be to extract the best from the process of globalization and to give our best to the system. And in return to contribute towards making the world much more peaceful and equitable, to provide leadership within our region and to demonstrate exemplary and responsible membership of the international community. However, our experience to date with regard to both the political and economic dimensions of globalization has been less than happy.

The Asian financial crisis underscored the risks and challenges posed by the process of globalization to developing countries. The crisis has demonstrated that developing countries would not benefit from the process of globalization, particularly in terms of income and welfare distributions, if the foundations which support international financial activities are weak and biased. The crisis has shown that the present international financial system is badly equipped to deal effectively with the new complex problems and challenges of globalization. The existing financial architecture is inadequate to cope with the effects of huge and volatile financial flows. It had also shown that even countries regarded as success stories of development and those with sound fundamentals are vulnerable to shocks generated in the international financial markets.

In order for globalization to be better managed, a new global order to correct the effects of market failures and marginalization is required. Hence, there is an urgent need to reform the international financial system. The reform needs to focus on international actions and issues of governance of the international system. However, progress on the reform so far has been slow and unsatisfactory.

The present crisis in Argentina has shown that there is an urgent need for reforming the international financial system. Unless the opportunity is seized by the international

community to reform the international financial system, the world will continue to lurch from crisis to crisis, and increasing social disorders.

The financial crisis that descended upon East Asia in 1997 brought about not only social misery and economic disaster but political instability as well. Massive unemployment, negative growth, stock market crashes and severe currency devaluation have pulled down millions of people below the poverty lines. The severity of the situation calls for the whole business of economic globalization and financial and trade liberalization to be seriously addressed.

Malaysia's biggest foreign policy challenge in the next decade lies in this area. Reforming the international financial architecture to insure against massive currency attacks, manipulators and frequently excessive fluctuations is no small task particularly if we have to persuade those who have been benefiting from the existing system. The years ahead therefore would see our foreign policy specially oriented towards not only ensuring Malaysia's economic recovery internally, but also our effective role as an influential geopolitical player in this field at the global level.

Malaysia's Position

Malaysia is not against globalization. We have benefited from trade liberalization and foreign direct investment. In fact, Malaysia is one of the most globalize developing countries in the world. Malaysia is the in the top 20 globalizers in the world .It is the 17th largest trading nation in the world. Our total trade represents more than 200% of GDP. However, recent trends and developments in globalization have necessitated in a re-examination of Malaysia's approach to globalization. For instance, our bad experience in the recent East Asian financial crisis has proved the negative effects of globalization.

Malaysia believes that globalization if properly interpreted and properly regulated, can result in a more equitable world order where wealth is evenly distributed between the rich and the poor. The most important thing is to focus on results rather than methods. If the

results are beneficial, they should be implemented, but if they are adverse, globalization must be reinterpreted and modified until the expected results are achieved.

The international community must seriously address a number of fundamental issues so as to bring about a more level playing field. This process should begin with the revamping of the international financial architecture aimed at making it more transparent, accountable and participatory so as to enable the developing countries to participate more effectively in the decision making process at the IMF, the World Bank and the WTO, among others. This would facilitate the integration of the developing countries into the global economy.

Developing countries should also work together towards reform of the international financial architecture including the need for regulation of hedge funds and highly leveraged institutions.

The revolution in information and communications technology (ICT) is an important dimension of globalization. While it is acknowledged that ICT could play an important part in accelerating growth, eradicating poverty and promoting sustainable development in developing countries, the issue of digital divide must be urgently addressed so as to avoid further marginalization of those who do not have access to it.

Developing countries must be prepared to face the onslaught of globalisation. We must continue to enhance domestic resilience and capacity. Investment in education with emphasis on science and technology must be given priority. Attention must be given to strengthening domestic institutions and the framework of laws, rules and regulations to ensure resilience in the face of challenges posed by globalisation.

There is a critical need to improve the infrastructure in many developing countries, especially in the least developed among them. It is clear that the advancement of these countries would be a boost to the globalization process, hence the importance of assisting them in the building of their infrastructure. In this regard, the Prime Minister of Malaysia's proposal on the desirability of creating a dedicated pool of international

financing for development of infrastructure in the poor developing countries should be actively pursued at the international level.

Malaysia is pleased that many developing countries share our views and concerns on globalization as evident at international fora including the South Summit, the 11th G-15 Summit (May 2001) and various other international conferences. Even the developed countries have also now acknowledged the concerns associated with globalization as demonstrated in the recent G 8 Summit in Genoa.

Conclusion

Globalization will impact strongly on Malaysia's foreign policy in the future. While we welcome globalization, we must have a say in its formulation and interpretation. In order for globalization to be better managed, a new global order to correct the effects of market failures and avoid marginalization is required.

It is crucial for the South to reshape globalization. This year there will be critical international meetings, including the International Conference on Financing for Development in Mexico (March 2002) and World Summit on Sustainable Development in South Africa (September 2002) which the developing countries can take advantage of. In this regard, the South needs to be fully prepared and coordinate their positions effectively to meet the challenges of these meetings and their processes.

Multilateral Economics and Environment Division,
Ministry of Foreign Affairs,
Kuala Lumpur
16 January 2002

(Training Course on)

**INTERNATIONAL POLITICS AND ECONOMICS FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS II**

14 January 2002 – 27 January 2002

Cititel (Mid Valley), Kuala Lumpur

JAPANESE INVESTMENT IN ASEAN

by

Mr. Junichi Aoshima
(JETRO, Kuala Lumpur)

Organised by

**International Institute of Public Policy and Management
(INPUMA)
University of Malaya**

Sponsored by

**Japan International Cooperation Agency (JICA)
Economic Planning Unit, Prime Minister's Department (EPU)**

JAPANESE INVESTMENT TO ASEAN

JETRO KUALA LUMPUR
CENTER

January 2002

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- Foreign Investment (World)
- Foreign Investment (ASEAN)
- Investment From/To Japan
- Japanese Investment (ASEAN)
- ASEAN by Country TOP 3
- WHY FDI? Case (Malaysia)

Foreign Investment (World)

IMF/UNCTAD 99 Report

- 1998: FDI 648 36% Up to 1997
- Advanced Countries : Out 594 In 460
- Developing Countries: Out 52 In 166.6
- Tendency: Among ACs up DCs down
- Why?: Slow down of Asian Investment

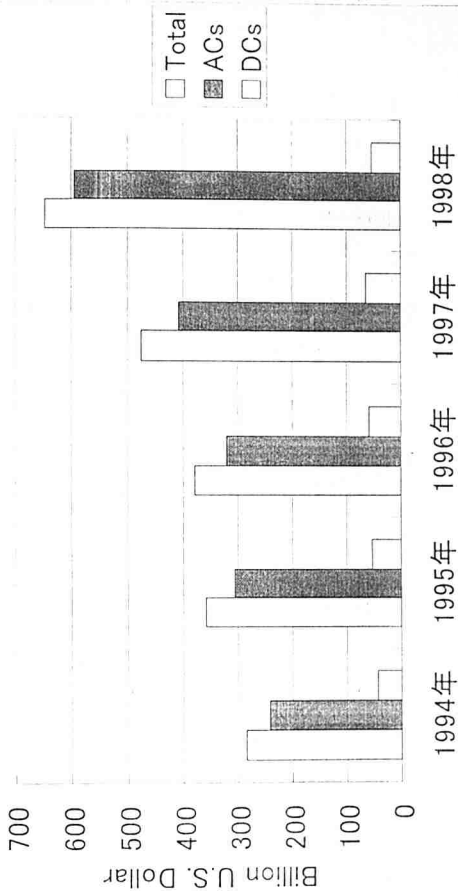
FDI Out Taiwan, Singapore Down

FDI In Taiwan, Indonesia Down

Dollar)

(Unit: Billion U.S.

FOREIGN INVESTMENT WORLD



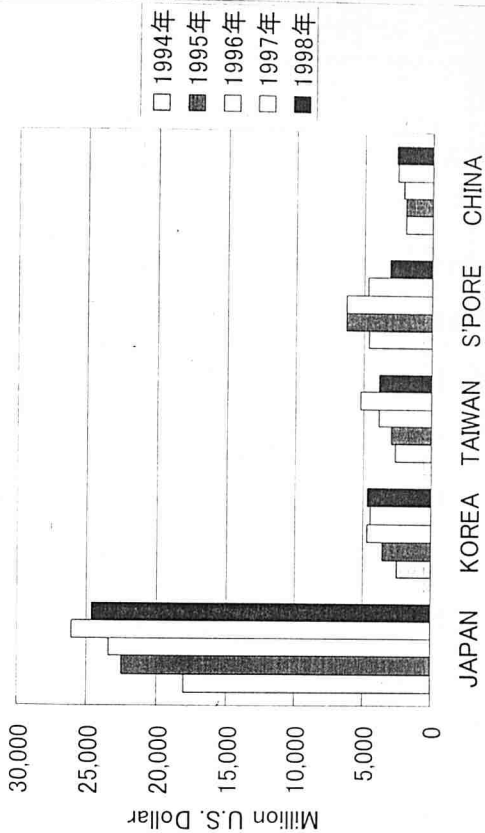
ASIA FDI OUT

	JAPAN	KOREA	TAIWAN	SPORE	CHINA
1994年	18,089	2,461	2,640	4,577	2,000
1995年	22,508	3,552	2,983	6,281	2,000
1996年	23,442	4,671	3,843	6,247	2,114
1997年	26,059	4,449	5,243	4,722	2,563
1998年	24,625	4,709	3,836	3,108	2,634

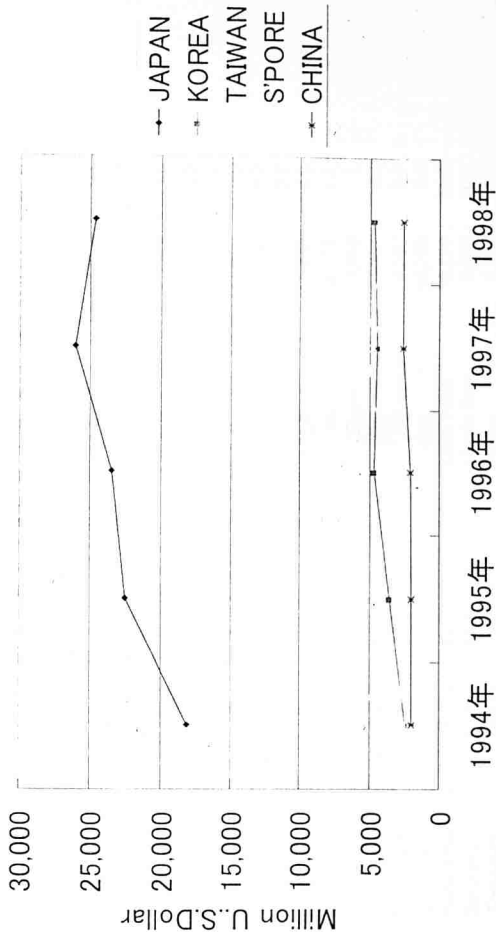
ASEAN 5 FDI IN

	SPORE	THAILAND	MALAYSIA	PHILIPP.	INDONE.
1994年	8,550	1,366	4,342	1,591	2,109
1995年	7,206	2,068	4,178	1,478	4,346
1996年	7,883	2,336	5,078	1,517	6,194
1997年	9,710	3,746	5,106	1,222	4,677
1998年	7,218	6,941	3,727	1,713	-356

ASIA FDI OUT



ASIA FDI OUT



Source: U.S. Department of Commerce, Bureau of Economic Analysis, FDI Outflows to Asia, Million U.S. Dollars

Japanese FDI by Industry

1951-98 F. Year Accumulation

Amount Percentage

Total	657,039	100
Manufactur	199,368	30.3
Food	10,799	1.6
Textile	9,130	1.4
Wood & Pulp	6,202	0.9
Ch	28,333	4.3
Metal	20,470	3.1
Machinery	18,500	2.8
Electric/ronics	51,777	7.9
Tr	27,405	4.2
Others	26,753	4.1
Non	447,229	68.1
Agr y	2,369	0.4
Fishery	1,451	0.2
Mining	26,410	4
Construction	5,452	0.8
Commerce	67,987	10.3
Bank, Insurance	129,360	19.7
Services	80,287	12.2
Transport	34,721	5.3
Real Estate	91,588	13.9
Others	7,603	1.2
Branch	9,847	1.5

Japanese FDI by Region

1951-98 F. Y. Accumulation

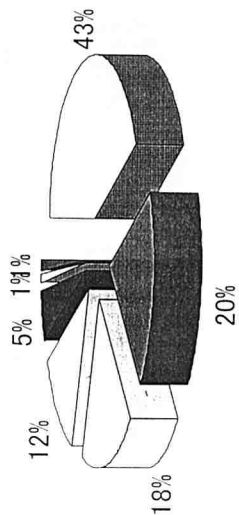
Amount Percentage

World	657,039	100
Nor b	280,806	42.7
U.S.A.	269,713	41
EUROPE	130,924	19.9
Asia	118,803	18.1
East Asia	114,772	17.5
Asia NIES	44,576	6.8
R. Kor	6,874	1
Tawian	5,649	0.9
China Hongkong	17,790	2.7
Singapore	14,263	2.2
ASEAN 4	51,433	7.8
t	8,806	1.3
Malaysia	13,049	2
Thailand	24,581	3.7
Indonesia	4,997	0.8
Philippines	18,763	2.9
China	76,270	11.6
Latin Amer	5,740	0.9
Middle East	9,284	1.4
Africa	35,212	5.4
Oceania		

FDI Statistics Japanese MOF

Amount Unit: Million U.S. Dollar

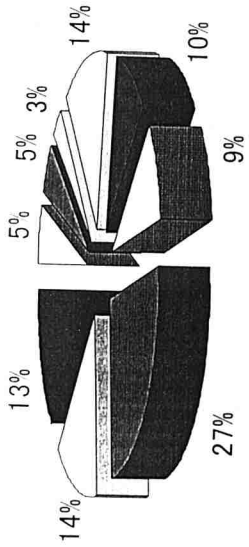
JAPANESE FDI OUT 51-98



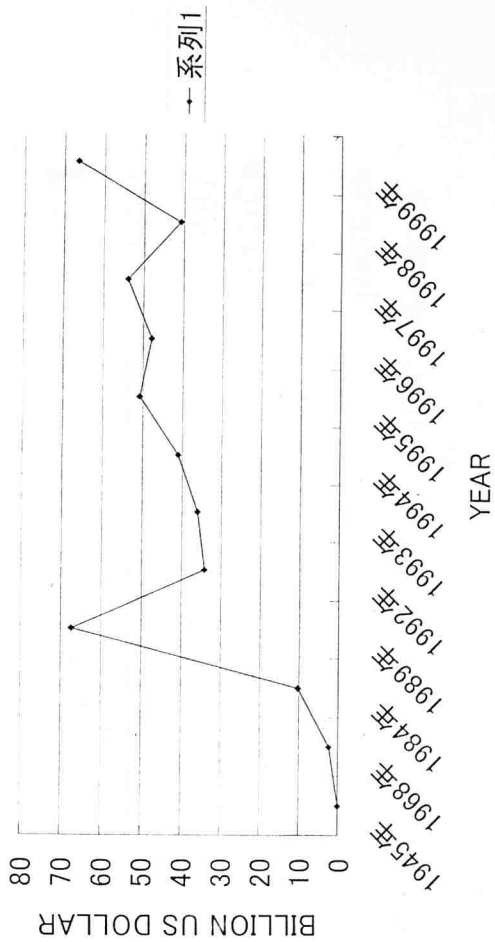
- North America 281
- Europe 130
- Asia 119
- Latin America 76
- Oceania 35
- Africa 9
- Middle East 6

JAPANESE FDI MANUFACTURING

- Food
- ▨ Textile
- Wood & Pulp
- Ch
- Metal
- Machinery
- Electric/ronics
- Tr
- Others



JAPANESE FDI OUT



JAPANESE INVESTMENT HISTORICAL REVIEW 1

- 1945-67 Reconstruction/Restart of FDI
- Import of New Tech, Materials, Energy
- Export Oriented Industries:Market DCs
- Sales Companies, Trading Houses
- Starting from Textile, Home Apparatus
- Asia: Encountering Import Substitute Policy

Japanese Investment Historical Review 2

- **1968-85 Trade Friction & MNC**
- **73& 79 Oil Shock-Restructuring**
- **Japanese Management/Production Style**
- **SMI to Abroad & Export to Production**
- **Upheaval of Asia/Downfall of L. America**
- **Asia: Petrochemical, Electronics,
Automobile, Downstream of Steel Industry**

Japanese Investment Historical Review 3

- 86-96 Strong Yen & Globalization
- 85 Plaza G5
- 4 Pole World Management Systems
- Japan-ASIA NIES-ASEAN
- R&D Localization

Japanese Investment Historical Review4

- 97 Currency Crisis
- Lost 90's ? Change to 3rd Wave
- On-going Deregulation & Restructuring
- M&A Inflow of FDI under MEGA Competition
- Asia:China vs ASEAN
- ASEAN: AFTA

JAPANESE FDI TO ASEAN

Accumulated up to 1998

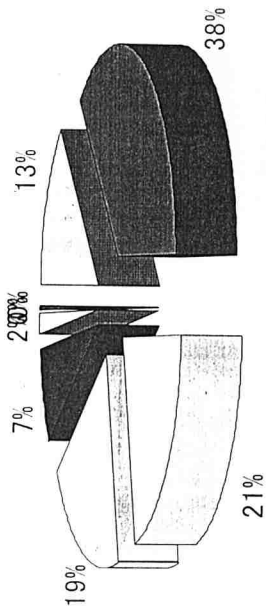
Malaysia	8,806
Indonesia	24,581
Singapore	14,263
Th	13,049
Philippin	4,997
Vietnam	1,115
Myanmar	233
Laos	17
Cambodia	15

JAPANESE MOF STATISTICS

Unit: Million U.S. Dollar

JAPANESE FDI TO ASEAN

- Malaysia
- ▨ Indonesia
- Singapore
- Th
- Philippin
- Vietnam
- Myanmar
- Laos
- Cambodia



ASEAN BY COUNTRY

SINGAPORE

- ① FDI OUT 10,172
FDI IN 5,717
(97 EDB Million
U.S.Dollar)
- ② FDI IN Recovered from
99 by U.S. EU
Investment to mainly
for chemicals &
pharmaceuticals
- ③ FDI OUT Monetary
sector in Europe
- ④ Industry 2010
 - Selective 9 fields
 - Manpower 21 &
Technopreneur 21
- ⑤ Japanese Investment
Electronics (DRAM,
HDD, DVD), Chemicals,
& Regional HQ

ASEAN BY COUNTRY

Thailand

- ① FDI OUT 130
- ② FDI IN Aggressive
USA/Europe
- ③ FDI OUT Selling
Overseas Base to
Third Countries
- ④ Deregulation
- ⑤ Japanese
Investment
Expansion
Electronics(HDD,
Bearing) & Cars

ASEAN BY COUNTRY

Indonesia

- ① FDI IN 13,563 (98 BKPM)
- ② Substantial Decrease of FDI IN All Sectors and from All Regions
- ③ FDI OUT Escaping 356 in 98
- ④ 1,122 in 99 Fast Half
- ④ Deregulation
- ⑤ Japanese Investment
- Keep Watching

Why you accept FDI?

- **More chances than Self-help**
- **Faster achievement of goals of National Development Plan (Capital, Managerial, Technological)**

Or

More Chances for Tax (Income/Corporate)

Why foreign firms come?

- **Better opportunities (than other countries) to put into managerial resources**
- **Cost & Benefit or Risk & Profit**

Corporate Activities

Increase Corporate Value

- Money Market: Share/Working Capital
- Dividend, Capital Gain
- Labor Market: Labor(Q'ty & Q'lity)-
Salary & Wage
- Market: Sell & Buy (Corporate,
Goods, Services, Technology)-Cost
- Government: Civil Services-Tax

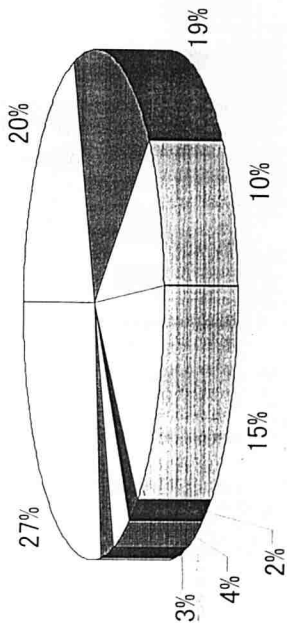
Policies For FDI

Where to Invest?

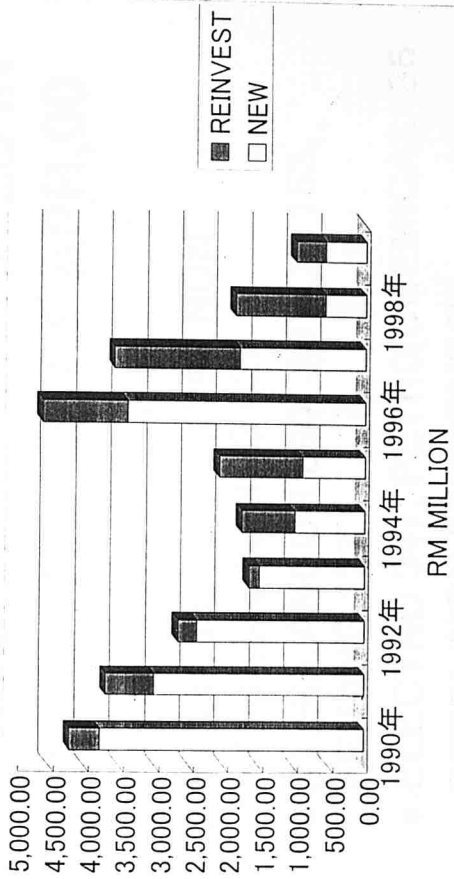
- **Restriction of Investment Equity Ratio**
- **Import Policy, Customs, Tariff**
- **FTZ ● Intellectual Property**
- **Forex Control ● Tax**
- **Labor Market ● Monopoly**
- **Real Estate ● Environment Laws & Waste Management**

MALAYSIA FDI IN 80-99 BY COUNTRY TOTAL
 CUMULATIVE: RM156.3 BILLION

- JAPAN
- ▨ USA
- S'PORE
- TAIWAN
- H.K.
- U.K.
- GERMANY
- OTEHRS

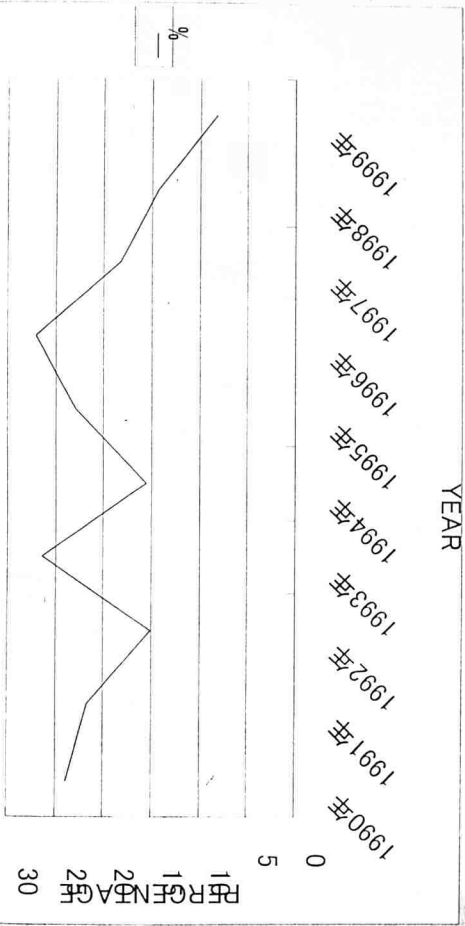


JAPANESE FDI IN APPROVED BY MIDA

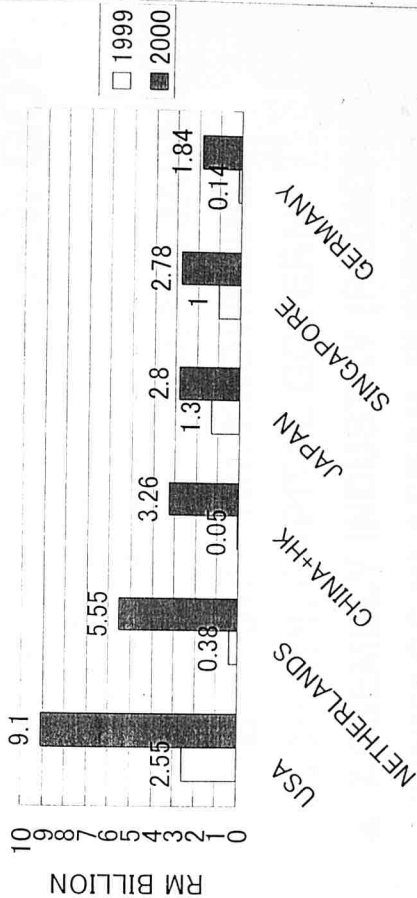


JAPANESE COMPANIES IN MALAYSIA AS OF APR,00

- **TOTAL 1420**
- **MANUFACTURING 793 NON
MANUFACTURING 627**
- **KL/SELANGOR 890, JOHOR 153,
PENANG 127**
- **ELECTRO 347, PETRO/CHEMICAL 86
STEEL/NON FERROUS 79,
TRANSPORT 57 ETC**



MAJOR FDI IN TO MALAYSIA 2000



COUNTRIES SOURCE:MIDA

WHERE JAPANESE FDI GO?

- **STRUCTURAL CHANGES IN JAPAN
LABOR GOVERN, KNOWLEDGE
GOVERN, CAPITAL GOVERN**
- **ASSEMBLY INDUSTRY (REGIONAL
LINKAGE IN ASEAN, SUPPORTING
INDUSTRY NETWORK)**

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JAPANESE INVESTMENT IN ASEAN

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INPUMA · JICA JOINT STUDY PROGRAM
FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS

“Japanese Investment To ASEAN”

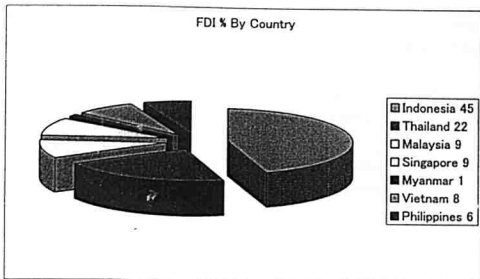
Prepared by JETRO Kuala Lumpur Center
18th January, 2001

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Policy Comparison in ASEAN inviting FDI (Manufacturing Sector)
Change of FDI climate in ASEAN
FDI to Myanmar
FDI to Myanmar, Obstacles
FDI, its effect to national economy
Factors to invite FDI successfully
How Vietnam catch up? (In comparison with Myanmar)
Myanmar, Its success in FDI
Myanmar, FDI priority
Myanmar, Comparative advantage and promising industries for FDI
Food processing industry
Wood processing industry
Garment Industry
Electronics Component Assembly Industry

ASEAN FDI Outlook In 90s

- ① Expansion of IT market, and strong Yen led to the rapid increase of FDI to ASEAN by MID 90s. Sharp decline of FDI after 98 due to Asian Currency Crisis is observed.
- ② Indonesia, as FDI receiver, is the biggest (mainly oil resource development type of project) followed by Thailand, Singapore and Malaysia (mainly assembly industries, say, electronics for export market)



Policy Comparison in ASEAN inviting FDI to Manufacturing Sectors

	Up to Mid 90s	From Mid 90s
Singapore	Export Oriented (Electronics)	Selective, High Value (IT)
Malaysia	Export Oriented (Electronics)	Selective, High Value (IT)
Thailand	Import Substitute (Automobile) & Export Oriented (Electronics)	Export Oriented (Automobile & Electronics) Supporting Industries
Indonesia	Resource Development (Petrochemicals)	Resource Development (Petrochemicals) & Export Oriented (Assembly)
Philippines	Resource Development & Import Substitute	Export Oriented (IT)
Vietnam	Import Substitute (Infra Related)	Import Substitute (Infra & Endurable)

Change of FDI Climate In ASEAN

① AFTA, ASEAN Common Market & Intra-regional Relocation

ASEAN as production base for world market under globalization

Up coming of 400 million ASEAN Common Market

Conflict of Interest Among ASEAN Members and Its Adjustment

Entry of ASEAN New Comers Claiming For Relocation (Shortage of Labor, Cost Hike in ASEAN Forerunning Members)

② Upheaval of China, Competition With China

Shift to Market Economy, Active Invitation of FDI (Incentive, Economic Zones)

Rapid FDI inflow from Taiwan, US/Europe & Japan (Cheap, Affluent Labor & Market Potential)

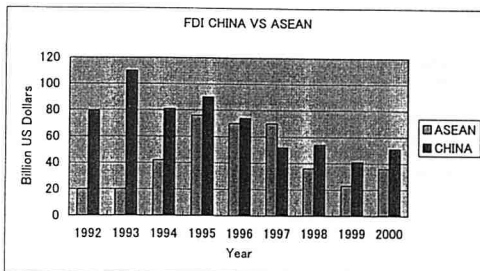
Intensive Zoning :South, Pearl River, Labor Intensive, Export Oriented Electronics

East, Long River, Captial Intensive, Big and Domestic Market Oriented Firms

Beijing, R& D Heavy, Software, IT

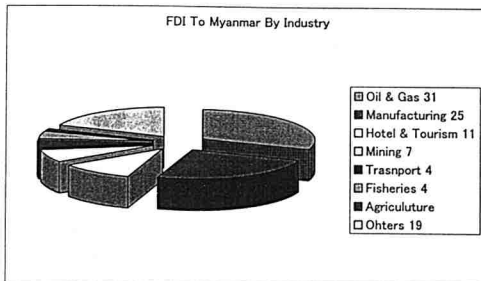
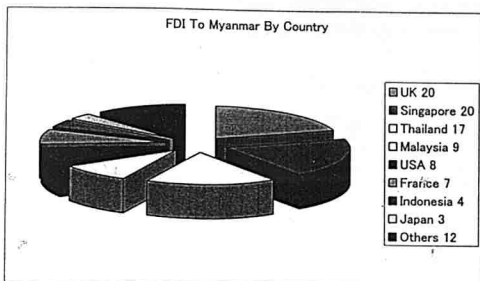
Revitalization of Domestic Industries Through Capital & Technology Transfer

Entry to WTO, Economic Reform & Fairer Competitive Conditions

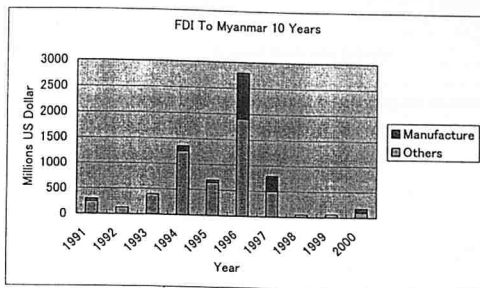


FDI To Myanmar

- ① Peak is 96, after 97 very low profile
- ② Among Investors ASEAN nearly half followed by UK (Resource Development)
- ③ FDI to oil & gas is the biggest followed by manufacturing and tourism.
- ④ FDI to manufacturing sectors is 23% against total FDI, executed in 96 and 97.



Remarks: Both Graphs represents aggregate from 1988 to 2000.



FDI To Myanmar, Obstacles

① External Factors

- A. Sanction by USA and Europe (Provision of ODA, GPT/Loan & Insurance by EXIM Banks, Loan of World Bank & IMF)
- B. ASEAN Currency Crisis (Strengthening of Existing Production Base)
- C. China, Its Aggressive FDI Invitation

② Internal Factors

- A. Legal Aspects and Enforcement (Labor, Arbitration, Customs, Intellectual Property Right)
- B. MIC Function & Power Endowment (One Stop Agency)
- C. Export Tax, Restriction of Import of Manufacturing Facilities and Remittance
- D. Frequent Change of Policies, Inefficiency of Export, Import Procedure Approval
- E. Not clear positioning of Foreign Investment in terms of Myanmar Industrialization
- F. Insufficient Infrastructure (Power, Telecomm, Road, Harbor, FTZ)
- G. Double Foreign Exchange Control
- H. Lack of Foreign Reserve

FDI, Its Effects to National Economy

- ① Increase of Employment
- ② Economic Growth Through Vitalization Of Production Activity
- ③ Increase of Foreign Reserves Through Export
- ④ Transfer of Internal Standards (Production Technology, Managerial Know-how)
- ⑤ Utilization of Domestic Resources and Establishment of Supporting Industries

Factors To Invite FDI Successfully

Factors	Thailand/Malaysia	Vietnam	Myanmar
Systems to Invite FDI	⊙	△→○	△
Infrastructure, One Stop Agency, FTZ	⊙	△→○	×
Industrious, Cheap, Abundant Labor	△	⊙	⊙
Foreign Exchange (Double Price)	○	△	×
Top Sales of Investment Promotion	⊙	○	×
Political Stability	○	○	△

How Vietnam Catch Up ?

- ① Three Factors (Intentional FDI Inviting Policy, EPZ, Infrastructure)
- ② Adjustment After Currency Crisis
 - A. Consistency And Transparency In FDI Policy
 - B. Speed-up of Approval Process
 - C. Non Obligation of J/V with National Corporations
 - D. Receiver of Intra-ASEAN production relocation
 - E. Risk Hedge From China
 - F. Trade Agreement With USA
- ③ Results: FDI Total Sum Vietnam: Myanmar=100:17
 Ratio of FDI to Manufacturing Sectors Vietnam: Myanmar=31%:23%
 Dependence of FDI Investors In ASEAN Vietnam: Myanmar=20%:50%

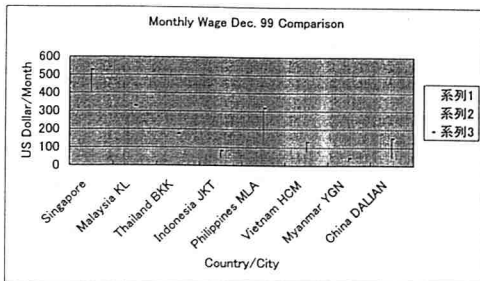
Myanmar, Its Success In FDI

① Potential Of Myanmar

- A. Industrious, Cheap and Abundant Labor
- B. Rich Natural Resources (Agro, Forestry, Fishery) & Valuable Mining Resources
- C. Advantage In Geographical Location
 - Member Of ASEAN (400-500 Million Market), ASEAN New Frontier
 - Neighbor To China (1.3 Billion) and India (1 Billion) Market

② External Factors

- A. Intra ASEAN Economic Collaboration Scheme
 - AFTA/CEPT, Big Joint Project (Mekong River Development), Bilateral Rural Development (with Thailand)
- B. Relocation Of Production Sites In ASEAN
 - Cost Up Factors In ASEAN Forerunners, Competition With China, Vertical and Horizontal Diversification Of Production System, Evaluation Of Myanmar Potential
- C. Expectation Of Lift Of Sanctions By USA and Europe (?)



Myanmar FDI Priority

① How to put priority in industries in Myanmar?

Comparative Advantage of Myanmar, Mid Term Growth of Export Industries,
Compatibility With National Industrialization Plan

② Objectives Of FDI Invitation

	Short	Mid	Long
Export Industry For Foreign Reserve(Light Industry, Assembly & Processing Type)	◎	◎	○
Import Substitute Industry (Endurable Goods, Manufacturing Goods)	△	△	○
Establishment of Industry Base (Heavy, Chemical Industries)	△	△	○
Supporting Industry (Localization of Basic Machining Technology)	△	○	○

Myanmar Comparative Advantage And Promising Industries For FDI

Advantage

⇒

Promising Industry

Resources (Minerals, Agri/Fishery/Forestry)

Labor (Volume/Quality/Cost)

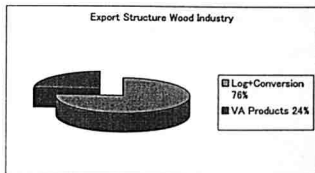
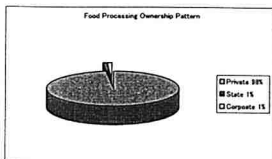
Geographical Location (ASEAN/CHINA/INDIA)

① Food Processing Industry

② Wood Processing Industry

③ Garment Industry

④ Electronics Component



Food Processing Industry

① Present Situation and Potential

Rich Agro-Fishery Resources (Rice, Beans, Sesame, Fruits, Shrimp)

Present Share In Processing Industries (Production, Numbers of Investment, Employment 50-60%), Small to Medium Sized Industries

② Present FDI

ASAN/Chinese Investment (Joint Venture) Import Substitute

③ Future FDI

Target: ASEAN/Chinese/Japanese Investment

Task: Upgrading of material quality and improvement of processing technology

Division of Work with Integrated Thailand Food Industry (Dawei Highway)

Strengthening of localization of seasonings, ingredients, packaging

Wood Processing Industry

① Present Situation and Potential

High quality and abundant resources including teak woods (Under MTE)

Present Share In Processing Industry (Production, Numbers of Investment, Employment approx. 10%)

② Present FDI

About 10 joint ventures with MTE (ASEAN/Japan/Euro/USA)

③ Future FDI

Target: ASEAN/Chinese/Japanese Investment

Task: Process Improvement, Value Adding with introducing latest processing technology and equipment

Long term sustainability with planed reforestation

Consideration of global environmental issues

Myanmar Garment Industry

① Present Situation and Potential

170 investments are export competitive among 400 investments
Among 170, majority obtained CMP Status, 90 obtained MIC license.
Independence to market of US, which has yet lift sanction
Foreign exchange loss has been reported.

② Present FDI

Korean, Hongkong Investment major, 15 investment 100% FDI, 25 J/V.

③ Future FDI

Target: Korean/ Chinese/Japanese Investment
Enlargement of product lines, diversification of export markets
Vitalization of this industry through support to local/CPM firms
Localization of raw materials, strengthening of competitiveness (Mid Term)

Electronics Component (Assembly Industry)

① Present Situation and Potential

No international competitiveness with some exception
Import substitute stage by joint ventures with national corporation
Difficulty in procurement from abroad for FDI

② Present FDI

Japanese, Korean Investment few numbers (Operation rate low)
Fujitsu (Wire harness) Matsushita (Switch/Breaker Assembly)
Daewoo (VCR head assembly) Earth Industrial (Tamura/Local J/V for Transformer)

③ Future FDI

Target: Japanese Investment
Focusing on intra ASEAN Division of Work after AFTA/ASEAN Common Market
Establishment of FEZ with hard/soft infrastructure
Mid Term: labor intensive assembly of components Long Term: Invite electronics
device assemblers or capital heavy industry

(Training Course on)

**INTERNATIONAL POLITICS AND ECONOMICS FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS II**

14 January 2002 – 27 January 2002

Cititel (Mid Valley), Kuala Lumpur

**DISCUSSION – ROLE AND OPPORTUNITY FOR
MYANMAR AS MEMBER OF ASEAN**

by

**Dr. Kamarulnizam Abdullah
(National University of Malaysia)**

Organised by

**International Institute of Public Policy and Management
(INPUMA)
University of Malaya**

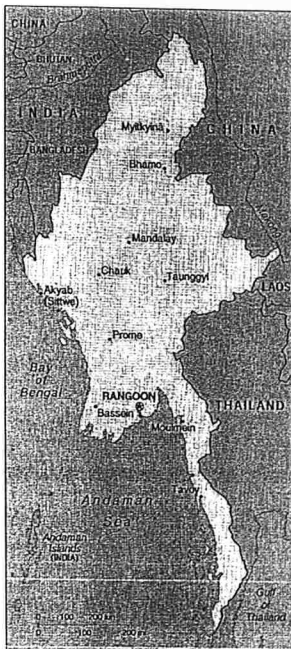
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THE ROLE AND OPPORTUNITY FOR MYANMAR
AS MEMBER OF ASEAN

Training Course for International Politics and Economics
for Myanmar Diplomats and Administrators
Cititel Hotel, Kuala Lumpur
18 January, 2002

MYANMAR (BURMA)



BASIC DATA:

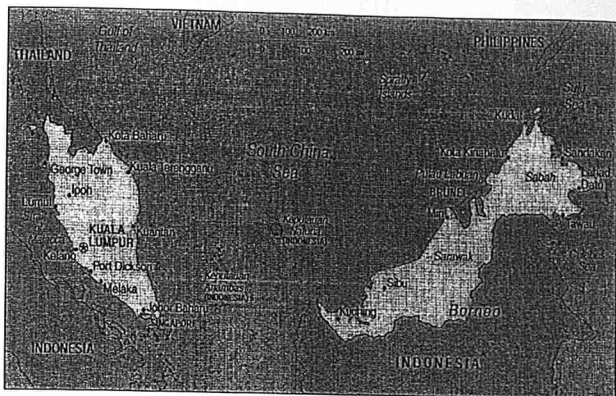
Total: 678,500 sq km

Population: 41,994,678

Purchasing power parity - \$1,500

GDP Composition by Sector: *Agriculture: 42%; industry: 17%; services: 41%*

MALAYSIA



BASIC DATA:

Total Area: 329,750 sq km

Population: 22,229,040 (July 2001 est.)

Purchasing power parity - \$10,300

GDP Composition by Sector: agriculture: 14%; industry: 44%; services: 42%

THE ASSOCIATION OF SOUTHEAST ASIAN COUNTRIES (ASEAN)



BASIC DATA ON ASEAN

GDP per Capita in US Dollar, 1996-2000 (in US\$)

Country	1996	1997	1998	1999	2000
Brunei	17,328	16,565	13,201	13,870	14,094
Cambodia	310	296	262	275	289
Indonesia	1,147	1,071	463	675	723
Lao PDR	382	347	249	274	315
Malaysia	4,769	4,684	3,349	3,621	4,016
Myanmar	126	125	123	143	155
Philippines	1,156	1,129	891	1,030	990
Singapore	25,185	27,170	21,962	23,806	25,864
Thailand	3,040	2,507	1,847	2,006	1,986
Viet Nam	328	349	357	364	396
ASEAN	1,483	1,384	930	1,072	1,121

Sources: ASEAN Secretariat, ASCU Database

BASIC DATA ON ASEAN

Rates of Growth of Real GDP, 1996-2000 (in percent)

Country	1996	1997	1998	1999	2000
Brunei	1.00	3.60	-3.99	2.48	2.97
Cambodia	5.51	3.69	1.81	4.97	4.50
Indonesia	7.82	4.70	-13.13	0.85	4.77
Lao PDR	6.88	6.92	3.99	7.28	5.74
Malaysia	10.02	7.32	-7.37	5.80	8.54
Myanmar	6.44	5.74	5.77	10.92	6.23
Philippines	5.85	5.19	-0.59	3.32	3.95
Singapore	7.58	8.53	0.06	5.86	9.89
Thailand	5.88	-1.45	-10.77	4.22	4.31
Viet Nam	9.34	8.15	5.83	4.71	6.75
ASEAN	7.29	4.12	-7.16	3.42	5.41

Sources: ASEAN Secretariat, ASCU Database

QUESTIONS TO BE RAISED

1. How the international community through Asean can accept Myanmar?
2. How Myanmar can contribute to the stability of the region?
3. How Asean could help Myanmar to achieve its economic development objectives?
4. How Myanmar could use Asean as a platform for economic prosperity? Increasing trade relations? One, two or all countries? Selective trading partner (s)?
5. What is the implication of AFTA after ten years of its inception beginning 2003 on Myanmar?

THE OBJECTIVES OF ASED:

Achieving Asean Goal:

- (i) to accelerate the economic growth, social progress and cultural development in the region through joint endeavors in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations, and
- (ii) to promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries in the region and adherence to the principles of the United Nations Charter.

INTERNATIONAL POLITICAL-ECONOMIC SPHERE

1. Myanmar should have more trading partners among Asean countries by providing conducive economic incentive.
2. Use Asean as a platform for world trade aggressively
3. Develop a joint economic growth triangle in border areas like those of BIMP-EAGA and SIJORI

INTERNATIONAL POLITICAL SPHERE

1. Myanmar should play an aggressive role debunking Western mindset about the country. Use Asean channel.
2. Asean so far as an entity has given moral support to Myanmar against Western bashing, i.e. Asean-Europe Summit etc.

SOCIAL AND CULTURAL SPHERE

1. Programmes to develop economic confidence building measures i.e. exchange students, short courses for Myanmar officers etc.
2. It is not one way. Myanmar has to develop a programme to make member countries to understand its situation.

(Training Course on)

**INTERNATIONAL POLITICS AND ECONOMICS FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS II**

14 January 2002 – 27 January 2002

Cititel (Mid Valley), Kuala Lumpur

JAPAN'S HISTORY SINCE THE MEIJI RESTORATION

by

Prof. Yasuhiro Takeda

Organised by

**International Institute of Public Policy and Management
(INPUMA)
University of Malaya**

Sponsored by

**Japan International Cooperation Agency (JICA)
Economic Planning Unit, Prime Minister's Department (EPU)**

Japan's History Since the *Meiji Restoration*

1. Pre-World War II Period (1869 – 1945): Development and Collapse of Imperial State

(1) National Strategy

- ① National Defense and Prosperity
 - Building Modern Armament and Military Organization
- ② Industrialization:
 - Exclusion of Foreign Money
 - Protection of Domestic Industry
- ③ Civilization and Enlightenment
 - Introduction of Western Culture and Technology

(2) Three Major Reforms

- ① Military: Universal Conscription System
 - Termination of Warrior (*Bushi*) Class
 - Reduction of Financial Burden
 - Strong Armed Forces
- ② Land Tax: Uniform 3% of Land Prices
 - Firm Financial Basis
 - Commercialization of Land and Emergence of Cheap Labor Forces
 - Enlargement of Suffrage
- ③ Education: Universal School System on Utilitarianism
 - Dismantling of Feudal Society
 - Political Education for National Polity

(3) Ruling System: Centralization of Administrative Power

- ① Emperor: Absolute Authority / Limited Exercise of Its Rights
 - Evasion of Political Responsibility
- ② Military: Dual System of Military Administration and Command
 - Politicization of the Military
- ③ Cabinet: Advisory Institution to the Emperor
 - Weak Leadership of Prime Minister
- ④ Diet: Nonparty Government / Popular Election
 - Institutionalization of Opposition Forces

(4) National Integration: Mobilization of National Energy

① Emperor System as a "Family State"

- Solidarity among a Nation
- Integration between a Nation and a State

② Cultivation of Civil Ethic

- Success and Ambition → Promotion of Enterprise
- Hard Work, Thrift, Saving → Reproduction on an Enlarged Scale
- Abiding by Contracts → Division of Labor
- International Openness → Adoption of Western Culture

(5) External Relations

① Phase I: (1884-1917): Defensive Expansionism

- ← End of Transition to Modern State
- Sino-Japanese War (1894)
 - + Reparation → Economic Development
 - Triple Intervention → Military Expansion
- Russo-Japanese War (1904)
 - + Major Power Status → Japan-US Conflict
 - Financial Trouble → Economic Recession
- Annexation of Korea (1910)

② Phase II: (1918-1930): Status Quo and Cooperative Internationalism

- ← Post-War Economic Boom, Party Politics
- Withdrawal from Siberia (1922)
- Disarmament of Naval/Army Forces (1922)

③ Phase III: (1931-1945): Offensive Expansionism

- ← Economic Stagnation, Emergence of Militarism
- Creation of *Manchukuo* (1932)
- Withdrawal from the League of Nations (1933)
- Pacific War (1941-1945)

2. Post-World War II Period (1946 – present): Development of Trading State

(1) National Strategy

- ① Socialist Line: Social Democracy + Non-Armed Neutrality
- ② Mercantilist Line: National Prosperity + Limited Defense Forces
- ③ Nationalist Line: Independence + Rearmament
→①v.s.② (1945-1960)→②(1961-present)

(2) The Occupation Reforms (1945-1952)

①Demilitarization

- Demobilization, Prohibition of Munitions Production
→War Renunciation / Light Armament Policy
- Purge of War Leaders and Officials of Home Affairs
→Emergence of Economic Affairs Bureaucrats

②Democratization

- Divestment of Imperial Sovereignty and Authority
→Popular Sovereignty / The Emperor as National Symbol
- Dissolution of the Big Financial Combines(*Zaibatsu*)
→Separation of Capital and Management
- Liberation of Farmland
→Increase in Owner Farmers → Higher Productivity

(3) Ruling Institutions: Liberal Democracy

- ① National Diet: Highest Organ of State Power
→One-Party Dominant System (*The 1955 Regime*)
- ② Cabinet: Supreme Executive Authority
→Strong Leadership of Prime Minister, Responsibility to Diet
- ③ Bureaucracy: Initiating and Drafting of New Laws
→Strong Influence through Administrative Guidance

(4) Economic Performance

- ①Rehabilitation(1945-1954)
- ②Rapid Growth Economy(1955-1970)
- ③Modest Growth Economy(1971-1984)
- ④ Bubble Economy(1985-1991) *Bubble*
- ⑤Recession(1992-present)

(5) Political Performance after Occupation

① High Economic Growth and Political Consolidation (1950s - 1960s)

- Commitment to *Cheap Government*
 - Low Level of Taxation
 - Lower Public Expenditure on Social Welfare and Defense
 - High Levels of Savings and Investment
- Industry Policy Focused on Development of Specific Sectors
 - Steel, Electrical Power, Shipbuilding, Machinery, Petrochemical
- Limited Defense Force
 - Modest Defense Budget: Less than 1% of GNP
 - Modest Force Size: Less than 300,000

② Infrastructure Adjustment and Modest Economic Growth (1970s-present)

- Commitment to Social Security, Welfare, and Antirecession
 - Expanding Budget Deficit
 - Administration Reform without Increase in Taxation
 - Privatization of Public Sectors: Railway, Telephone, Salt, Tabaco
- Strategic Shift from Export- to Domestic Demand-Oriented Growth
 - Reduction of Trade Surplus and Economic Friction

(6) External Relations

① Phase I (1945-1951): Recovery of Independence

- San Francisco Peace Treaty/Japan-US Mutual Security Treaty(1951)

② Phase II (1952-1971): Restoration to International Community

- Entry into IMF/GATT Regime(1952/1955)
- Seating in the United Nations(1956)
- Normalization of Diplomatic Relation with South Korea(1965)

③ Phase III (1972-1991): Commitment to Western Alliance

- Japan-US Trade Friction
 - Japan-US Burden Sharing in Security Cooperation

④ Phase IV (1992-present): International Contribution

- Participation to UN Peace Keeping Operation in Cambodia(1993)
- Redefinition of Japan-US Alliance(1997)
- Sending Maritime Self Defense Forces to Indian Ocean(2001)

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**INTERNATIONAL POLITICS AND ECONOMICS FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS II**

14 January 2002 – 27 January 2002

Cititel (Mid Valley), Kuala Lumpur

JAPAN-MYANMAR RELATIONS

by

**Mr. Motosada Matano
(Ministry of Foreign Affairs)**

Organised by

**International Institute of Public Policy and Management
(INPUMA)
University of Malaya**

Sponsored by

**Japan International Cooperation Agency (JICA)
Economic Planning Unit, Prime Minister's Department (EPU)**

Japan and Myanmar Relations



January 2002

Motosada Matano

Ministry of Foreign Affairs

(Views shown here are personal and do not belong to the government)

Historically, Japan and Myanmar have Maintained Good Bilateral Relationships.

Many *Biru-Kichis*

Recent Developments

1995 Japan Reviewed its Economic Assistance Policy

1999 Bilateral Summit Meeting (Manila)

2000 Secretary 1 Khin Nyunt Visits Japan

2000 Commenced the Economic Structural Adjustment

2001 Announced Assistance for Baluchaung

Hydropower Plant Renovation

2001 Bilateral Summit Meeting (Brunei)

The GOJ, while watching the progress of democratization and the improvement of the human rights situation, considers and implements mainly those projects which have been already committed but suspended since 1988 and projects that directly benefit people of Myanmar satisfying their basic human needs, on a case-by-case basis.

• Foreign Ministerial Meeting

• Visits to Tokyo by Myanmar Ministers

2. Japan: Where We Stand



**US, UK
(EU) etc.**



- Support Daw Aung San Suu Kyi
- Value the role of Tan Sri Razali

**Sanction Approach
Human-Rights Oriented**



Dialogue-Oriented, Engagement Approach



AUS

- Carries out Humanitarian Assistance
- Close to the 'Engagement Approach'

Japan

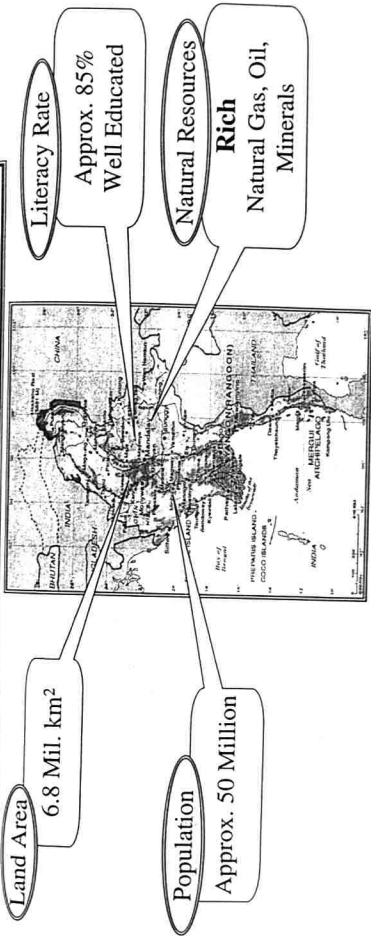


- Has been Urging to Start and Promote Dialogues between the Government and its Opposition Forces by Utilizing Economic Assistance.
- Will Play Roles on its own Initiative to Realize **POLITICALLY STABLE DEMOCRATIZATION** with Close Collaboration with Tan Sri Razali, while Improving the Human Rights Situation.
- Will Cooperate with ASEAN Countries to Promote Myanmar's Democratization and Nation Building.

ASEAN

- Myanmar being "Open" to International Community is Conducive to Bridging the Gap within ASEAN
- Values the Razali Process

3. Positioning of Myanmar in Japan's External Relations



Japan

- Wants to See Myanmar Playing Important Regional Role
- Wants to Deepen Bilateral Relationships at all Levels

Changes



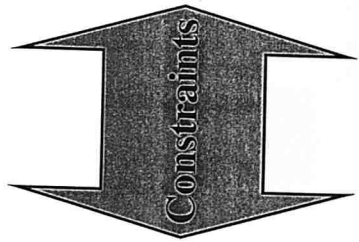
Globalization



Deepening Economic Interdependence

- More Cooperation Needed
- More Transnational Approach Needed

The World is Moving Ahead!



Constraints

Reality

Major Investors (99)

- 1 Singapore
- 2 UK
- 3 Thailand
- 4 Malaysia
- 5 USA
- 6 France
- 7 Netherlands
- 8 Indonesia
- 9 JAPAN

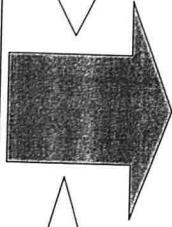
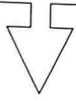
Major Trading Partners

- | | |
|---------------|---------------|
| <u>Export</u> | <u>Import</u> |
| India | Singapore |
| China | Thailand |
| Singapore | <u>Japan</u> |

Stagnant

Remove Constraints

Fully Support
the Razali Process



Bilateral Assistance
(ID, AIDS, Bridging Domestic Gaps,
Economic Structural Adjustment etc.)

Smooth, Seamless Bilateral Relations



Towards

Growing East Asian Community
A Community that Acts & Advances Together

(Training Course on)

**INTERNATIONAL POLITICS AND ECONOMICS FOR
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JAPAN AS ASEAN DIALOGUE PARTNER

by

**Mr. Motosada Matano
(Ministry of Foreign Affairs)**

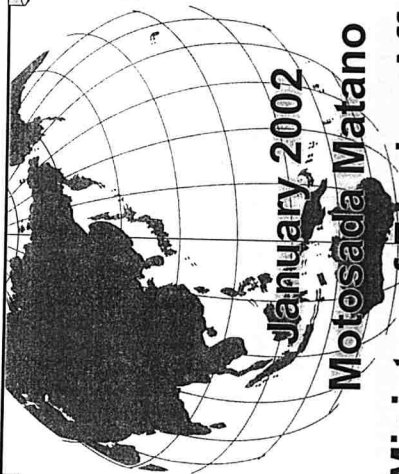
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Japan and ASEAN Relations



Ministry of Foreign Affairs

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1977 Fukuda Speech (1st J-AS Summit)

- 1 Japan will not be a Military Superpower
- 2 Heart-to-heart Understanding
- 3 Equal Partnership

Basis of Japan's
ASEAN Relations

1987 Takeshita Speech (2nd J-AS Summit)

“Think Together, Advance Together”

1997 Hashimoto Speech (3rd J-AS Summit)

- 1 Increase Highest-Level Exchanges
- 2 Expand Cultural Exchanges
- 3 Enhance Cooperation in Trans-border Issues

2002 Koizumi Speech

- **Progressed Peace: Resolution of conflicts in Indochina**
- **ASEAN 10**
- **Democratization**
- **Expanded Market Economy & Economic Interdependence**
- **Accession to the WTO by China and Taiwan**
- **9/11 Terrorist Attacks: Paradigm Shift in Security Concepts**

Expanding Japan-ASEAN Cooperation

ASEAN+Japan

ASEAN+3

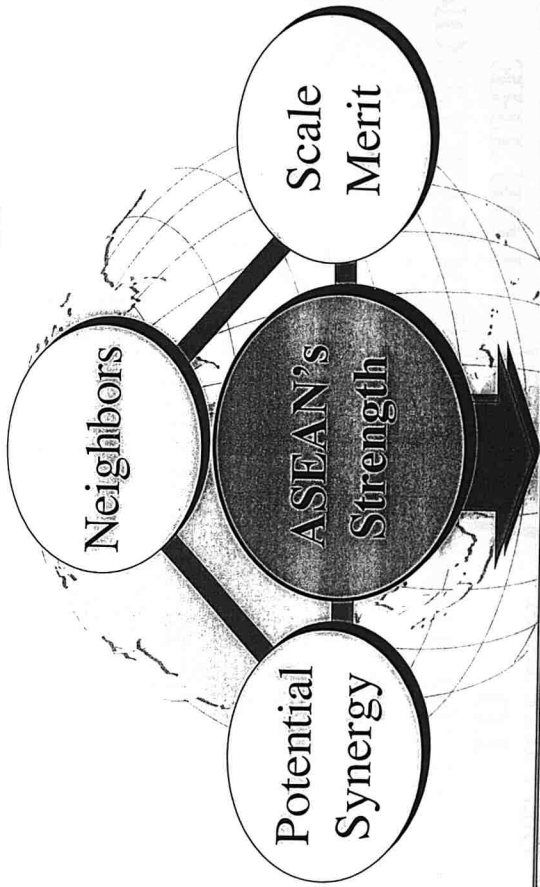
ASEAN/PMC

AEM-METI

Chiang-Mai Initiative

ADB/GMS etc.

3. How to Maximize and Utilize ASEAN's Strength



ACT TOGETHER and ADVANCE TOGETHER

Sincere and Open Partnership

**REFORMS
FOR
PROSPERITY**

**CONTRIBUTION
TO
STABILITY**

**COOPERATION
FOR THE
FUTURE**

• Japan is Committed to its own Reforms for the World

• Support ASEAN's Reforms & Increase ASEAN's Competitiveness

Legislation Administrative Capabilities SMEs
Supportive Industries Nation Building etc.

• Support AFTA and AIA

• Bridging the Gap: Continue Cooperation for Mekong Subregion Development

- Cooperate for Poverty-Reduction and Conflict-Prevention

- Enhance Contribution for Regional Stability

- Tackle Transnational Issues

Anti-Terrorism Piracy Energy Narcotics
Infectious Diseases Human Trafficking etc.

- Support Democratization and Nation Building in Myanmar

- Cooperate for the World



Education and HRD
Cooperation

Year of Japan-ASEAN
Exchange 2003

Initiative for Japan-ASEAN
Comprehensive Economic
Partnership

Initiative for Development
in East Asia (IDEA)

Japan-ASEAN
Security Cooperation

Promote the ASEAN+3 Framework

Deepen

Japan-China-Korea
Cooperation

Core Members

ASEAN+3

Australia

New Zealand

Cooperation with
South Asia,
APEC, ASEM

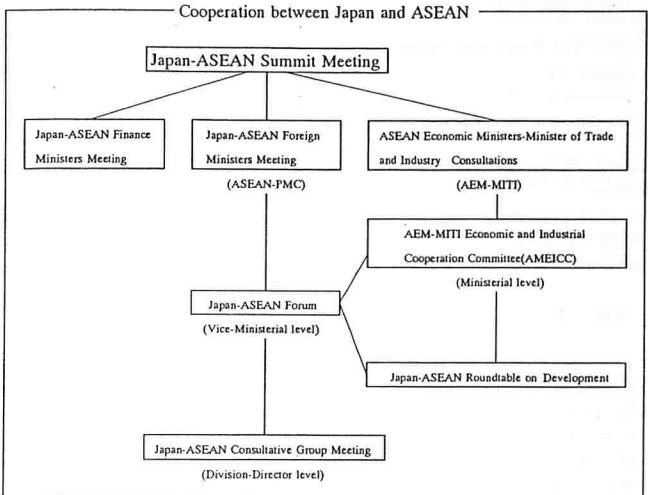
US Involvement
Indispensable

Towards

Growing East Asian Community

A Community that Acts & Advances Together

I .The Japan-ASEAN Dialogue Scheme



(1)Japan-ASEAN Summit Meeting

(a)The First Japan-ASEAN Summit Meeting

In 1977, on the occasion of the second formal ASEAN summit meeting, the first summit meeting between Japan and ASEAN was held, with Japan represented by then Prime Minister Fukuda. Japan expressed its recognition on the establishment of ASEAN as a regional mechanism and its intention to promote cooperation with ASEAN.

(b)The Second Japan-ASEAN Summit Meeting

The second summit meeting was held on the occasion of the third formal ASEAN summit meeting in 1987, with then Prime Minister Takeshita in attendance. Japan and ASEAN confirmed their. "New Partnership for Peace and Prosperity."

(c)The Third Japan-ASEAN Summit Meeting

The third summit meeting was held in December 1997, on the occasion of the second informal ASEAN summit meeting in commemoration of the ASEAN's 30th anniversary, where then Prime Minister Hashimoto proposed three initiatives for strengthening the relationship between Japan and ASEAN.

(d)The Fourth Japan-ASEAN Summit Meeting

In December 1998, the fourth summit meeting was held on the occasion of the sixth informal ASEAN summit meeting in Hanoi, where Prime Minister Obuchi proposed four initiatives in order to enhance Japan-ASEAN cooperation toward the 21st century.

(e)The Fifth Japan-ASEAN Summit Meeting

The fifth summit meeting was held on the occasion of the ASEAN+3 summit meeting in Manila in 1999. Prime Minister Obuchi, recognizing the ASEAN 10 which has been realized in April of 1999 as one of Japan's most important political and economic partner in its diplomacy, announced Japan's cooperation for the development of ASEAN, cooperation to reinforce the basis for revitalization of economy and cooperation to meet the challenges of the age of information.

(2). Ministerial-level Meeting

(a) Japan-ASEAN Foreign Ministers Meeting

In 1987 the first Japan-ASEAN Foreign Ministers Meeting was held in Pattaya, Thailand. Since 1979, Foreign Ministers meetings between Japan and ASEAN have taken place annually, as part of the ASEAN PMC.

(b) ASEAN Economic Ministers-Minister of International Trade and Industry Consultations (AEM-MITI)

This consultations began in 1991 at the invitation of ASEAN for the purpose of exchanging views on a broad range of economic issues, covering from international economic situations to industrial cooperation programs. Since 1992, the AEM-MITI meeting has been held annually as part of the ASEAN Economic Ministers Meetings.

(c) Japan-ASEAN Finance Ministers Meeting

This meeting is held at regular intervals for the purpose of exchanging views on regional economic and financial issues, based on an agreement reached at the meeting in December 1997.

(d) AEM-MITI Economic and Industrial Cooperation Committee (AMEICC)

This committee is established as an organ under the AEM-MITI (Japan's representative is the Minister of International Trade and Industry). The Committee's purpose is to enhance industrial cooperation between Japan and ASEAN, improve the industrial competitiveness of the ASEAN member countries, and provide development assistance to the new ASEAN member countries. The first meeting was held in November 1998.

II .Political and Security-related Issues

<p>Political and Security dialogue</p>	<ul style="list-style-type: none"> • Japan is promoting cooperative dialogues with ASEAN on political and security issues by means of the multilateral discussions in the ASEAN Regional Forum and through various bilateral frameworks with Southeast Asian countries. In addition to that these issues one touched upon at Japan-ASEAN Summit Meetings and Japan-ASEAN foreign Minister's Meeting. • Japan is also pursuing bilateral security dialogues with ASEAN member countries, as agreed at the Japan-ASEAN summit meeting held in December 1997.
<p>Defence-related exchanges</p>	<ul style="list-style-type: none"> • Japan is conducting bilateral defense exchanges with ASEAN member countries in order to promote mutual understanding, friendship and mutual confidence between them.

III. Economic Relations

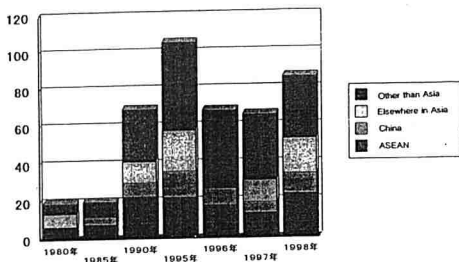
(a) Japan's trade, investment, and ODA toward ASEAN

(Figures in parentheses indicate percentages of overall totals.)

	1990	1998	From 1990 to 1998
Trade	¥8.9613 trillion (11.9%)	¥11.2751 trillion (12.9%)	Increased by 1.26 times(approx)
Investment	¥599.2 billion (7.2%)	¥515.8 billion (9.9%)	Increased by 0.86 times(approx)
ODA	\$2.299 billion (33.1%)	\$2.361 billion (27.3%)	Increased by 1.02 times(approx)

※ Japanese ODA

Regional breakdown of Japanese ODA (per \$100 million)



60% of all Japanese bilateral ODA goes to countries in Asia. Bilateral ODA provided to the ten ASEAN member countries in 1998 (amounting \$2.361 billion) accounted for 27.3% of all Japanese bilateral ODA (the total value of which was \$8.7 billion).

Indonesia was the second largest recipient of Japanese bilateral ODA in 1998, Thailand the third, Vietnam the sixth, the Philippines the seventh, and Malaysia the tenth.

Based on net disbursements in 1998 Japan was the largest donor of assistance to Indonesia, Thailand, Vietnam, Philippines, Malaysia, Cambodia.

(b) Major Japan-ASEAN economic cooperation activities

ASEAN Promotion Centre on Trade, Investment, and Tourism

• The Centre promotes exports to Japan from the ASEAN member countries, investment and tourism from Japan to ASEAN.

Contribution as the Solidarity Fund to the ASEAN Foundation

- In May 1998, then Foreign Minister Obuchi announced in a policy speech delivered in Singapore that Japan would contribute \$20 million as the Solidarity Fund.
- Projects, which will contribute to human resources development or poverty alleviation, are implemented.

Japan-ASEAN Program for Comprehensive Human Resources Development

• In order to develop the human resources necessary for sustainable economic progress, this program aims to train 20,000 people over a five-year period from 1998 to perform such roles as those of (1) political and community leaders, (2) administrators involved in social and economic management and administration in the local government, and (3) private-sector technicians and business people.

Japan-ASEAN South-South Cooperation Promotion Program

• Japan supports ASEAN's efforts to resolve intra-regional disparities within the region and the efforts of the ASEAN member countries to promote their cooperation toward developing countries.

IV. Support for Efforts to Overcome the Economic Crisis

Asian countries' efforts and Japanese Assistance

- After overcoming the currency crisis, Asian countries are making efforts to recover economic growth and build a sound financial system.

【Asian countries' effort】

• Revitalizing the economies

• Economic structural reform
• Human Resources Development

• Social Safety Net

• Stabilizing the currencies

【Japanese assistance measures】

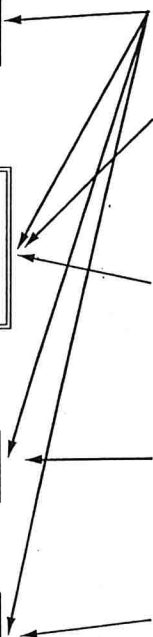
• New Miyazawa Initiative

• Special Yen Loan Facility

• Japan-ASEAN Program for Comprehensive Human Resources Development
• Local training for 10,000 people

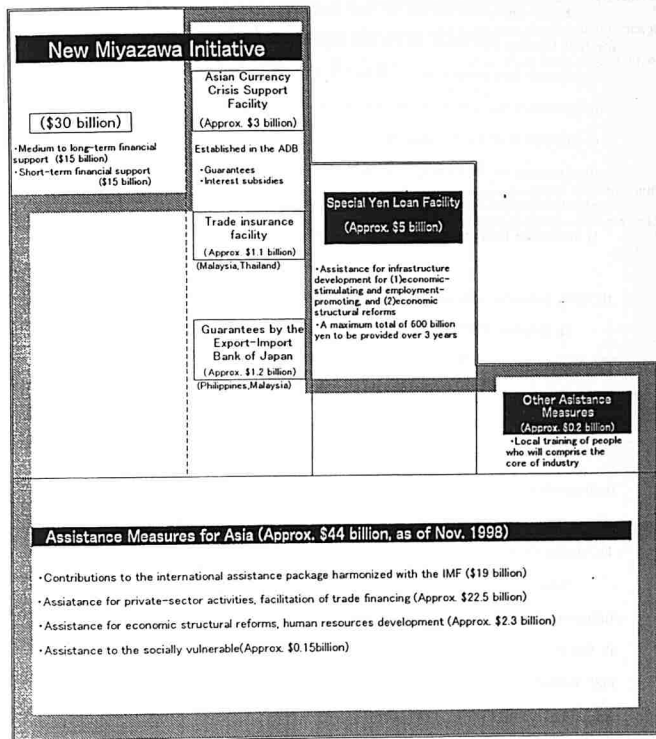
• Rice aid
• Emergency aid of medical supplies

• Efforts for building a stable financial system
(eg. Internationalization of Yen)



〈Japan's Assistance in the Asian Economic Crisis〉

【Total: approx. \$80 billion】



* New Miyazawa Initiative: Including guarantees, interest subsidies, etc. in addition to \$30 billion

□ Assistance measures which have been announced (Approx. \$80 billion)

□ Each assistance measure

■ Assistance measures which have already implemented (Approx. \$70 billion, as of Dec. 6, 1999)

Asian Economic Crisis and Japan's Contribution

I . Assistance measures for Asia (Approx. \$44 billion, as of Nov. 1998)

Japan announced during the time from July 1997 to Nov. 1998 the assistance measures for Asia totaling \$44 billion and is now implementing them. These measures include:

- a) bilateral cooperation in the context of the IMF-led assistance package,
- b) assistance for private investment activities,
- c) facilitation of trade financing,
- d) assistance to the socially vulnerable,
- e) assistance for economic structural reforms, and
- f) assistance for human resources development.

II . "New Initiative to Overcome the Asian Currency Crisis" (New Miyazawa Initiative)

In October 1998, Japan announced to provide a package of support measures totalling \$30 billion, of which \$15 billion will be made available for the medium to long-term financial needs for economic recovery in Asian countries, and another \$15 billion will be set aside for their possible short-term capital needs during the process of implementing economic reform.

Japan has dispatched missions to the related countries and the Initiative is being implemented.

III . "Asian Currency Crisis Support Facility"

Japan proposed the facility to be established in the ADB under the New Miyazawa Initiative (Approx. \$3 billion). This facility helps Asian countries facing economic difficulties in financing through guarantees to private bank loans and bond insurance of these countries, and interest subsidies. This facility can be utilized under "Asian Growth and Recovery Initiative" announced by Japan and the United States at the APEC Economic Leaders Meeting in Nov. 1998.

IV. "Special Yen Loan Facility as Assistance for Economic Structural Reforms of the Asian Countries"

Announced at the ASEAN + Japan, China, Korea Summit Meeting in Dec. 1998, Japan established a scheme of Special Yen Loan facility of a maximum total of ¥600 billion (approx. \$5 billion) over 3 year period, for the purpose of assistance for infrastructure developments to contribute to economic-stimulating and employ-promoting, and economic structural reforms of Asian countries. For the time being, an interest rate of 1% and a repayment period of 40 years will be advantageously applied to the Special Yen Loan Facility.

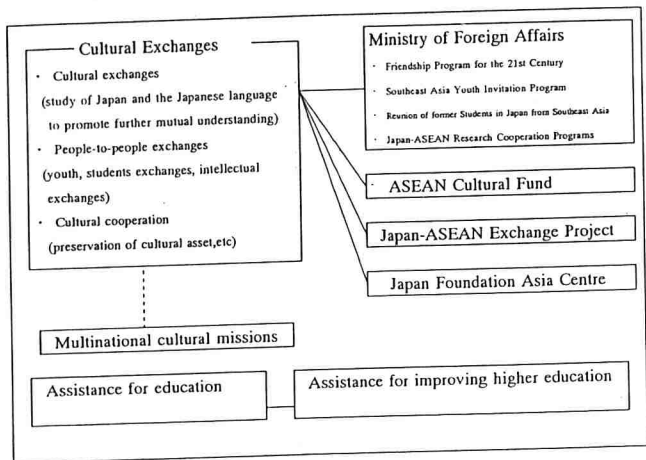
V. Other Assistance Measures

At the Japan-ASEAN Summit Meeting in Dec. 1998, Japan announced new measures such as Local training of 10,000 people playing a core role in industry (approx. \$20 million).

End

V. Cultural and People-to-People Exchanges

Cultural and people-to-people exchanges are carried out through the mechanisms below, in addition to those on bilateral basis.



VI. Global Issues

Japan's Assistance to help the ASEAN member countries on global issues

Transnational Problems	Measures
Forest Fires	<ul style="list-style-type: none"> • Grant Aid : Malaysia (approx. ¥9.05 million) Indonesia (approx. ¥8.6 million) • Disaster relief: Dispatch of Japan's disaster relief team (expert team) and provision of emergency relief supply
Forest Conservation (Measures to cope with acid rain)	<ul style="list-style-type: none"> • In 1993, Japan proposed formation of the Acid Deposition Monitoring Network in East Asia. The first intergovernmental meeting was held in March 1998. It was agreed to officially commence operations in mid-2000 and to set up a provisional network headquarters in Niigata, Japan.
International Terrorism	<ul style="list-style-type: none"> • "Japan-ASEAN Network for Counter-terrorism" Established in June 1997. The network facilitates exchanges of views and information between Japan and the nine countries of the ASEAN region on terrorism. • "Japan-ASEAN Counter-terrorism Conference" This conference was held in Tokyo in October 1997, with the participation of officials of foreign ministries and police agencies from Japan and the nine countries of the ASEAN region.
Illegal Drugs	<ul style="list-style-type: none"> • Through the United Nations International Drug Control Program, Japan contributes to counter-drugs projects for the ASEAN member countries.
International Organized Crime	<ul style="list-style-type: none"> • "Asia Regional Ministerial Meeting on Transnational Crime" This meeting was held in Manila in March 1998 as part of the activities of the United Nations. Discussions were held on efforts to deal with international crime in the Asian region. • "Anti-money-laundering" Japan intends to cooperate with the ASEAN member countries through the efforts of the Asia/Pacific Group on Money Laundering.

(Training Course on)

**INTERNATIONAL POLITICS AND ECONOMICS FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS II**

14 January 2002 – 27 January 2002

Cititel (Mid Valley), Kuala Lumpur

THE ADMINISTRATIVE SYSTEM OF MALAYSIA

by

Datuk Dr. Abdullah Abdul Rahman

Organised by

**International Institute of Public Policy and Management
(INPUMA)
University of Malaya**

Sponsored by

**Japan International Cooperation Agency (JICA)
Economic Planning Unit, Prime Minister's Department (EPU)**

MALAYSIAN ADMINISTRATIVE SYSTEM

INTRODUCTION

A study of the public administration in Malaysia requires an understanding of the broad characteristics of its government. This is because public administration does not function in isolation but has to work in unison with other institutions of democratic governance. " The cornerstone of democratic governance in Malaysia is the abiding mutual respect for and recognition of the respective roles of the institutions that make up the polity. The harmonious relationships between three branches of government: the Legislative, the Executive, the Judiciary, and the Public Services have contributed to the successful functioning of democracy in Malaysia" ¹

The broad characteristics of government in Malaysia can be grouped and examined under the four headings below:

- a. Constitutional Monarchy.
- b. Parliamentary Democracy
- c. Independence Of The Judiciary
- d. Nature Of The Public Service.

CONSTITUTIONAL MONARCHY

Malaysia is a federation which practises constitutional monarchy. This means that the supreme head of the federation is the King (or Yang di-Pertuan Agong) and the head of each state is either a Ruler or Yang di-Pertua Negeri. However, the powers of the Yang di-Pertuan Agong and the state heads are not absolute as their roles are clearly spelt out by the federal and state constitutions.

¹ Tan Sri Dato' Seri Ahmad Sarji bin Abdul Hamid, speech delivered to Singapore Senior Civil Servants at Raffles Hotel, Singapore on 20th. November 1993.

Yang di-Pertuan Agong

The Yang di-Pertuan Agong is elected for a term of 5 years from among the nine hereditary Rulers by the Conference of Rulers. As supreme head, the constitution gives the Yang di-Pertuan Agong precedence over all the other heads of states. In addition, at the federal level, he is head of each of the three branches of government—the legislature, the executive and the judiciary.

With regard to the legislature he is a component part of Parliament, the other two being the Dewan Rakyat (Lower House) and the Dewan Negara (Upper House). Though he does not participate in its regular sessions he assents into law bills passed by Parliament.

As the executive authority of the federation is constitutionally vested in him, he appoints the Prime Minister and other ministers. Appointment of officers to certain senior positions in the public service, called designated posts [Article 144(3) and (5)] are also made by him. The Yang di-Pertuan Agong is also the Supreme Commander of the Armed Forces and signs commissions appointing officers of the armed forces.

Being the head of the judiciary, he appoints the Chief Justice, President and Judges of the Court of Appeal and all judges of the two High Courts. He is also involved in the appointment of Sessions Court Judges and magistrates in the federal territories. As the custodian of justice he has powers of mercy in respect of offences tried by court-martial, offences committed in the federal territories and sentences imposed by Muslim religious courts in his home state, Malacca, Penang, Sabah, Sarawak and any federal territory where he is the head of the religion of Islam.

Rulers and Yang di-Pertua Negeri

Each of the nine Malay states has a hereditary Ruler who reigns for life. In Perlis the ruler is known as the Raja and in Negeri Sembilan he is called the Yang di-Pertuan Besar. In other states they are known as Sultans. Four states (Malacca, Penang, Sabah and Sarawak) have Yang di-Pertua Negeri. They are appointed for four years by the Yang di-Pertuan Agong after consultation with the Chief Minister of the state concerned.

A Ruler or Yang di-Pertua Negeri is a formal member of the state legislature but he does not attend its regular sessions. Just as in the case of the Yang di-Pertuan Agong and Parliament, bills passed by the state legislature require his assent before becoming law.

He appoints the Menteri Besar (Chief Minister) and on the Menteri Besar's (Chief Minister's) advice, other member of the State Executive Council. Members of the state public hold office under him. With respect to the judiciary, he is involved in the appointment of judges and judicial officers. He has power of mercy with regard to offences committed in his state which is exercised in the light of advice from an independent Pardons Board.

Conference Of Rulers

No discussion on the constitutional monarchy in Malaysia would be complete without examining the important role played by the Conference of Rulers. The Conference of Rulers, consisting of all the nine Rulers and the four Yang di-Pertua Negeri, is the most august assembly in the country. Though it has no power to enact laws or impose taxes, yet it is very influential. It is very

important forum for exchanging ideas and view-points between the federal and state governments.

The key functions of the Conference are:

- (a) to elect and remove the Yang di-Pertuan Agong and the Timbalan Yang di-Pertuan Agong (for this purpose the Yang di-Pertua Negeri do not attend);
- (b) to deliberate on questions of national policy; and
- (c) to consent or not to any law and to give advice on appointments which constitutionally require their consent or advice.

The Conference must be consulted on the appointment of the Chief Justice, President and Judges of the Court of Appeal and the judges of the two High Courts, before they are appointed by the Yang di-Pertuan Agong on the Prime Minister's advice; regarding the appointments (again by the Yang di-Pertuan Agong on the Prime Minister's Advice) of members of the various independent public service commissions and the appointment (by the Yang di-Pertuan Agong alone) of members of the independent Election Commission.

Some laws, mostly amendments to certain of the Federal Constitution, may not be passed by Parliament without consent of the Conference. Among these are Article 152 dealing with the national language and the use of other languages, and Article 153 which deals with the special position of Malays and natives of Borneo and also the legitimate interests of the other communities.

PARLIMENTARY DEMOCRACY

The second important feature of the Malaysian Government is that it is a parliamentary democracy. This means that amongst others it has the following key features:

- a. At specified intervals free and fair general elections are held where people are given the right to choose who should govern them.
- b. The representatives who govern them are members of a Parliament which controls the power to make laws, levy taxes and sanction the expenditure of public money.
- c. The executive headed by the Prime Minister and his cabinet formed from the majority party or group in parliament is responsible to the people's representatives in Parliament. This means that if the cabinet loses the confidence of parliament it has to resign and a general election has to be held to give the people the opportunity to choose their next government.

Separation of Powers

The concept of separation of powers is a cardinal one in modern democratic government. It is based on the assumption that the power of government may be divided into three: legislative; executive; and judicial. The

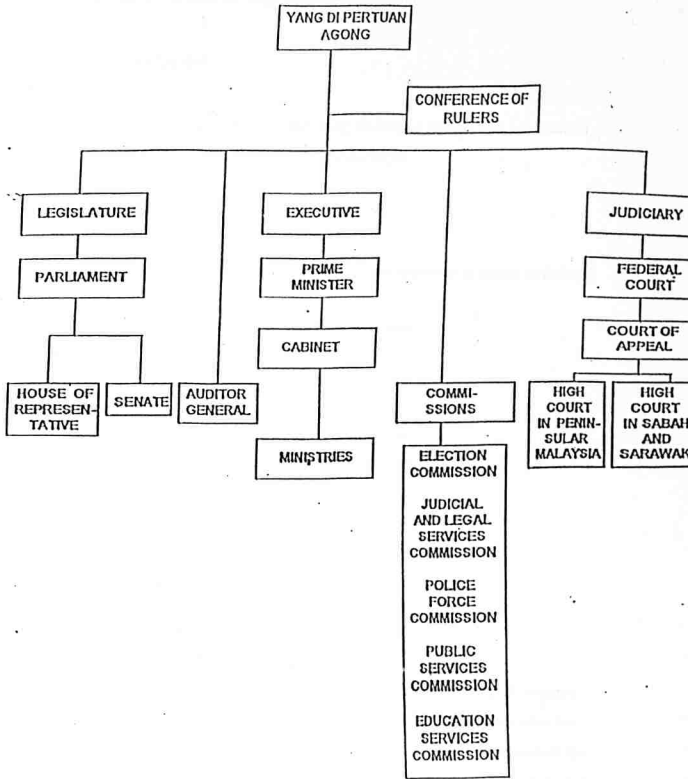
main objective of the separation of power is to avoid concentration of powers in any one person or body which may then be open to abuse.

In Malaysia, the system of separation is closer to the British model than that practised in the United States. Being a parliamentary democracy, there is no separation of executive-legislative power, because of the cabinet-type of organisation that is observed. This makes the Cabinet as a whole collectively responsible to Parliament. Thus, the executive branch is also part of the legislature. This is in contrast to the presidential system practised in the United States where the Chief executive, the President is neither chosen by, nor responsible to the legislature. Cabinet members are appointed by the President and they are responsible to him. These Cabinet members are not required to be members of the legislature.

Even though no strict separation of power exists in Malaysia between the executive and legislature branches, the judicial branch is relatively independent of the two. This concept is further elaborated under the heading on the independence of the judiciary.

An overview of the Malaysia Government structure showing the three branches of government is shown in Figure 1.1

FIGURE 1.1: ORGANISATION OF THE GOVERNMENT OF MALAYSIA



The legislative power at the federal level is vested with Parliament and at the state level with the State Legislative Assembly.

Parliament

Parliament consists of The Yang di-Pertuan Agong; and two chambers, namely Dewan Negara and Dewan Rakyat.

Dewan Negara

Dewan Negara consists of 69 elected and appointed members as follows:

- i. Two members from each state elected by the State's Legislative Assembly.
- ii. Two members for the Federal Territory of Kuala Lumpur and one for that of Labuan appointed by the Yang di-Pertuan Agong.
- iii. 40 members appointed by the Yang di-Pertuan Agong.

The Dewan Negara is designed to fulfil a number of purposes. Firstly, it has been envisaged as a forum to which persons who have rendered distinguished public service or have achieved distinction in the professions, commerce, cultural activities, politics and so on can have easy access without undergoing the din and bustle of a general election that is

required to find a seat in the Dewan Rakyat. In this way their experience and talents are not lost to the country. Secondly, the Dewan Negara serves as a revising chamber over the Dewan Rakyat which being a popular chamber may at times be moved to act hastily under pressure of public opinion. The existence of two debating chambers means that precipitous action may be prevented.

However, it must be stressed that the Dewan Rakyat, together with the Yang di-Pertuan Agong, may enact laws without the consent of the Dewan Negara as provided under Article 68. This is because, as explained above, the authority of the Dewan Negara to reject measures adopted by the Dewan Rakyat is of a dilatory nature.

Dewan Rakyat

The Dewan Rakyat is a democratic chamber popularly elected directly by the people. It reflects the popular will and in this lies its source of strength. The constitution specifies that the Prime Minister must be a member of the Dewan Rakyat, and the Dewan Rakyat has the final say in money Bills such as taxation and expenditure of public money. Ordinarily, the life of parliament is five years, where upon it stands dissolved. It may be dissolved at any time during the period of its normal life by the Yang di-Pertuan Agong, acting within his discretion upon the request of the Prime Minister.

The Dewan Rakyat has 192 members, but the Speaker who is elected by the House to preside may be a non-member, in which case the House will have 193 members. Membership to the Dewan Rakyat is limited to citizens aged 21 and above and who are not members of the Dewan Negara.

Functions of Parliament

Parliament, among others, may be said to play four key roles. Its first role is in the area of legislation. Article 44 provides that the legislative authority of the federation shall be vested in a Parliament. Article 66 again spells out the law-making procedure, through Bills passed by both Houses and assented to by the Yang di-Pertuan Agong. Article 159 gives the power to Parliament to amend the constitution if it so wishes, by a two-thirds majority.

With the exception of Articles 2, 38, 70, 71, 153 and 181, Parliament, and Parliament alone, has sovereign and paramount power to legislate in the areas over which it has jurisdiction.

Its second main role is in the area of finance. Only Parliament has the power to levy any taxes or rates. Article 96 provides that no tax or rate shall be levied by or for the purposes of the federation except by or under the authority of federal law. The power of Parliament includes granting of money for expenses on public services, imposition of taxes, and authorization of loans. The principle on which parliamentary control of finance is based is the doctrine that Parliament is the custodian of the public purse. This function is very important as it enables Parliament to exercise some form of control over the Executive, through discussions during the Budget debate. As has been mentioned earlier, financial powers have been concentrated in the Dewan Rakyat, and the Dewan Negara has no choice except to agree.

The third key role played by Parliament is in the area of deliberation and discussion of important public issues and airing public grievances. This is constantly done through legislation, control of public finance, debate on the Royal address, and through question time. Question time provides an effective check on the day-to-day administration

and an opportunity for concentrating public attention on topics of current concern. It provides a valuable safeguard against maladministration and brings the searchlight of criticism to bear on the action or inaction of responsible Ministers and their subordinates.

Finally, the fourth key role played by Parliament is that of watchdog over the Executive. In any parliamentary form of government, the Executive is made subordinate to the legislature and responsible to it. Article 43 (3) provides that the Cabinet shall be collectively responsible to Parliament and by Article 43 (4), if the Prime Minister ceases to command the confidence of the majority of the members of the House of Representatives, then unless at his request the Yang Di-Pertuan Agong dissolves Parliament, the Prime Minister shall tender the resignation of the Cabinet. An important function of Parliament, therefore, is to control the Executive, criticise and supervise the administration and influence the policies of the government.

State Legislative Assemblies

State legislatures have only one chamber with functions, rights, privileges and powers similar to those of the federal Parliament - but only as regards state subjects. Here it is relevant to examine the respective jurisdictions of the federal Parliament and state legislatures.

The philosophy behind the Malaysian constitution is that of a strong federal government. Consequently, subjects like foreign affairs, defence, internal security, civil and criminal law and procedure, the administration of justice, federal citizenship and aliens, the machinery of government, finance and currency, trade, commerce and industry, shipping, navigation and fisheries, communications and transport, education, medicine and health, labour and social security, professional occupations and so on are federal subjects. These are in the Federal List in the Malaysian

constitution. On these subjects only the federal Parliament may legislate but not any state legislature.

State subjects are in the State List, the most important being lands and mines, Islamic Law and courts and, with respect to Sabah and Sarawak, also native law and custom and courts. On these only a state legislature may make law.

There is a third list, the Concurrent List, containing what are known as concurrent subjects such as social welfare, scholarships and so on with respect to which either the federal or a state legislature may make laws subject to prior consultation.

Elections

The country is divided into 192 federal constituencies and 450 state constituencies, each constituency returning one member. Thus the House of Representatives, the lower house of Parliament, has 192 members (193 if a non-member is elected by the House as Mr. Speaker), and State Legislative Assemblies have 450 members altogether. The two federal territories have no legislatures of their own, but return elected members to the federal Parliament.

Elections are conducted not by government but by an independent Election Commission established by the constitution. The functions of the Election Commission are to conduct elections to the House of Representatives and to the Legislative assemblies of the States, and to prepare and revise electoral roles for such elections. It is also the duty of the Commission to review every eight or ten years the divisions of the Federation and the States into constituencies.

As for eligibility to vote, every citizen of any sex who:

- a) is 21 or more; and
- b) is resident in a constituency or, if not so resident, is an absent voter.

Executive

Executive authority or the power to govern is vested by Article 39 of the Constitution in the Yang di-Pertuan Agong, but is exercised by a Cabinet of Ministers headed by the Prime Minister. The Cabinet is responsible to the Yang di-Pertuan Agong but in keeping with the institution of constitutional monarchy, the chief executive is the Prime Minister. At the state level the Chief Executive is the Menteri Besar or Chief Minister.

Prime Minister

As the chief Executive of the federal government, the Prime Minister is responsible to the Yang di-Pertuan Agong for all government matters. The Prime Minister is appointed from the leader of the party that has a majority in the Dewan Rakyat and hold office at the royal pleasure. He is also the head of the Cabinet of Ministers, where he is *primus inter pares* – the first amongst equals. As leader of the party with the most members in the Dewan Rakyat, the Prime Minister is the most important elected representative of the people in Malaysia's democratic ruling system.

The Prime Minister's main function is to preside over the cabinet and to coordinate policy and effort of the various portfolios in the government. The Prime Minister also has certain constitutional and statutory functions. He advises the Yang di-Pertuan Agong on the appointment of the judges, members of the Services and Election Commissions and the filling of designated post in the civil service.

Cabinet And Ministers

The Yang di-Pertuan Agong appoints a cabinet or council of Ministers headed by the Prime Minister to advise him in the exercise of his executive functions. The names of the Cabinet Ministers are recommended by the Prime Minister to the Yang di-Pertuan Agong. Though the Prime Minister himself must be a member of the Dewan Rakyat, his Cabinet colleagues can be either member of the Dewan Rakyat or Dewan Negara.

In addition to the ministers, the Prime Minister may also appoint Deputy Ministers. As in the case of Ministers they must either be member of the Dewan Rakyat or Dewan Negara. However, unlike the Ministers they are not members of the cabinet and when a Minister is absent his deputy Minister does not attend meetings of Cabinet unless invited by Prime Minister to do so when there are papers from the Ministry concerned for the decision of the Cabinet.

Government Administrative Machinery

The government administrative Machinery is made up of three main levels, namely federal, state and local levels. The machinery was established to carry out the government's executive functions. According to the Federal Constitution, the public services that make up the machinery are the Armed Forces, Judicial and Legal Service, General Public Service of the Federation, Police Force, Railway Service, Joint Public Service, the Public Service in each state and the Education Service.

Under the discussion on the executive, the various services comprising the public services according to the constitution were mentioned. Here two principal features which give the Malaysian public service its intrinsic character will be discussed. These two features are neutrality and professionalism.

Political Neutrality

It is the role of the public service to advise Ministers on the formulation of government policies and later assist in its implementation. In order for public servants to carry this out impartially and effectively they must be in a position to offer advice without fear or favour. This cannot be achieved if public servants take an active role in politics. Accordingly, they are expected to maintain political neutrality. "The Civil Service has maintained its neutrality by serving the Government of the day in a dedicated and loyal manner, implementing the policies and programmes of the government, irrespective of our personal preferences and judgements".²

This principle of political neutrality was stated in the Malayan Constitutional Report 1957 as follows:

"40. The first essential for ensuring an efficient administration is that the political impartiality of the public service should be recognized and safeguarded. Experience has shown that this is best secured by recognising the service as a corporate body owing its allegiance to the Head of State and so retaining its continuous existence irrespective of changes in the political complexion of the government of today. The public service is necessarily and rightly subject to ministerial direction and control in the determination and execution of government policy, but in order to do their job effectively public servants must feel free to tender advice to Ministers, without fear or favour, according to their conscience and to their view of the merits of the case."

This principle was later adopted into the Malaysian constitution. In essence this means that public servants must not side any political party even though they have to take directives from Ministers of the political party in power. Public servants whether they are soldiers, members of the police force or ordinary government officers continue in service regardless of the fate of their Ministers after a general election.

To ensure the political neutrality of public servants various measures have been adopted by the constitution as below.

Service Commissions

The role of the independent service commissions is to ensure that appointments, confirmations, promotions, transfers, and discipline including dismissals from public service are based on professional principles and are free from political and other types of interference. The various commissions which have been established to oversee the respective public services are as below:

- (i) Public Services Commission
- (ii) State Service Commissions
- (iii) Judicial and Legal Services Commission
- (iv) Police Force Commission
- (v) Education Services Commission

Prohibition from Political Activities

Public servants, especially those who are holding senior positions, are strictly prohibited from taking an active part in the activities of any political party.

Tenure of Service

As long as public servants carry out their responsibilities in a professional manner they can be fairly assured of their job security until the mandatory retirement age of 55. This job security is provided for under Article 135 of the Constitution. Through this provision public servants are protected from any exercise of arbitrary power by their political masters. This is another protective feature which enables them to maintain their political neutrality.

Professionalism

The other important feature of the Malaysian public service is its emphasis on professionalism. " Professionalism also means acquiring the highest competency in the knowledge and skills required of a job. Only then can you deliver the quality goods and services expected of you. This is the litmus test of professionalism".³

The Malaysian public service has adopted a number of approaches to enhance professionalism amongst public servants. At the outset the various service commissions have developed recruitment mechanisms which endeavour to recruit the best talent to fill civil service vacancies. After recruitment the departments and agencies to which the new recruits are posted normally hold orientation and pre-service courses to equip new entrants with additional knowledge deemed necessary.

Further to this, most departments and agencies require their officers to attend in-service courses from time to time as part of an ongoing programme of continual personnel development. This in-service training includes attending post-graduate courses up to doctoral level in universities, both local and abroad.

In addition to formal training, professionalism is ensured through codes of conduct. One important code which governs all public servants is Public Officers (Conduct and Discipline) Regulations 1993. This code places more emphasis on behaviours which public servants are prohibited from engaging in.

On the positive side, the public service has also developed various policies and programmes whose overriding objective is the inculcation of positive values which enhance professionalism. Among the programmes which can be cited are Excellence In Work Ethics, Look East Policy, Leadership By Example, Inculcation Of Islamic Values In Administration and so on.

THE FUNCTIONS OF FEDERAL GOVERNMENT

Ministries

Ministries are the highest bodies in the federal administrative machinery. They are set up to carry out the executive functions of the federal government. Headed by a minister, each ministry is assigned a specific portfolio and is responsible for the management of government policies pertaining to that portfolio. Currently, there are 26 ministries, each headed by a minister. The Prime Minister and the Deputy Prime Minister also head one or more Ministries. At the same time, Ministers without portfolios are appointed, usually in the Prime Minister's Department.

The chief executive of a ministry is the Secretary General. He is the senior most administrative officer in the ministry and acts as adviser to the minister in matters pertaining to government policies. Where the policies are major in nature, such policies are deliberated upon collectively by the Cabinet. At the same time the Secretary General is responsible for the smooth implementation of all government policies and directives. However, in the Prime Minister's Department, the chief executive is the Chief Secretary to the Government, who heads the entire public service and is also the Secretary to the Cabinet. As chief administrator of the country, he is responsible for the overall smooth running of the government machinery and ensures coordination between the three levels of government.

The Secretary General is also responsible for the finances of his ministry. He is deemed the controlling officer of the ministry, responsible for the disbursement of funds voted by Parliament for his ministry. To ensure the proper management of public funds, rules and procedures found in treasury instructions and circulars guide all financial transactions. Improper disbursement will have to be accounted for by the Secretary General, firstly to the Auditor General and subsequently to the Public Accounts Committee. This committee is a Parliamentary committee which scrutinises any adverse comments in the Auditor General's annual report and further seeks clarification from the Secretary General on the alleged improper management of funds.

Ministries fall into two categories, the first generally termed as 'a central agency' and the second as 'an operating ministry'. Central agencies carry out staff functions and include among others the Prime Minister's Department, the Ministry of Finance and the Attorney General's Chambers. Operating ministries, on the other hand, carry out line functions and are responsible for the actual implementation of various policies, programmes and projects.

The organisations of the Federal Government is shown in Figure 1.2

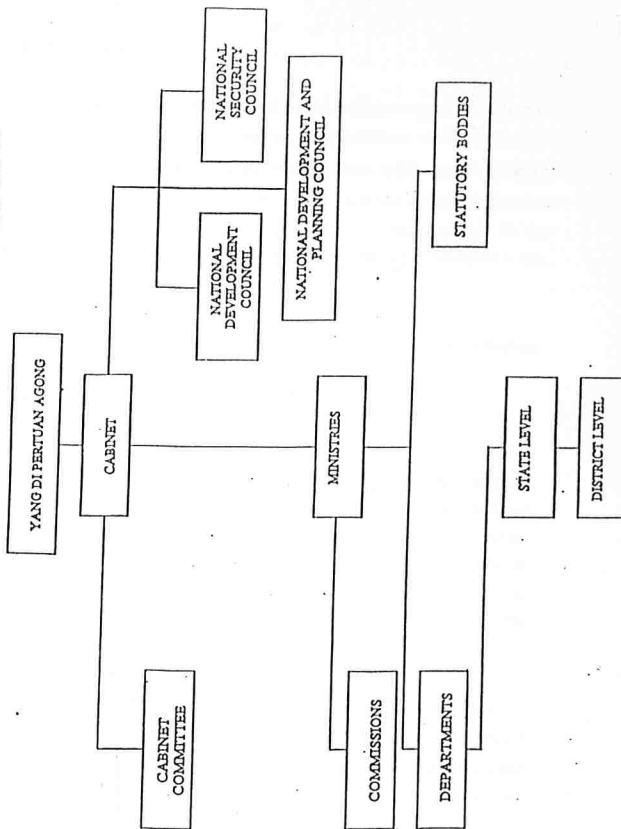
Departments

Most of the functions of the ministries are carried out by departments. Each department is headed by a Director General and is usually organised with a three-tier structure, that is, a headquarters located in the capital city, state offices located in state capitals and district offices in major districts. Although most departments are federal departments manned by federal officers, at the state and district branches, there exist departments whose branches are staffed by the state establishment and remuneration is paid by the state government. Federal officers may fill such posts on a secondment basis.

Departments vary in terms of financial autonomy vis-a-vis their respective ministries. Some Director Generals are controlling officers with the concomitant financial authority while others are dependent upon their respective ministries for their finances. This is usually related to the history of the creation of the department. Examples of Director Generals who are controlling officers are the Director General of Civil Aviation, the Director General of Prisons and the Director General of Town and Country Planning.

Departments are guided in their operations by policies determined jointly with their respective ministries. Coordination is achieved through coordinating meetings of all heads of department under that ministry, usually chaired by the Secretary General. In addition coordinative mechanisms exist to effect the necessary coordination within the three-tier structure.

FIGURE 1.2: GOVERNMENT ADMINISTRATIVE MACHINERY AT THE FEDERAL LEVEL



Public Enterprises

Public enterprises (PEs) are set up as part of the government machinery to implement government policies and programmes. The traditional role of PEs has been the provision of goods and services to the people which are "public goods" that cannot be satisfactorily supplied by the private sector. With the advent of the New Economic Policy in 1970, they were given an additional role as "trust agencies" for the 'Bumiputras' and operate as powerful instruments to correct the imbalance in the economy.

Basically there are two types of PEs namely, statutory bodies and government owned companies.

Statutory Bodies

There are two types of statutory bodies, federal statutory bodies which are formed under Acts of Parliament, and state statutory bodies which are established under Enactments by State Legislatures. They form part of the implementing arm of the government with specific functions to expedite the growth of vital industries and the production of primary products of the country. Each statutory body is governed by a Board of Directors. The Chairman and the members of this board are appointed by the government.

One major category of statutory bodies is Regional Development Authorities or RDAs. They were set up with the specific objective of increasing the per capita income of the rural population through planned regional development. Large tracts of land, particularly in less developed states, were designated to these authorities. Within these gazetted areas, all development plans and programmes came under the jurisdiction of the Federal Government.

Every RDA is governed by a board of Directors on which is represented federal and state officials and professional nominated by the Minister. The RDAs are placed under the jurisdiction of the Ministry of Rural Development.

Government Owned Companies

Government companies are another form of implementing agency. These companies are incorporated under the Companies Act, 1965. their main role is to provide goods and services commercially. For companies that are wholly-owned by the Government, the appointment and the termination of the Board of Directors are dependent upon the approval of the Minister whereas in the case of those which are not wholly-owned by the Government, the management of the company is determined by the shareholders

The list of Federal Ministries and Department/Statutory Bodies is shown in Figure 1.2.1

**FIGURE 1.2.1: LIST OF FEDERAL MINISTRIES AND DEPARTMENTS/
STATUTORY BODIES**

1. Prime Minister's Department
 - The Economic Planning Unit (EPU)
 - Implementation Coordination Unit
 - Department of Islamic Development Malaysia
 - Pilgrims Fund Board
 - Malaysian Administrative Modernisation and Management Planning Unit (MAMPU)
 - Public Complaints Bureau
 - Public Service Department
 - Statistics Department

2. Ministry of Agriculture
 - Department of Agricultural
 - Department of Fisheries Malaysia
 - Department of the Veterinary Services
 - Department of Irrigation and Drainage
 - Malaysia Agricultural Research and Development Institute (MARDI)
 - Federal Agricultural Marketing Authority (FAMA)
 - Farmers Organisation Authority (FOA)
 - Fisheries Development Authority (LKIM)
 - Muda Agricultural Development Authority (MADA)
 - Kemubu Agricultural Development Authority (KADA)
 - Bank Pertanian Malaysia (BPM)
 - National Hydraulic Research Institute of Malaysia (NAHIRIM)
 - Pepper Marketing Board

3. Ministry of Culture, Arts and Tourism
 - The National Archives of Malaysia
 - The Department of Museum and Antiquity
 - Malaysian Tourism Promotion Board
 - The National Art Gallery

4. Ministry of Defence

5. Ministry of Domestic Trade and Consumer Affairs

6. Ministry of Education

7. Ministry of Energy, Telecommunications and Post
 - Electricity Supply Department
 - Telecoms Department
 - Postal Department

8. Ministry of Entrepreneur Development
 - Bank Pembangunan Malaysia Bhd. (BPMB)
 - Majlis Amanah Rakyat (MARA)
 - Urban Development Authority (UDA)
 - State Economic Development Corporation (SEDCs)
 - Commercial Vehicles Licensing Board
 - Contractor Services Centre
 - Credit Guarantee Corporation (CGC)
 - Perbadanan Nasional Berhad (PERNAS)
 - Malaysian Handicraft Development Corporation (KRAFTANGAN)

9. Ministry of Finance
 - Inland Revenue Authority
 - Royal Customs and Excise Department
 - The Valuation and Property Department

10. Ministry of Foreign Affairs

11. Ministry of Health

12. Ministry of Home Affairs
 - People's Volunteer Corps
 - Royal Malaysia Police
 - Prisons Department of Malaysia
 - National Registration Department
 - Immigration Department
 - Task Force on Foreign Workers
 - Societies Registration Department of Malaysia
 - Civil Defence Department

13. Ministry of Housing and Local Government
 - Local Government
 - Sewerage Services
 - Public Housing
 - Town and Country Planning
 - Fire Services

14. Ministry of Human Resources
15. Ministry of Information Malaysia
 National Film Development Corporation Malaysia (FINAS)
 Filem Negara Malaysia
 Malaysia National News Agency (BERNAMA)
 Tun Abdul Razak Broadcasting Institute
16. Ministry of International Trade and Industry (MITI)
 Malaysia Industrial Development Authority (MIDA)
 Malaysia Industrial Development Finance Berhad (MIDF)
 Malaysia External Trade Development Corporation (MATRADE)
 National Productivity Corporation (NPC)
 Malaysian Technology Industries Development Corporation (SMIDEC)
17. Ministry of Land and Cooperative Development
 Department of Survey and Mapping Malaysia (DSMM)
 Department of the Director General of Land and Mines (DGLM)
 Department of Co-operative Development Malaysia
 Federal Land Development Authority (FELDA)
 Cooperative College of Malaysia (CCM)
 Bank Rakyat (BR)
 Bintulu Development Authority (BIDA)
 Sarawak Land Development Board (SLDB)
 Sarawak Land Consolidation and Rehabilitation Authority (SALCRA)
18. Ministry of National Unity and Social Development
19. Ministry of Primary Industries
 Forestry Department Peninsular Malaysia
 Department of Mines
 Malaysian Rubber Exchange and Licensing Board (MRELB)
 Malaysian Timber Industry Board (MTIB)
 Malaysian Pineapple Industry Board (MPIB)
 Palm Oil Research Institute of Malaysia (PORIM)
 Geological Survey Department
 Forest Research Institute Malaysia (FRIM)
 Malaysian Cocoa Board
 National Tobacco Board (NTB)
 Malaysian Rubber Research and Development Board (MRRDB)
 Palm Oil Registration and Licensing Authority (PORLA)
 Rubber Research Institute of Malaysia (PRIM)

Tin Industry (Research and Development) Board
MARDEC Berhad

20. Ministry of Rural Development

21. Ministry of Science, Technology and Environment

National Biotechnology Directorate (NBD)
Malaysian Science and Technology Information Centre (MASTIC)
Conservation and Environmental Management Division
National Science Centre
Technology Park Malaysia (TPM)
Pusat Remote Sensing Negara (MACRES)
Malaysian Institute of Microelectronic System (MIMOS)
Sirim Berhad
Department of Chemistry
Malaysian Institute for Nuclear Technology
Malaysian Meteorological Services Department (MMS)
Department of Environment
Department of Wildlife and National Parks Peninsular Malaysia
The Atomic Energy Licensing Board (AELB)
Department of Standards Malaysia

22. Ministry of Transport

Road Transport Department
Department of Civil aviation
Malaysia Airport Berhad (MAB)
Malaysia Airlines System (MAS)
Department of Railway
Railway Asset Corporation
Keretapi Tanah Melayu Berhad
Marine Department
Klang Port Authority
Penang Port Sdn. Bhd.
Kuantan Port Authority
Johor Port Authority
Bintulu Port Sdn. Bhd.

23. Ministry of Works

The Malaysia Highway Authority

24. Ministry of Youth and Sports

25. Ministry of Women's Affairs

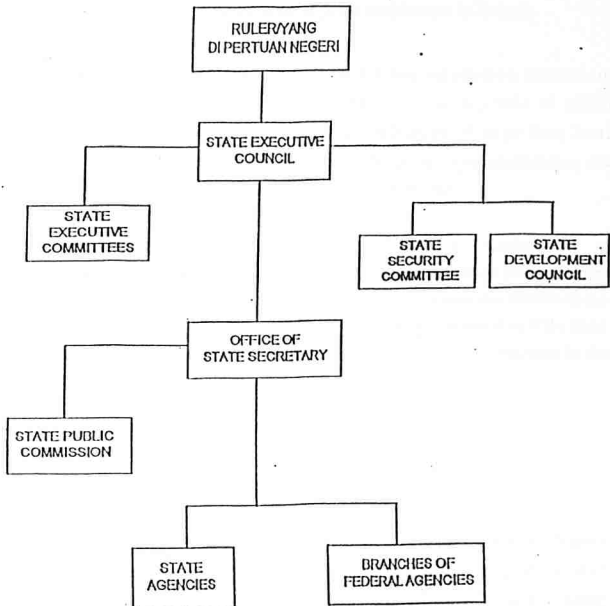
STATE GOVERNMENT

Each state has an administrative head of state in the form of the State Secretary who heads the State Secretariat, the highest administrative office in the state. As chief administrative officer, the State Secretary is the chief adviser to the Menteri Besar/Chief Minister and his office provides the first point of contact between the federal government and the state government. He is also responsible for ensuring that the state administrative machinery runs smoothly. To ensure this all heads of state departments including branches of federal departments in the state report to him via various coordinating mechanisms.

As a federation, the Constitution has clearly demarcated the specific areas of responsibility of the Federal and State Governments and those where each has concurrent authority. This is enumerated in the Ninth Schedule of the Constitution as the Federal List, State List and Concurrent List. Examples of subjects in the Federal List are external affairs, defence, internal security, civil, criminal law and procedure, the administration of justice and federal citizenship and naturalization. Examples of subjects in the State List are Islamic law, land, agriculture and forestry, local government, state public works and water, turtles and riverine fishing. In the Concurrent List are social welfare, scholarships, protection of wild animals and wild birds, animal husbandry, town and country planning, culture and sports. In terms of legislative powers, a State Legislature may make laws for the whole or any part of the State, but not outside it while the Federal Parliament may make laws for the whole or any part of the federation and laws having effect outside as well as within the Federation. If any state law is inconsistent with a federal law, the federal law prevails and the state law is, to the extent of the inconsistency, void. Similarly, the executive authority of a state extends to all matters with respect to which the State Legislature may make laws.

The organisations of a sample State Government is shown Figure 1.3 below:

FIGURE 1.3: GOVERNMENT ADMINISTRATIVE MACHINERY
AT THE STATE LEVEL



District Administration

District administration represents the earliest form of formal administration introduced by the British which replaced the traditional Malay system of administration. The institution of district administration forms the main administrative machinery at the grassroots level in the hierarchy of public administration in Malaysia.

The traditional Malay system of administration was adapted to accommodate the British system of administration modelled after its experience of district administration in India and Africa. The British gradually phased out the Orang Besar (the Sultan's representative) who until then had full powers in the administration of a district including the imposition and the collection of revenue.

District administration in Malaysia represents a decentralisation of administration whereby specific powers and functions of the central government are transferred to the district. The concept of district administration is also founded on the basis of appointment of government officers in districts, as representatives of the state. Thus, the officer appointed represents the symbol of authority of government in the district.

The Structure of District Administration

District Office

The focus of district administration in Malaysia centres around the District Office. Presently there are 127 District Offices in the country. The District Office comes under the jurisdiction of the State Secretariat. Apart from being the administrative centre, the District Office in most states is responsible for all land matters where the District Officer takes on the role as District Land Administrator. In addition, in most districts, the District Officer is also the President of the District Council. The District Council provides public services and amenities to areas gazetted under the jurisdiction of the Council.

The district is further sub-divided into 'Mukim' with a resident 'Penghulu' responsible to the District Officer for the implementation of development programmes and other village activities. At the village level, the 'Ketua Kampung' is the head of the community. He leads the Village Development and Security Committee which is responsible for the overall administration of the village. It draws up the programmes to be implemented in the village which are then submitted, through the Penghulu, for the consideration of the District Office.

The post of 'Penghulu' is filled by civil servants while the 'Ketua Kampung' is appointed by the state government. The 'Penghulu' and the 'Ketua Kampung' play an important role in district administration. Being right at the grassroots level, they play a critical role in ensuring the implementation of development and other socio-economic projects of the government. They ensure the understanding and acceptance of government policies and programmes among the people. On the other hand, the people, through the 'Penghulu' and 'Ketua Kampung' provide useful feedback to the administrators. In the states of Sabah and Sarawak, the district administrative machinery is almost similar to that of Peninsular Malaysia except that in Sarawak the state is divided into residencies, districts, sub-districts and villages in descending order.

Relationship Between The District Office And Other District Departments

In administering the district, the District Office responds to Federal directives through the State Secretariat and the State Development Officer. In addition the District Office formally interacts with Federal and State agencies at the district level. The relationship between the District Office and the district departments is important in ensuring that the development of the district by various parties is done in a planned and coordinated manner.

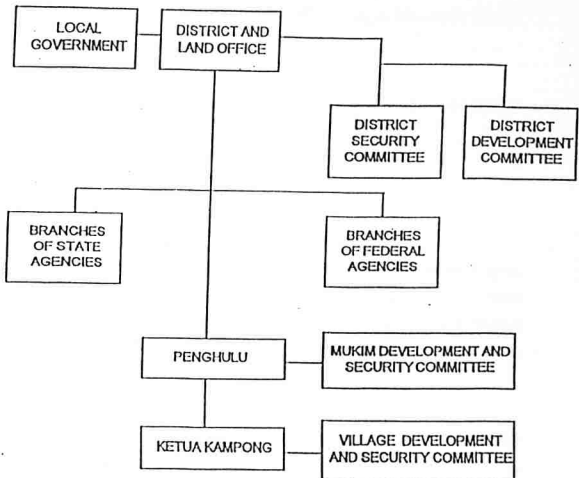
Being the focus of district administration, the District Office has been given the role of coordinating the work of all departments at the district level. Some of the more important departments include professional/technical departments such as the Public Works Department, Department of Agriculture, District Medical Office and the Veterinary Department. The semi-professional and non-professional departments such as the District Welfare Department and the District Police also have close contact and liaison with the District Office. The broad relationship between the District Office and other Federal or State departments in the district is spelled out in a Service Circular dated 1 March 1974, as follows:-

- (a) departmental officers should, as far as possible, keep in touch with and comply with the wishes of the District Office in the execution of their duties. They should report all proposals for new works at the time such proposals are made and keep the District Office informed of the progress of all important works and schemes;
- (b) heads of state and federal departments when visiting a district should, if possible, inform the District Office beforehand so that arrangements can be made if necessary to discuss any business connected with the District Office; and
- (c) a District Officer is immediately responsible to the State Secretary and should report to him any events of importance or any cases of conflicting interests between departments which cannot be resolved at the District Office.

The position of the District Office and its relationship with the Penghulu, Ketua Kampung and other district departments/ agencies can be seen in

Figure 1.4

FIGURE 1.4: GOVERNMENT ADMINISTRATIVE MACHINERY AT THE DISTRICT LEVEL



The District Office Organisation

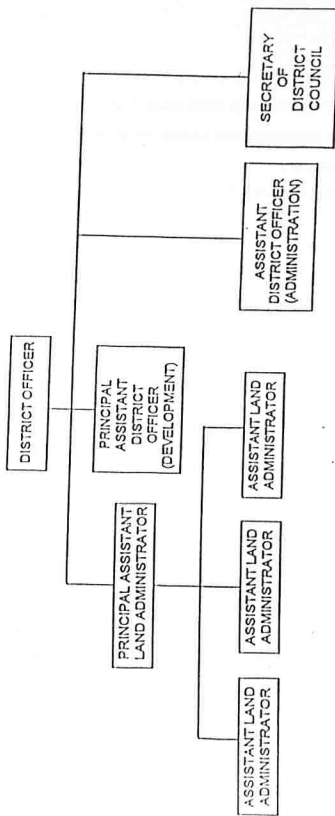
There are four different models of District Offices which exist in the country today. They are:

- (a) a District Office where the District Officer is responsible for the District Office (general administration and development) only;
- (b) a District Office where the District Officer is responsible for the District Office and the Land Office;
- (c) a District Office where the District Officer is responsible for the District Office and the District Council; and

The majority of District Offices in the country fall under the fourth category. Figure 1.5 shows the organisation structure of a typical District Office responsible for the District Office, the Land Office and the District Council. The structure shows that the emphasis of administration still lies in its traditional functions, namely land administration and development.

The District Officer is appointed from among officers of the Administrative and Diplomatic Service for the states previously under the Federated Malay States and the Straits Settlements. For the Unfederated Malay States and for the states of Sabah and Sarawak, the District Officer is appointed from among officers of the respective State Administrative Service.

FIGURE 1.5 : TYPICAL ORGANISATION STRUCTURE OF A DISTRICT OFFICE
(Incorporating The District Office, Land Office And District Council)



CONCLUSION

The study of the principal features of Malaysian public administration reveals that it is a result of a unique blend of the country's history and the need to institutionalise features of any modern government such as the need for checks and balances. The fact that the public administration has been able to effectively meet the demands placed by the people on it shows that the blend has been very successful indeed.

(Training Course on)

**INTERNATIONAL POLITICS AND ECONOMICS FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS II**

14 January 2002 – 27 January 2002

Cititel (Mid Valley), Kuala Lumpur

**MALAYSIAN ECONOMY: TRADE AND
INDUSTRIAL POLICIES**

by

**Assoc. Prof. Sadono Sukirno
(University of Malaya)**

Organised by

**International Institute of Public Policy and Management
(INPUMA)
University of Malaya**

Sponsored by

**Japan International Cooperation Agency (JICA)
Economic Planning Unit, Prime Minister's Department (EPU)**

INDUSTRIAL DEVELOPMENT IN MALAYSIA*

Before the Asian financial crisis in 1997 some countries were called "tiger economies". This term referred to some countries in Asia which at the end of World War II were not far better than most developing countries but now are able to enjoy relatively high standard of livings. They originally have low levels of development - with per capita incomes lower than most countries in Latin America and not far different than most countries in Asia and Africa, and were predominantly agricultural economies. However since the early 1970s they were able to develop rapidly and transformed some of these countries into the so-called developed countries. The first four "tiger economies" - South Korea, Hong Kong, Taiwan and Singapore, now have per capita incomes which are comparable with the levels in industrial countries in Europe and North America. Based on the data in the World Bank Report 2000/2001 the present per capita income of Singapore is US\$29,610 and this level of income is only slightly lower than the per capita income in the United States, and higher than the level in most European countries.

In later years three other countries in ASEAN, namely Malaysia, Thailand and Indonesia, were included as "tiger economies" and the inclusion was due to the rapid development since the early 1980s. In terms of the growth rate they achieved in the last two decades, and especially between 1986-97, Malaysia and Thailand could be included in the category of "the fastest growing economies" in the 1980s and 1990s. With the rapid development in the last two decades Malaysia, although has not been included in the rank of developed countries, is able to achieve the status of one of the most prosperous countries in Asia.

This paper will attempt to explain the role plays by industrialization in the rapid development of the Malaysian economy. The analysis will be divided into two parts. The first analysis will outline the major policies to promote industrial development in Malaysia since independence. The second part will show the main features of industrial development in Malaysia and its impacts in changing the structure of the economy both in terms of its contribution to GDP and the creation of employment for the expanding population.

POLICIES TO PROMOTE INDUSTRIALISATION

The prosperity - reflected in the high incomes and low unemployment - currently enjoyed by Malaysians can be attributed to the rapid development of the manufacturing sector. The development experiences of most advanced countries have shown that economic progress has always been followed by a drastic transformation of the economy. In the early stage of development the population is mainly engaged in agricultural activities. However, as the economy progresses the role of agriculture declines, whereas manufacturing service activities become more important. Malaysian development also follows the same path as this general pattern.

* The typing assistance given by Mrs Fauziah Abu Hassan in the preparation of this paper is very much appreciated.

Since the early 1980s the manufacturing sector has become the most important sector in the economy. When Malaysia achieved independence in the second half of the 1950s, the role of the industrial sector was very insignificant. In the early 1960s less than 10 per cent of GDP was contributed by the manufacturing sector and only 7 per cent of the labour force was employed by the sector. In contrast, in the some period rubber planting alone contributed about one quarter of the GDP and employed more than four time the number of workers in the manufacturing sector.

Malaysia pursued a rather unique approach in the early stage of its development strategy. In the 1950s many countries were convinced that the only way the modernize an economy is through industrialization. Therefore, although the agriculture sector is the main sector in most developing countries, the sector was neglected and more approach had not been pursued by Malaysia. Instead Malaysia carried out a balanced approach in its development strategy. The need to modernize the agriculture sector and to diversify agricultural activities was emphasized. A number of subsidies and incentives were provided to increase the productivity of the existing agricultural activities (such as rubber and paddy planting) and to expand the cultivation of more profitable agricultural products (such as oil palm).

At the same time the importance of stimulating the development of the industrial sector had been emphasized. The newly independent government realized that diversification was the key to development and strength of the economy in the long run. Therefore, a part from diversifying agricultural activities, a concerted effort was made to stimulate the progress of the modern sectors, in particular the manufacturing activities. Based on the recommendations of the World Bank Mission in 1954 and other studies, Malaysia introduced its first industrial development legislation in 1957. In this legislation the government provided incentives to promote more investments in manufacturing activities.

Industrial development policy since independence has relied on the initiative of the private sector to develop manufacturing establishments. From the beginning the government fully realized that in the industrialization process where the private sector is expected to be the main actors in the expansion of manufacturing establishment, the main responsibility of the government is to provide an environment that will:

- i. ensure the profitability of investments to be carried out,
- ii. minimize the costs of establishing manufacturing activities,
- iii. guarantee the transfer of profits by foreign firms to their countries of origin, and
- iv. make available skill and unskilled manpower – as well as the highly educated manpower for the managerial positions.
- v. ensure the interest of investors, especially foreign investors, by providing reliable legal system and proper regulatory framework for investments.

In the formulation and implementation of industrial development policy the government has established a number of regulative measures and to allocate public investments with the intention of creating favourable atmosphere for the private sector to carry out manufacturing activities. The efforts to create the environment that will stimulate industrial development can broadly be classified into three following aspects: (1) to establish a socio-political and economic stability, (2) to provide proper infrastructural facilities, and (3) to provide fiscal and monetary incentives.

Socio-political and economic environment. Political and economic stability is one of the important prerequisites for attracting long-term investments. In most cases manufacturing activities are long-term investments. To establish manufacturing activity namely requires a sizable amount of capital and will take some period to complete and to start production. Furthermore, the machineries and capital equipments used in the production of manufacturing products will take many years before they become obsolete and quite often manufacturing investments will take several years to be break-even.

In such circumstances accurate projections about future sales, earnings and cost of production become an integral part of investment decisions. The question whether to undertake an investment, postpone it or cancel it will critically be determined by the accuracy and reliability of the projections. The socio-economic and political stability of a country will help to create certainty about the future and to a great extent helps to improve the accuracy of making predictions. Any country that aims to attract investments – either domestic or foreign – must first try to establish a stable government – socially, politically and economically.

Malaysia has been very fortunate in this respect. The socio-political and economic stability partly explains why the country was able to attract sizable amount of domestic and especially foreign investments in manufacturing. Malaysia is a multiracial society with different languages and religions. The existence of distrust and uncooperative attitude can create an atmosphere of social instability that subsequently will cost political instability. It is fortunate for Malaysia that the various ethnic groups have been able to work together in harmony and respect their cultural and religious differences.

At the national level, political parties from different ethnic groups have been able to establish a consensus in the approach to create a just and equitable social system and to manage the economy. Social clashes between different ethnic groups and religions are almost non-existence in Malaysia. No doubt this socio-political stability goes a long way in creating favourable atmosphere to carry out private investments in manufacturing and other modern economic activities.

Economically Malaysia can be considered to be very stable and this stability can be measured by several major economic indicators. The rate of inflation, one of the most important measures of economic stability, has been very low in Malaysia. On the average, the rate of inflation in Malaysia since the colonial period is less than 3 or 4 per cent. Inflation in Malaysia has been much lower than many advanced countries. This low inflation has been accompanied by rapid economic growth and relatively low unemployment. The economic stability and the rapid growth considerably increased the real income of the population. In turn this has expanded the market of manufacturing products and further stimulated the expansion of the manufacturing sector.

The availability of infrastructural facilities. In relative terms Malaysia can be considered to have excellent infrastructural facilities for manufacturing activities. For industrial development such facilities are crucial in improving the efficiency of their operations. Better infrastructural facilities provide the so-called "external economies" to manufacturing activities. External economies reduce costs of production and marketing. The major infrastructural facilities considered to be very beneficial in reducing costs of production are water and electricity supplies, transportation network and transport

facilities and industrial estates. Availability of such facilities help to improve the environment to attract more manufacturing activities.

Providing piped water and electricity to the public and to the productive sector have been given an a high priority by the government. In many countries piped water is a luxury and the public and the productive establishments have to provide their own supplies. Electricity supply may not be a scarce as water supply. However it can be obtained at a relatively high cost. In contrast, in Malaysia the two facilities are easily available and can be obtained at a relatively cheap price. To provide abundant water and electricity for the public and other users have been given a high priority in the Malaysian development plans. In the 1960s, which can be considered to be the early stage of Malaysian development since independence, the water, electricity and gas sector was the fastest growing sector in the economy and exceeded the growth of the manufacturing sector.

Similarly, the other infrastructural facilities such as road network, airport and sea-port facilities and telecommunication network have been continuously developed with the view of improving their services to the public and investors. Transportation and communication facilities are especially important manufacturing activities that require such facilities to increase the efficiency of their operations. Manufacturing firms that are highly dependent of the export markets will require the availability of such facilities before they locate their investments in Malaysia.

One other attraction of Malaysia as a location for industrial development has been its policy to provide locations and at times also buildings for manufacturings. Malaysia is quite well-known for its industrial estates. Before the policy of establishing industrial estates began to be popular in developing countries, Malaysia had already embarked on a policy to provide industrial estates as an added attraction to stimulate industrial investments. Its first industrial estates dated back since the country first introduced its industrial development policy in the late 1950s. The industrial estates in Petaling Jaya – the suburb of Kuala Lumpur, were the first industrial locations deliberately developed as part of the industrial incentives policy. Following the success of this first effort to provide industrial locations and buildings a larger industrial estate was developed in Shah Alam – now the capital of Selangor State located about 20 km from the Kuala Lumpur city center. In the early 1960s the area of Shah Alam was still planted with rubber but today it is a city populated by a few hundred thousand people. Half of the city area is the major industrial site in the country. Following the success of Petaling Jaya and Shah Alam as industrial locations, other States in Peninsular Malaysia started to develop their own industrial estates. The State of Malacca and Penang are also well-known for their progress in industrialization and this partly due to their active efforts to provide locations for industrial investments.

FISCAL AND MONETARY INCENTIVES It is difficult to asses the importance of fiscal and monetary incentives in stimulating the development of manufacturing activities. Certainly such incentives help to induce more investments in new industries. The higher risk of the ventures are compensated by the benefits provided in the incentives. In general it can be argued that in the initial stage of industrial development such policy certainly help to attract a sizable volume of investments because of the desire to capture the domestic market. However the limitation of the market eventually will put a break on industrial development and the incentives would not be effective anymore.

In the absence of the two previous facilities, fiscal and monetary incentives are unlikely to attract a sizable amount of investments. Many countries usually offer more or less the same kind of incentives to investors. The decision whether to invest in one country or the other is not determined by such incentives but by other factors. The availability of relatively cheap labour and other types of manpower, political and economic stability, efficiency of the public administration machinery are some of the other factors that are more crucial than the fiscal and monetary incentives.

In the initial stage of developing its industrial sector Malaysia extensively used fiscal incentives. The fiscal incentives can be differentiated into three different forms: Protective tariff: This is an import tax imposed on certain products imported from other countries. The purpose is to increase the price of the imported goods and widen the market for the domestically produced goods.

Tariff reduction: This is an import tax imposed on raw materials used by local industries. Through import tax reduction it is expected that local industries can produce their goods cheaper and able to compete with similar products from other countries.

Granting of tax relief: It is usually given to new industries that gain the status of "pioneer industry". The industry is exempted from paying income tax for several years after it initiates its productive activities.

Monetary incentive is not important in Malaysia. The policy of providing monetary incentives is very selective and does not cover all the ventures to develop industrial activities. Firms that intend to invest in manufacturing must rely on the financial markets and institutions to obtain their capital requirements. They can use their own capital or borrow from the financial institutions such as the commercial bank. Alternatively they can accumulate the required capital through the stock market, which is quite developed in Malaysia. Foreign firms usually use their capital to establish their operations in Malaysia.

THE DEVELOPMENT OF THE INDUSTRIAL SECTOR

When Malaysia obtained its independence in 1957 the manufacturing sector contributed only about 6.3 per cent of the GDP. In contrast, rubber planting alone produced more than three times the value added created by the manufacturing sector. Last year the sector was estimated to produce close to one-third of the total GDP, whereas the agriculture sector only produced about 9 per cent of the GDP. This reversal of the importance of manufacturing in the national economy was the result of the continuous rapid growth of the sector in the last four decades. Even in the early stage of industrialization, when industrial development policy had just been introduced, the manufacturing sector managed to develop much faster than the agriculture sector. As a result its role had started to increase as soon as the policy was implemented. In the 1960s the average annual growth rate of the manufacturing sector was about 10 per cent, whereas the average GDP growth at the same period was only 5.5 per cent. As a result of its rapid development, in 1970 the sector's contribution to GDP increased to 13.1 per cent.

With the implementation of the New Economic Policy in 1971, the Government was more determined to push the growth of the manufacturing sector and expected that the sector would achieve a faster growth. The achievements in the 1970s were more or

less similar with the target. As a result of the rapid growth, the value added created by the manufacturing sector increased rapidly – from slightly more than 1.1 billion Ringgit in 1970 to 2,85 billion in 1975 and 5.1 billion in 1980. The figures show that manufacturing output increased by almost 5 times during the 1970s. The GDP growth during the same period was from almost 10 billion Ringgit in the early 1970s to 26.1 billion Ringgit in 1980. Thus by 1980 the contribution of manufacturing activities to GDP had reached almost 20 per cent of the GDP.

In the 1980s and 1990s the growth of the manufacturing sector remained to be strong and always for exceeded the growth of the GDP. In fact, between 1987 and 1997 the average annual growth rate of the sector exceeded the growth in the past years. In some years the sector grew by 14 per cent of more annually. With the higher rate of growth of the manufacturing sector, since 1987 the economy was able to absorb labour higher than the annual increase of the labour force. As a result, in 1992 for the first time Malaysia achieved full employment and has remained to be in that level of prosperity until now. The recent economic crisis did not seriously affected the full employment situation in Malaysia.

In many earlier analysis on the structural change of the Malaysian economy I have indicated that the 1987-97 period can be considered as the golden years of Malaysian development. The impressive performance was due to the rapid growth of the manufacturing sector. The data in Table 1 give a clearer idea about the growth that had taken place between 1987-97 and the contribution of the manufacturing sector. A number of conclusion can be derived from the table.

Table 1
Malaysian Gross National Product, Selected Year between 1988-2000
(Billion RM), 1987 prices

Sector	1988	1993	1997	2000
Agriculture	13.9	17.9	18.0	18.2
Mining	6.8	10.5	14.3	14.1
Manufacturing	16.2	36.4	58.8	67.6
Construction	2.1	5.3	9.5	7.1
Electricity etc.	1.2	3.3	6.0	7.0
Transportation etc.	4.4	9.2	14.8	16.6
Trade etc.	7.0	20.3	29.5	31.1
Finance	6.1	15.2	24.0	24.7
Government services	7.8	11.0	13.0	14.7
Other services	0.8	8.8	8.8	6.2
GDP (market prices)	66.3	138.9	196.7	207.3

- i. The value added from manufacturing increased to more than four times, from RM16.2 billion in 1988 to RM67.6 in 2000. The growth was faster between 1988 and 1997. Between 1997 to 2000 the growth was relatively slow.

- ii. Some sectors appear to be influenced by the growth of the manufacturing sector – they also grew faster. Construction, transport, trade and finance appeared to benefit from the rapid growth of the manufacturing sector.
- iii. As a result of the rapid growth of the above sectors, the GDP growth was also relatively high. Between 1988-2000 the GDP became three folds – from RM66.3 billion to RM207.3 billion.
- iv. The agriculture sector grew slowly between 1988-93 and after this period the sector has been stagnant. The sector contribution to GDP decreased, from 21.0 per cent in 1988 to 8.8 per cent in 2000. In contrast the role of the manufacturing sector in producing GDP increased from 24.4 per cent in 1988 to 32.6 in 2000.

The growth of manufacturing and other related sectors significantly affected the structure of employment in the economy. Table 2 compares employment in various sectors in selected years between 1988-2000. The data strengthen the fact that significant transformation has taken place in the Malaysian economy between that period. Major conclusions that can be derived are:

Table 2
Structure of employment, Selected Year between 1988-2000
(Thousands)

Sector	1988	1993	1997	2000
Agriculture	1,889	1,577	1,492	1,382
Mining	29	37	41	42
Manufacturing	987	1,742	2,230	2,379
Construction	340	544	876	828
Electricity etc.	n.a.	n.a.	n.a.	n.a.
Transportation etc.	266	344	442	458
Finance	230	332	429	434
Government services	845	864	873	863
Other services including trade	1,590	1,956	2,195	2,467
Total	6,176	7,396	8,817	8,928

- i. There has been an impressive growth of employment in the manufacturing sector, from slightly less than a million in 1988 to 2.39 million in 2000.
- ii. Employment in agriculture decreased, from 1.9 million in 1988 to 1.38 million in 2000.
- iii. Trade and "other services" are the other major sources of employment. But the increase has not been as significant as in the manufacturing sector.
- iv. Total employment increased from 6.2 million in 1988 to 8.9 million in 2000.

**TRADE AND GLOBALIZATION:
THE MALAYSIAN EXPERIENCE**

Trade And Globalization: The Malaysian Experience*

"It is a truth universally acknowledged that the growing international mobility of goods, capital, and technology has completely changed the economic game. Nations, conventional wisdom tells us, no longer have the power to control their own destinies; governments are at the mercy of international markets."

PAUL KRUGMAN

Nowdays it is fashionable to talk about globalization. Economists usually used the term to refer to the phenomena of increasing integration of national economies into expanding international markets. The forces of globalization began to unfold since the early 1980s, when the world was facing the second round of *stagflation* generated by the steep increase of oil price caused by the Iraq-Iran War, at the end of the 1970s. responding to this problem the new governments in Britain and the United States attempted to reduce the role of government in the economy and promoted more active participations of the private sector. This new agenda promoted the importance of *laissez-faire*, privatisation and the rejuvenation of the market system.

Pundits argued that although the emergence of the so-called supply-siders in Britain and the United States played a role in the development of globalization, such development was not the major factor that led to globalization. The above development only initiated the process. Other economic changes, the break down of the communist system and technological development collectively contributed to the growth of globalization.

*The typing assistance given by Mrs Fauziah Abu Hassan in the preparation of this paper is very much appreciated.

Following the examples of Britain (under Thatcher) and the United States (under Reagan), more countries - including developing countries, began to rely on the market system and promoted an expansion in the participation of the private sector in economic activities. Privatisation and deregulation became popular phrases used to emphasize the move of many governments in adopting a freer market economy to replace the over-involvement of government in economic activities.

In developing countries, such as Malaysia, the move have resulted in the expanding investments by multinational corporations and the inflow of foreign funds into their money and capital markets. Following this development, more manufactured goods were exported by these countries and they experienced accelerated economic growth. The rapid development of the "tiger economies" partly owed to such development.

Political development in the former communist countries strenghtened the transformation of the world economy toward globalization. Soon after assuming power Mikhail Gorbachev from the the Soviet Union introduced *perestrioka* – a more liberal economic policy to replace central planning. Eventually the policy led to the break-up of the Soviet Union and the collapse of the Communist regimes in Eastern Europe. One of the result was the unification of West and East Germany. The new governments of these former Communist countries began to adapt the market system to replace their centrally planned economic systems. Even China, where the Communist Party remained in power, was slowly transforming its economy to a market economy. The above development reduces the inclination to differentiate the

world into the First, Second and the Third World category. In its place the word globalization has become a more widely used phrase in both domestic and international gatherings.

Equally important factor that lead to globalization is technological improvements. The progress of technology in the past two decades has widened trade opportunities between countries. Two types of technological progress have been responsible for the growth of globalization: the reduction of transport costs and the advances in computing power as well as telecommunications.

It is not my purpose to elaborate on the forces that promote the growth of globalization. The main objective of my paper is to explain about the Malaysian experience on globalization. The growth of the Malaysian economy since the colonial period clearly indicates that Malaysia has benefited a lot from globalization. However, recent experience shows that globalization can also adversely affected economic growth. Therefore, while acknowledging the benefits of globalization, we must not forget about its limitations.

GLOBALIZATION UNTIL THE EARLY 1970s

It is not an exaggeration to say that the Malaysian economy has been globalized since the colonial era. The development of the country during the colonial period was due to the expansion of its external sector. Long before independence the economy was started to be modernized mainly by investors from Britain and other European countries. They carried out tin-

mining activities and large-scale cultivation of rubber to produce output for the world market. Rubber and tin were the two export products which dominated the activity of the national economy. Their importance can be seen from the contributions of the two economic activities in producing national output, employment and exports, as shown in Table 1. Based on the data the following conclusions can be made:

- i. In 1947 and 1957 about four-fifth of the total exports generated by the two commodities, and they contributed about 30 per cent of total employment. In 1957 about 30 per cent of GDP was produced by the two activities.
- ii. The role of the two commodities to GDP, exports and employment declined in 1970. Such development was due to the pursuance of diversification policy.

Table 1
The Contribution of Rubber and Tin to GDP,
Exports and Employment, 1957
(Percent)

	Contribution of rubber			Contribution of tin		
	GDP	Exports	Employment	GDP	Exports	Employment
1947	n.a.	62.0	27.2	n.a.	18.0	2.3
1957	24.6	63.0	28.9	5.6	17.0	2.4
1970	13.2	42.0	25.0	6.9	24.9	1.8

Source: Lee Hock Lock, Public Policies and Economic Diversification in West Malaysia, 1957-70, University Malaya Press, 1978.

Malaysia was clearly benefited from the growth of the two activities during the time before independence. When the country became independent in 1957 the per capita income was about US\$200. The level of welfare

achieved at that period was higher than in most developing countries, including Korea and Taiwan.

Despite of that, the last colonial government and the government of the newly independent nation were very concerned with the over-dependence of the economy on the two commodities. The concern was the result of the following factors:

- i. In the short run the prices of rubber and tin fluctuated widely.
- ii. In the long run the terms of trade of primary commodities tended to decline.
- iii. On many occasions the heavy dependence to rubber and tin adversely affected the overall performance of the economy.
- iv. In the case of rubber, the emergence of synthetic rubber tended to depress the demand and price of natural rubber in the world market.

The government was fully aware that rapid industrialisation could not be the answer to solve the problem of the over-dependency to rubber and tin industries. The domestic market for industrial products was very limited. Moreover the country did not have capital, experience and expertise to carry out a "big push" policy for industrialisation. Due to these limitations, government policy at the early years of independence pursued a more logical alternatives: to modernize the rubber industry so that productivity could be raised, and to diversify to other economic activities in the primary sector. Promoting the development of the industrial sector was also undertaken but

the objective was limited to import substitution. These policies are known as *diversification policy*.

In terms of raising productivity, expanding rubber output and diversification to other products in the primary sector, the policy can be considered as successful. Rubber productivity increased significantly and rubber production was more than double between 1957 to 1970. Also, as a result of the diversification policy, oil palm cultivation expanded rapidly. Unfortunately, declining rubber prices in the world market, more rapid development in the urban areas and the inability of rural development to absorb excess and unemployed labour, created social tension which culminated in racial classes in 1969. The conflict forced the government to pursue a more ambitious and affirmative development policy known as the *New Economic Policy (NEP)*.

1970-85 PERIOD: FROM NEW ECONOMIC POLICY TO PRIVATISATION

The NEP has two major objectives: to eradicate poverty and to restructure society so that the present identification of race with particular forms of economic activity would eventually be eliminated. To pursue this objective the Government outlined policies and programmes to modernize rural life, encouraged a rapid and balanced growth of urban activities, and provided improved education and training programmes at all levels. Above all the policy tried to ensure the creation of a Malay commercial and industrial community so that various races could be full partners in the economic life of

the nation. These policies and programmes were implemented without depriving any one of his rights, privileges, income and job opportunity.

Definitely the NEP (New Economic Policy) appeared to be an action by the government to move away from the ideal operation of the market economy. However, in reality the reliance on the private sector to accelerate growth remained to be very strong. To ensure the achievement of the objective for a more rapid growth, the government introduced new policies to ensure that the private sector was not discouraged by the NEP strategy. More incentives were given to domestic private sector to expand their activities and investments. Additional measures were also made to attract more foreign direct investments to Malaysia.

Observing the development of the Malaysian economy between 1970 to 1985 one could argue that NEP was able both to uplift the position of the Malays in society as well as the economy and at the same time provided better economic opportunities to other races. In general it could be said that the economy performed much better in 1970-85 period compared to any period in the past. Many indicators can be used to substantiate the above conclusion. In the first place, comparing the annual growth rates of the economy achieved between 1971-85 with that in the 1957-70 period, the data shows that the performance since the early 1970s was much better. Secondly, causal observation clearly indicated that in the 1970s and early 1980s more Malays were employed in modern sectors such as manufacturing and government departments. Many were able to complete University education and were able to hold important positions in government and

business organisations. Thirdly, the role of the manufacturing sector expanded more rapidly and was able to provide the jobs for the expanding labour force. Its role in the economy grew more rapidly. This could clearly be seen from its expanded role to exports and to GDP. In 1970 exports of manufactured goods contributed only about RM0.6 billion and this constituted only about 11 per cent of Malaysian total exports. Fifteen years later, in 1985, total manufactured exports has exceed RM12 billion or 20 times the value of its export in 1970 and constituted slightly more than 32 per cent of total exports. The rising role of manufactured exports and the rapid expansion of domestic demand increased the role of the manufacturing sector in the economy – its share to GDP increased from 13.1 per cent in 1970 to 19.0 per cent in 1985. Table 2 provide a clearer picture about the expansion of trade in Malaysia between 1970-85.

Table 2
Malaysian Exports and Imports, 1970-85
(Billion RM)

Year	Exports	Imports
1970	5.0	4.0
1971	4.9	4.2
1972	4.7	4.4
1973	7.3	5.7
1974	10.0	9.4
1975	9.1	8.3
1976	13.3	9.6
1977	14.9	11.0
1978	17.0	13.4
1979	24.0	17.3
1980	28.1	23.4
1981	26.9	27.1
1982	27.9	29.7
1983	31.8	30.8
1984	38.5	31.5
1985	37.6	28.7

One of the objectives of diversification pursued since the early period of independence was to reduce the "globalization" – or the high dependency of the economy to the export sector – of the Malaysian economy. This policy was also pursued when the government carried out the New Economic Policy. However in the 1970-85 period, as a result of the response to incentives in the manufacturing sector and the development of the world market, the Malaysian economy remained to be "globalized". This can be seen from the data in Table 3, which shows the ratio of exports to GDP in selected years between 1947 to 1985. The figures on the table clearly indicate that although between

Table 3
Ratios of Exports to GDP
(Percent)

Year:	1947	1957	1970	1975	1980	1985
Ratio:	31.5	58.3	43.0	40.0	52.4	48.2

Source: Ministry of Finance, *Economic Report*, various years.

1957 to 1975 the ratios between exports to GDP show a declining trend, in 1980 and 1985 the ratios increase again. The rise means that exports grew more rapidly than the GDP growth. A number of factors explain the reason for the rapid growth of exports between 1975 and 1985:

1. Sawlogs, which started to be an export-earner since the early 1960s became an important source of exports.
2. Palm oil contribution to exports increased rapidly and by the early 1980s replaced the role of rubber as the main export earners from agriculture.

3. As a result of the rapid increase of its price and production, petroleum has become an important export since the mid-1970s.
4. Natural gas has become an important source of export since the early 1980s.

Despite of the rapid growth of the economy between 1970-85, beginning from the early 1980s the government realized that the over expansion of government activities to carry out the NEP extended government expenditure beyond its capacity to collect the fund for its financing. More borrowing was carried out by the government to support programmes generated by the NEP. If the trend was to be continued, the government would face a serious debt problem. As a measure to avoid a rapid increase in its debts, beginning from the early 1980s efforts were made to pursue the objectives of NEP through more privatisation. It was felt that through this approach the objectives of NEP could be achieved without excessive deficit financing. Therefore, in line with the global transformation to a freer market economy the government undertook privatisation policy, side by side with the NEP, since the middle of the 1980s.

1985-87 PERIOD: GROWTH THROUGH MORE GLOBALIZATION

In 1985 Malaysia experienced its first recession since she gained her independence in 1957. During the first oil-crisis in 1973-74, the growth rate of the Malaysia economy dropped significantly – from 8.3 per cent in 1974 to 0.8 per cent in 1975. Although the oil crisis was severely affected the growth of the economy, it can not be called a recession because the growth rate is still

positive. In 1985 the economy was in real recession, with a negative growth of - 1.0 per cent, compared to 7.8 per cent growth in the previous year. In the following year economic growth remained to be sluggish (1.2 per cent).

The 1985 recession, as well as the slow growth in 1975, was mainly caused by the external factors. In 1985 prices of Malaysian major commodity exports decreased. The major commodity exports in 1984-85 period were: crude petroleum, natural gas, palm oil, rubber and saw logs. Table 4 shows the changes of unit prices and export values of those commodities.

Table 4
Exports and Prices of Major Commodities, 1984 and 1985

		Petroleum	N.Gas	Palm Oil	Rubber	Saw logs
Export (RM million)	1984	8,737	2,300	4,528	3,672	2,760
	1985	8,697	2,200	3,951	2,872	2,768
Unit Price (RM)	1984	29.34	-	1,611	224	166
	1985	27.60	-	1,100	189	141

Source: Ministry of Finance, Economic Report, 1986/87.

Fortunately for Malaysia, since 1987 and until the financial crisis in 1997, the recession was followed by rapid economic growth induced by the expansion of the external sector. Malaysia achieved a very rapid pace of development between 1987-97, as shown in the growth rate data in Table 5. Since 1988 the growth rates were always above 8 per cent and in certain years they exceeded 9 per cent. The only exception was in 1992 when the growth rate was 7.8 per cent. As a result of the rapid pace of development, the rate of unemployment continued to decline, and the per capita income of Malaysia increased significantly. The value of GDP in real terms increased

from RM60.9 billion in 1987 to RM141.1 billion in 1997, meaning it increased to 2.3 times within a decade. The rate of unemployment declined from 7.3 per cent in 1987 to less than 3 per cent in 1997. By 1992 Malaysia achieved full employment for the first time.

Table 5
Annual Growth Rate of GDP between 1987-97

Year	% growth of GDP	Year	% growth of GDP
1987	5.4	1993	8.3
1988	8.9	1994	9.2
1989	9.2	1995	9.5
1990	9.7	1996	8.6
1991	8.7	1997	8.0
1992	7.8		

Source: Ministry of Finance, *Economic Report*, various years.

What is the source of this rapid growth? Again as in the past, export was the engine of Malaysian economic growth. By 1990, the value of Malaysian export has reached RM77.5 billion or double the level in 1986. In 1997 the value of Malaysian export exceeded RM200 billion, meaning in slightly more than 10 years, between 1987-97, the Malaysian export value has become more than 5 times its original level.

In contrast to the growth of exports in the past, since 1986 the rapid rise of exports did not come from the expansion of commodity exports. Now the expansion has been generated by the rapid growth of export of industrial products. Export of manufactured goods started its modest beginning in 1960s, when Malaysia began her effort toward more rapid industrial development. In 1970 the value of Malaysian industrial export products was only slightly more than RM100 million, and constituted only a small proportion

of the total value of exports. A more rapid expansion of industrial product exports occurred since 1970s. The value of their exports increased to RM6.3 billion in 1980 and to RM12.5 billion in 1985. By 1996 the value of export of industrial product has reached almost RM160 billion. Table 6 shows the breakdown and the value of export of industrial products in 1985 and 1996. The table clearly shows that the remarkable expansion of industrial exports were mainly the result of the rapid expansion of electrical and electronic products. The value of this export was RM6.5 billion in 1985 and constituted of 52 per cent of the total manufactured exports. In 1996, the export of electronic products reached RM104.3 billion or almost two-third of the total export value of industrial products.

Table 6
Export of industrial products (manufactured goods)

Items	Value (RM million)	
	1985	1996
1. Food, beverage, tobacco	781	3,897
2. Textiles, apparel and footwear	1,289	7,094
3. Wood products	365	7,718
4. Rubber products	113	3,610
5. Chemicals and chemical products	610	8,228
6. Petroleum products	1,041	3,405
7. Non-metallic mineral products	150	1,641
8. Iron, steel and metal goods	357	5,420
9. Electrical, electronics and machinery	6,493	104,279
10. Transport equipment	566	4,543
11. Other manufactures	706	9,557
TOTAL	12,471	159,392

Source: Ministry of Finance, *Economic Report*, various years.

As a result of the rapid expansion of industrial exports, the role of commodity exports in the total export value of Malaysia declined considerably.

In 1970, about 75 per cent of total export value was generated by commodity exports. At present commodity exports constitute only about one-fourth of the value of total exports.

The success of the diversification policy and especially the rapid expansion of the growth of the manufacturing sector since the 1960s significantly transformed the nature of economic activity and employment in Malaysia. At the time of Malaysian independence in 1957 the agriculture sector contributed 43.3 per cent to the total value of GDP. At the same year, the contribution of rubber industry to GDP was about one-fourth of the total GDP. The manufacturing sector only contributed 6.3 per cent to GDP and out of this contribution, rubber processing alone produced 3.0 per cent of GDP. In contrast, as can be seen from Table 7, the manufacturing sector has become the most important sector in the economy, contributing 35.5 per cent of GDP in 1997. The role of agriculture declined considerably, only contributed 12.2 per cent to GDP.

In 1997, the manufacturing sector employed 2.3 million people and this constitutes of 27.5 per cent of the total employment. The agriculture sector employed 1.275 million people or only 15.2 per cent of total employment. Even in 1970, the employment structure was far different than the present. At that time about half of the employment was created by the agriculture sector and the rubber industry employed about one-fourth of the total employment.

Table 7
GDP By Industrial Origin, 1997

Sectors	Value (RM billion)
1. Agriculture, forestry and fishing	17,168
2. Mining and quarrying	9,643
Petroleum	(7,449)
3. Manufacturing	50,042
4. Construction	6,826
5. Electricity, gas and water	3,510
6. Transport, storage and communications	10,743
7. Wholesale and retail trade	17,520
8. Finance, insurance and real estate	16,535
9. Government services	12,408
10. Other services	2,840
Less: Imputed bank charges	11,687
Add: Import duties	5,591
<u>GDP at market prices</u>	<u>141,139</u>

Source: Ministry of Finance, Economic Report 1998/99.

As a result of the rapid expansion of the external sector, the ratios between exports and GDP remained to be high between 1987 and 1997. The ratio of export to GDP was 44.5 per cent in 1987 and it increased to 66.8 per cent in 1990. In 1995 the ratio was 89.0 per cent and it was 76.6 per cent in 1997.

1997 FINANCIAL CRISIS: THE DARK SIDE OF GLOBALIZATION

Despite of the impressive achievements of the Malaysian economy during the 1987-97 period, one serious problem remained to be a threat to the stability of the economy: the structural weakness of the balance of payments. Table 8 show the balance of payments position between 1989 to 2000.

Several observations and conclusions can be made about the balance of payments:

1. Despite of the rapid growth of exports, the balance of merchandise trade – the different between exports and imports – did not show a marked improvement. Between 1987-90 the surplus was relatively high (1987-88 not shown in the table). However between 1991-97 there are years when the surpluses were very small (1991, 1994 and 1995). This was due to the equally rapid increased in imports. The Malaysian manufactured exports used imported raw materials (intermediate goods). Thus, thus rapid rise in exports were followed by the rapid rise in imports.
2. As a result of the rise in the net payments for freight and insurance, and investment income, the deficit in invisible trade balance continued to increase. The deficit value has reached RM8.4 billion in 1987. It increased to RM9.7 billion in 1990, to RM19.2 billion in 1995 and to RM22.7 billion 1997.

Due to the trend indicated in (i) and (ii) the current account balance started to be in deficit since 1990 and the deficit was growing until 1995 – from only RM2.5 billion in 1990 to RM18.7 in 1995. Due to significant surpluses in the balance of trade in 1996 and 1997, the deficits in the current account were reduced in the two years – RM8.3 billion in 1996 and RM12.5 billion in 1997.

Table 8
Balance of Payment of Malaysia, 1989-2000

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000*	2001 [†]
A. Inbalans akaun barangan <i>Merchandise account balance</i>	11,871	7,893	1,448	8,898	8,231	4,460	87	10,088	10,274	88,218	86,535	74,239	72,458
Export (E x) / Export (E x)	66,727	77,453	92,720	100,910	110,152	144,506	179,461	183,363	212,715	281,669	318,846	265,273	305,279
Import (I s) / Import (I s)	54,856	70,765	90,771	92,301	110,152	144,506	179,384	182,275	202,439	215,453	232,411	209,894	223,100
B. Inbalans akaun perkhidmatan <i>Services account balance</i>	-11,282	-9,723	-13,195	-14,868	-16,870	-17,086	-19,228	-18,271	-22,795	-22,339	-22,134	-37,196	-39,781
Perkhidmatan Freight and insurance	-3,027	-3,837	-4,847	-4,265	-4,890	-7,267	-8,028	-8,223	-8,000	-8,448	-8,436	-12,202	-13,136
Pengangkutan dan insurans	-8	-25	-10	-305	-196	441	737	1,729	1,670	1,720	1,879	2,441	2,821
Other transportation	-891	632	547	657	906	3,003	4,143	4,801	3,237	2,339	6,135	8,899	9,839
Travel	-5,836	-5,072	-6,736	-7,820	-8,174	-9,448	-10,320	-11,629	-14,029	-14,817	-20,274	-24,678	-26,419
Pencapaian perkhidmatan	-281	-3	-55	54	-72	-36	-23	-27	-137	-229	-47	-37	-66
Unit runcit kerajaan	-1,273	-1,418	-2,095	-2,739	-4,244	-4,138	-4,720	-5,026	-3,846	-2,803	-10,368	-11,509	-12,831
Perkhidmatan lain	479	-2,830	-11,746	-1,919	-8,428	-12,845	-18,122	-8,383	-12,821	-46,877	56,401	37,224	31,878
Other services	219	147	102	337	513	-2,276	-2,215	-2,943	-6,178	-8,603	-6,489	-7,400	-7,911
C. Inbalangan akaun barangan dan perkhidmatan (C=A+B) <i>Balance on goods and services</i>	689	-2,483	-11,644	-6,072	-7,928	-14,778	-21,647	-11,238	-11,867	37,384	47,402	29,796	24,787
D. Inbalangan akaun modal (D=C+D) <i>Balance on current account</i>	2,860	3,473	10,231	10,239	13,064	11,858	16,811	13,828	16,095	18,827	12,966	6,883	6,883
Inbalangan modal jangka panjang Balance on long-term capital	-2,458	-2,836	-665	-2,876	879	861	8,147	748	4,645	2,137	6,697	2,418	2,418
Modal rami jangka panjang/Other long-term capital	4,571	8,209	10,998	12,204	12,862	12,798	10,464	12,777	14,450	9,800	5,901	8,205	8,205
Perubahan korporat/Corporate investment	2,794	990	-1,213	4,706	8,238	-3,111	-8,206	2,298	2,298	48,201	66,506	26,418	26,418
E. Inbalangan modal/Bank balance (E=C+D)	1,882	3,326	5,155	11,897	13,931	-8,484	2,529	10,317	-12,813	-20,523	-27,760	-71,323	-71,323
F. Ralat dan ketidapastiharaan dan simpanan <i>Reserve and errors</i>	-888	3,079	-395	81	9,370	3,323	-1,899	-6,371	-377	12,913	-4,931	-6,860	-6,860
G. Inbalangan keseluruhan (kekurang = Minus) + (tambah = Plus) <i>Overall balance (minus + / plus)</i>	3,232	3,365	3,427	16,744	29,239	6,262	-6,623	6,248	-16,892	40,201	17,818	4,196	4,196
K. Perubahan stok Perkhidmatan Dagang <i>Change in stocks of Merchandise</i>	0	0	0	0	0	0	0	0	0	0	0	0	0
L. Simpanan Bersepadu/Integrated Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
M. Perubahan baki runcit antarabangsa Bank Negara Malaysia* <i>Net change in Central Bank International Reserve*</i>	-3,322	-1,365	-3,427	-16,744	-29,239	6,262	-6,623	-6,248	16,892	-40,201	-17,818	-4,196	-4,196
N. Ralat dan ketidapastiharaan/Errors	21,868	27,035	36,452	47,194	78,435	68,177	83,798	79,014	88,122	99,404	107,244	126,400	126,400

3. Fortunately for Malaysia, between 1987 and 1997, the inflows of long-term capital and short-term capital were able to offset the current account deficits. This trend help to stabilize the balance of payments position. Between 1987 to 1997 only in four years – 1988, 1994, 1995 and 1997 the balance of payments were in deficit.

The data shows that the position of the balance of payments was entirely determined by the capital flow. In 1988 both the short-term and long-term capital flow were in deficit and led to the deficit in the balance of payments. In 1994 and 1997 the balance of payments deficits were due to the heavy outflow of short-term capital, whereas in 1995 the deficit was due to the large deficit in the current account.

The weakness of the balance of payments as outlined above became the major factor for the lost of confidence in the Malaysian economy when Thailand started to float its currency against the US dollar in July 1997. Initially the Malaysian Ringgit was quite stable. But slowly it started to depreciate. Out of fear of further deterioration of the value Malaysian Ringgit and the value of shares in the stock market, foreign fund managers started to dispose their holdings and the local investors followed accordingly. Soon the currency value and the value of stocks in the market were down and out of control.

Initially the government responded by using the IMF formula to cope with the crisis – to reduce expenditure and to increase interest rate, a package of policies considered to be deflationary in nature. After almost a

year of its implementation the depressive policies appeared to be strangling the economy and deepened the recession that had taken place. The value of the Ringgit was depreciated by almost 100 per cent. At one time the rate was RM4.60 per US dollar, compared to only RM2.50 per US dollar before the crisis. The stock market index decreased from above 900 to below 300. The wealth effect for such development and the loss of confidence, coupled with the restrictive fiscal and monetary policies dampened expenditure. Household consumption was down by 7.5 per cent, whereas government expenditure was down by 7.2 per cent. While public investment remained more or less the same, private investments decreased by more than 50 per cent. The implication of such trend is predictable: the GDP at constant prices was contracted by 7.5 per cent – meaning the recession in 1998 was much severe than in 1985.

Responding to the deep recessionary situation the government changed its stabilization policy approach from the one designed by IMF to an approach which is unorthodox in nature and more suitable to the situation faced by Malaysia in 1988. As a result of the lost of confidence, the short-term outflow of capital was very severe (as show in Table 7 the outflow amounted to more than RM20 billion). Responding to this trend, the government abandoned the free floating exchange rate system and replaced by a fixed exchange rate regime with the US dollar. The fix rate is US\$1 = RM3.80. In addition currency control was imposed. To stimulate the expansion of expenditure the above policy was strengthened by expansionary fiscal and monetary policies.

The result so far has been quite encouraging. The growth of the economy for 1999 is expected to reach 5 per cent. Despite of the large out-flow of short-term capital since the end of 1997, expected to reach more than RM50 by the end of 1999, the foreign currency reverse continues to increase, from slightly more than RM59 billion at the end of 1997, to almost RM100 billion in 1998 and expected to reach more than RM125 billion by the end of 1999. Many other indicators also pointing to the success of the unorthodox approach. Malaysia experienced the following development:

1. Recovery of the stock market. Stock prices in the Kuala Lumpur Stock Exchange stabilised from sharp declines registered since the onset of the financial crisis. Since 1 September 1998, the KLSE composite index increased from 262.7 points to 518.5 points on 15 March 1999, and then to about 753 points currently. When compared with other major bourses in US and Europe and Asia the KLSE has been one of the best performers between 1 September 1998 and 15 March 1999.
2. For the month of February and March 1999 the industrial index staged a positive movement for the first time since the crisis struck in July 1997.
3. Consumer sentiments have improved. There have been increases in car sales and disbursement of loans for purchase of residential properties. Passenger car sales increase three-fold from its lowest level in February 1998 to 20,480 units in December 1998. Total outstanding loans issued by the banking system for the purchased

of residential properties has increased at an average of 0.7 per cent per month between January and December 1998.

4. International confidence in the Malaysian economy has to some extent been restored as indicated by Malaysia's ability to raise funds in foreign bond markets. There is also an increase in the value of proposed investment through acquisition of shares and joint ventures by foreign interest, reflecting confidence of long-term investors.
5. The job market has somehow been stabilised with no major retrenchments being reported in recent months.
6. The recovery in private investment is reflected in the increase in the utilisation of funds supervised by bank Negara Malaysia as well as the increase in total loan approvals by the banking system particularly for manufacturing and construction.
7. Surplus in the current account of the balance of payment. Since October 1998 there are indications of strengthening in export volume, given that the growth of export in term of US dollar is positive after registering negative rates since March 1998. The fixing of the Ringgit exchange rate to the US dollar provided greater certainty to trade. The fixed exchange rate provides a degree of certainties in the foreign exchange market and benefit both traders and investors. With the new rate, both traders and investors no longer needs to hedge their investment against risks. This will lower operation costs and enhance their competitiveness.

8. Repatriation of off-shore Ringgit. The external account recorded gross inflows amounting to RM4 billion in September 1998 and RM1.5 billion in October 1998, reflecting an inflow of fund into the country and the sale of Ringgit assets by non-residents. The external reserves of Bank Negara Malaysia increase by US\$8.4 billion from the end of August 1998 level to US\$28.6 billion at 15 March 1999, which were adequate to finance 6.2 months of retained imports.

In sum, there appears to be some wisdom on the part of the Malaysian government to abandon the IMF-style policies in favour of reflationary policies. As a result of the latter policies, Malaysians have been spared of the possibly dire economic consequences of deflationary policies.

(Training Course on)

**INTERNATIONAL POLITICS AND ECONOMICS FOR
MYANMAR DIPLOMATS AND ADMINISTRATORS II**

14 January 2002 – 27 January 2002

Cititel (Mid Valley), Kuala Lumpur

**HISTORY OF MALAYSIAN ECONOMIC
DEVELOPMENT**

by

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Sponsored by

**Japan International Cooperation Agency (JICA)
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HISTORY OF MALAYSIA'S ECONOMIC DEVELOPMENT*

Malaysia is still considered to be a developing country but can be expected to be one of the countries that will be included as industrialized countries in the next few decades. This is due to the rapid growth that has taken place in the country since the early 1950s. As in many developing countries, at the time prior to independence in 1957, the level of living in Malaysia was relatively low. More important, its economic structure and activity gave little prospects for rapid development in the near future. Realizing this the newly independent government embarked on a development strategy with the following objectives:

- i. to strengthen the existing economic activities that were concentrated on the production of primary commodities; and
- ii. to diversify the economy by stimulating the development of the industrial sector.

Over the years changes had been made in the implementation of these two basic policies, with a view of increasing the efficient implementation of the above development strategy.

Political stability, efficient and clean public administration, strict policy to maintain price stability, strong determination to implement the development policy and global economic environments that help boost Malaysian exports collectively responsible for the present level of development achieved by Malaysia. Today the level of living enjoyed by the average Malaysian is far higher than at the time when the country achieved her independence.

The purpose of this paper is to explain the nature of economic growth and structural transformation experienced by Malaysia since her independence in the second half of the 1950s. In line with this objective this paper will discuss the main features of the development policies and the nature of the economic growth process since that period. Basically the analysis will explain the pace of growth during the last four decades, and the sectors or economic activities mainly responsible for the development that has taken place. The discussion in this paper will cover the following topics:

1. Economic growth during the colonial period.
2. The early policy of structural transformation and its impacts to the growth of the economy between 1957-70.
3. The New Economic Policy and the growth of the Malaysian economy between 1971-86.
4. Economic growth and structural transformation between 1987-97.
5. Inflation in Malaysia.

* The typing assistance given by Mrs Fauziah Abu Hassan in the preparation of this paper is very much appreciated.

ECONOMIC DEVELOPMENT DURING THE COLONIAL PERIOD

When Malaysia gained her independence in 1957, the country was considered to be one of the relatively prosperous countries in Asia. The level of her per capita incomes at the time of independence was the third highest in Asia, after Japan and Singapore – and it was higher than the per capita incomes in South Korea and Taiwan.

The relatively high level of development in the pre-independence period was due to the resource-based development, namely tin-mining and rubber cultivation, that had taken place since the end of the 19th century. As early as the 1850s the private sector had started to develop the tin-mining industry. Small private producers, mainly owned by Chinese, and big corporations owned by European companies were attracted to develop the industry as a result of a strong demand of the product in the industrialized countries. Until the 1970s Malaysia was the largest tin-producing country in the world.

Rubber cultivation was started to be undertaken more seriously since the development of the automobile industry. Rubber was mainly demanded to produce tyres and with the rapid growth of the automobile industry, rubber cultivation expanded rapidly since the 1910s. Before the Second World War Malaysia become the second largest rubber producer in the world – behind her neighbouring country, Indonesia. By 1956 Malaysia took over the position of the largest rubber producer.

The world economic depression since the end of the 1920s and the Second World War adversely affected the development of the two industries. Since tin and rubber were mainly exported to the industrial countries, the Depression and the war significantly reduced their demand. As a result many corporations and small-scale operators in the two industries had to cease their operations and the producing facilities and the cultivated areas were badly neglected in the 1930s and the early 1940s.

After the Second World War, when the British again took control of its colony in Southeast Asia, attempts were made to revive the two industries. The tin mining operators and firms were encouraged to revive their activities and tin exports started to rise again. In the rubber industry sector, where the trees had become very old and unproductive, efforts were made to encourage replanting. The revival of these two industries contributed significantly to the development of Malaysia between the end of the second World War and the time when Malaysia gained her independence in 1957.

The importance of the tin and rubber industry in the Malaysian economy can clearly be seen from their contributions to exports, and to GDP as shown on Table 1. Based on the data a few conclusions can be drawn.

Firstly, between 1947-57 the economy did not grow continuously, and this can be observed from the fluctuation of the value of GDP (declined between 1947-49, grew rapidly in 1950 and 1951, recession in 1952 and 1953, and grew slowly between 1954 and 1957). The relatively poor performance of the economy during that period was mainly due to the adverse effect of the export sector – which contributed between 31.5 per cent to 63.0 per cent of GDP at that period. Only in 1950-51 the economy grew very rapidly and this was the direct result of the sharp increase of the price of rubber during the Korean War. Secondly, the export sector had been very important in the Malaysian economy before independence. The value of exports, as indicated earlier, was

between 31.5 per cent to 63.0 per cent of GDP. Thirdly, the two commodities – namely rubber and tin – contributed significantly to total exports. In most years the contribution was more than one-third of total exports. During the Korean War their contribution was more than half of total exports.

Table 1
The contribution of tin and rubber to GDP and exports

Year	GDP at factor cost (Million M\$)	Gross Exports		Exports of rubber and tin	
		Value (Million M\$)	% of GDP	% of export value	% of GDP
1947	2,654	835	31.5	26.4	8.3
1948	2,494	1,116	44.8	36.1	16.1
1949	2,391	1,179	49.3	36.9	18.2
1950	4,137	2,608	63.0	54.5	34.3
1951	5,550	3,379	60.9	54.3	33.1
1952	4,693	2,134	45.5	38.3	17.4
1953	4,271	1,598	37.4	30.0	11.2
1954	4,208	1,625	38.6	31.1	12.0
1955	4,270	2,370	55.5	47.3	26.3
1956	4,396	2,262	51.4	42.1	21.6
1957	4,508	2,179	48.3	38.6	18.6

Source: Lee Hock Lock, *Public Policies and Economic Diversification in West Malaysia, 1957-1970*. Table 2.1 and 2.3.

From the above analysis it is clear that the revival of the rubber and tin industries played a very important role in the progress achieved by Malaysia in the years between the end of the Second World War and independence. Despite of their important role, there had been a growing realization that future development of the country could not be relied on the development of the two industries. Experience in the past – before as well as after the Depression and the Second World War – clearly indicated that:

- i. Prices of primary commodities – including rubber and tin, fluctuated widely from time to time and these fluctuations adversely affected the growth performance of the entire economy.
- ii. In the long run the terms of trade of commodity exports tended to decline and as a result more volume of exports were needed to finance the same value of imports.

Realizing these trends the colonial government and the leaders of the newly independent nation were convinced that future growth of the country could not be based on the sole development of the two productive activities.

In accordance with this realization the policy of diversification, namely to promote the development of other economic activities, were actively pursued. At the same time it was also realized that the two activities – especially rubber planting and other activities closely related to it – could not be neglected as they still played a very important role to generate export earnings, to provide income and to provide employment both in rural as well as urban areas. Hence, even before the country gained her independence, a number of measures and incentives were undertaken to strengthen

the development of the two industries, especially the rubber industry. Of these measures and incentives, the most important was a provision to provide financial grants to estates (rubber plantations owned by corporations) as well as smallholders (individual farmers who owned less than 40 hectares) to replant their rubber holdings. This policy was initiated in the early 1950s.

DEVELOPMENT IN THE EARLY YEARS OF INDEPENDENCE (1957-70)

Leaders of the newly independence government were very committed in their objective to implement the diversification policy as well as the strengthening of the existing activities, especially to modernize the rubber planting industry.

Malay is the dominant ethnic group in Malaysia. At the time when the country gained her independence, the majority of the Malays lived in rural areas and mainly engaged in agricultural activities. Their two main crops were rubber and paddy (the plant that produce rice). These activities and other activities in traditional agriculture and fisheries provided very low incomes. Faced with this problem the government was very committed in the efforts to develop the rural areas. Realizing that a sizable portion of the rural people directly or indirectly involved in the rubber growing and processing activities, a more determined efforts were carried out to develop the smallholder rubber industry. In line with this determination the following steps were undertaken. Firstly, a more vigorous action and funds were provided to encourage replanting and new planting of rubber in the smallholding sector. An agency was established to administer the replanting programme since the early 1950s. Eventually this agency was transformed into a public agency now known as RISDA (Rubber Industry Smallholder Development Authority). Secondly, more agencies were established to strengthen the efforts to speed up the development process in the rural areas, including agencies to modernize the rubber industry. Another two agencies established to strengthen the policy to modernize the smallholder rubber industry were FELDA (Federal Land Development Authority) and FELCRA (Federal Land Consolidation and Rehabilitation Authority). FELDA has been entrusted to provide agricultural land for landless rural population by developing virgin jungles into large-scale and plantation type agricultural development schemes planted with rubber and oil palm. Initially the land schemes were planted with rubber but eventually oil palm become the more important crop (because of its shorter gestation period and higher income/profitability). FELCRA has been entrusted with the development of idle land near existing villages.

Physically, the above policy exerted a considerable impact on the replanting and the production of rubber in the 1960s. In the estate sector, in 1951 almost 2 million acres were planted with rubber and only about 32 per cent were planted with high-yielding trees. In 1970, the area under the estate sector was reduced to 1.6 million acres (the rest was mainly converted to oil palm planting) but almost 90 per cent were planted with high-yielding trees. In the smallholding sector the area planted with rubber increased from 1.6 million acres in 1951 to 2.6 million acres in 1970 and about two-third of the old rubber areas were replanted.

The replanting and new planting boosted rubber production in the 1960s. The level of rubber output increased from merely 0.6 million tons in 1951, to 0.7 million tons in 1960 and to 1.2 million tons in 1970. At its peak, rubber production reached 1.6 million tons in the middle of the 1970s.

Unfortunately, the rapid increase of rubber production in the 1960s was not followed by stable prices in the world market. Instead rubber prices experienced a declining trend in the 1960s and as a result the value of rubber exports declined from RM2 billion in 1960, to RM1.46 billion in 1965 and RM1.72 billion in 1970. Subsequently, its role in the total value of exports continuously declined. In 1960, the value of Malaysian exports was almost RM4.0 billion and this means about 50 per cent of the export value was contributed by rubber. In 1970, the value of Malaysian exports was RM5.16 billion – a higher level compared to the export value in 1960. This trend reduce the role of rubber to exports to only one-third of the total export value in 1970.

Apart from the rigorous policy to develop the rural area, more attention was given to the development of the industrial sector. To achieve this objective various measures were undertaken by the Federal Government as well as the State Governments. The policy to develop the industrial sectors can be grouped into the following measures: (i) to develop general infrastructures such as improving the road-network, improving the sea-port and airport facilities, and to enhance communication and energy capacities; (ii) to provide fiscal and financial incentives both to local and foreign investors; (iii) to provide land areas for the development of industries and to develop industrial estates and free-trade zones areas; and (iv) to expand educational facilities so that more skilled and educated manpower could be provided.

The above policy had an important role in slowly expanding the role of the industrial sector in the economy. In 1947 the industrial sector contributed only 5.7 per cent to GDP and out of this, rubber processing contributed 3.9 per cent. This means, other manufacturing only contributed 1.8 per cent to GDP. In 1957 the industrial sector contributed 6.3 per cent to GDP and this comprised of 3.0 per cent from rubber processing and 3.3 per cent from other manufacturing. As a result of the policy to promote the development of the industrial sector mentioned above, the role of the industrial sector grew steadily between 1957-70. In 1960 its contribution had increased to 9.0 per cent of GDP and by 1970 the contribution had reached 12.2 per cent. The expanding contribution of the industrial sector to the economy was due to its rapid growth. Its average growth between 1960-65 was 11.1 per cent and between 1966-70 was 9.9 per cent.

THE NEW ECONOMY POLICY (DEVELOPMENT IN THE 1970s AND EARLY 1980s)

Until the early 1970s the rural sector remained to be the most important sector in the economy. As can be seen from the role of the industrial sector mentioned earlier, it can be concluded that its role was still small (only 12.2 per cent in 1970). In contrast, the contribution of agriculture to GDP was about 30 per cent in 1970. In term of employment, 52 per cent of the labour force worked in the agriculture sector in 1970. In the same year about 25 per cent of the labour force engaged in activities related to rubber production and processing. This indicates that about half of the rural population was involved in rubber industry. We have noted that although productivity and production had increased significantly in the 1960s, the prices of rubber consistently showed a declining trend during the decade and offset any progress gained by the increase in production and productivity. Other agricultural activities did not provide as much income as in the rubber sector. Thus, in general we could say that despite of the

efforts to modernize agriculture and especially traditional agriculture and the perennial crop sector (such as rubber), agriculture remained to be unable to provide higher income and better employment to the majority of the rural population.

The urban sector managed to grow faster. The industrial sector increased its share to GDP from RM0.45 billion in 1960 to RM1.31 billion in 1970 or an increase of almost three times during the decade. At the same period the share of agriculture increased from RM1.98 billion to RM3.43 billion, an increase of only about 1.73 times. From this simple comparison, it is easy to see that there had been a growing disparities between the rural and the industrial sectors during the 1960s.

In addition to this growing disparity, the unemployment problem was getting worse in 1960s. In 1960 the average annual growth of the economy between 1960-65 was about 6.4 per cent and slightly reduced to 6.0 per cent between 1966-70. Despite of this, the rate of unemployment increased. In 1960, the rate of unemployment was 6.0 but by 1970 it has increased to 6.5 per cent.

The two developments, namely the growing disparities between the rural and industrial sectors and the inability of the government to reduce unemployment, created an unhealthy social development and after the election in 1969 ethnic clashes erupted in Kuala Lumpur, the capital city of Malaysia. This episode dramatically changed the approach taken by the government to develop the country since the Second Five-Year Malaysia Plan (1970-75). The government remain committed to pursue the earlier development strategy of strengthening the rural sector and diversifying the economy by expanding the role of the modern sector – especially the industrial sector. This development strategy will be undertaken simultaneously with an effort to balance the benefit of development to all races in the society. Such policy means that the government would undertake stronger measures to increase the participation of the Malays in modern economic activities. This policy is known as **The New Economic Policy**. The following quotations from the Second Malaysia Plan provide a general idea about the objective of the New Economic Policy:

1. The policies and programmes of the Second Malaysia Plan are designed to restructure Malaysian society in order to correct the imbalances in income distribution, employment and ownership and control of wealth.....
2. The strategy is founded on the philosophy of active participation, not on disruptive redistribution. It works in an ever expanding economy in which the growing volume of goods and services is enjoyed by all groups in the Malaysian society in a manner which contributed to national unity.

Based on the above quotations we can say that basically the aim of the New Economic Policy had been to continue with the pursuance of rapid economic growth but would ensure that the fruits of development should be equally distributed.

In the 1970s, as in the colonial period, the Malaysian economy remained to be very dependent on the commodity exports. However, as a result of the diversification policy and the development of demand in world market, Malaysian commodity exports became more varied. The diversification of commodity exports and the rapid expansion they achieved between 1970 to 1985 contributed significantly to the development of the

economy during that period. Table 2 summarizes the major exported commodities, their role to total exports and the ratio of total exports to GDP.

Table 2
Major commodities, the value of their exports, value of total exports, and ratio of exports to GDP

Commodities	Value of exports (Million RM)				
	1960	1970	1975	1980	1985
1. Rubber	2,000.6	11,728.8	2,026.0	4,618.0	2,872.0
2. Palm Oil	71.7	273.6	1,320.0	2,515.3	3,951.0
3. Timber	189.7	1,342.8	1,061.0	3,794.5	3,908.0
4. Petroleum	n.a	n.a	727.0	11,252.0	8,698.0
5. Natural gas	nil	nil	nil	n.a	2,300.0
Total	2,262.0	3,340.2	5,134	22,179.8	21,729.0
6. Total exports	3,946.0	5,163.1	9,230.9	28,171.6	38,327.3
7. GDP	n.a	12,113.0	22,332.0	51,376.0	77,547.0
8. Ratio of exports to GDP (%)	-	42.6	41.3	54.8	49.4

The figures in the table indicate that the ratio of export to GDP increased between 1970-85. Between 1970 to 1975 the role declined slightly (from 42.6 per cent to 41.3 per cent) but increased markedly between 1975-80 (from 41.3 per cent to 54.8 per cent). In 1985 the exports to GDP ratio was 49.4 per cent. The figures also indicate that export grew more rapidly in the 1970-85 period in comparison to the 1960-70 period. Between 1960-70 export value increased only by about 31 per cent. In contrast, between 1970-80 exports increased from RM5.2 billion to RM28.2 billion, an increase of more than 5 times. By 1985 the value of total exports have reached RM38.4 billion.

The rapid expansion of exports between 1970-85 was mainly due to the expansion of commodity exports. In 1960 it was dominated by rubber (about 88 per cent of total exports of 5 commodities: rubber, palm oil, timber, petroleum and natural gas). Over the years the commodity exports become more diversified, as can be observed from the figures on Table 2. By 1985 rubber only contributed about 13 per cent of the total export value of the 5 commodities.

The rapid expansion of the export sector, especially commodity exports, had contributed significantly to the more rapid growth of the economy between 1970-85. Table 3 shows the annual growth rate of the economy between 1970-85. Between 1971-75 the average annual growth of GDP reached almost 7 per cent and between 1976-80 the annual average exceeded 7 per cent. Between 1981-85 the economy did not perform as good as in the 1970s. Recession took place in 1985 and in 1986 the economy grew only by 1.2 per cent.

Although between 1970-80 Malaysia achieved a more rapid growth than in the past, the employment situation did not improve significantly. Unemployment rate remained about 5 per cent of the labour force. In the first half of the 1980s, despite of the relatively rapid growth of the economy, the unemployment slowly worsened and the rate of unemployment became more serious during the recession in 1985-86. In the early 1986 the rate of unemployment reached 7.9 per cent.

Table 3
Annual growth rate of GDP between 1970-86

Year	% growth of GDP	Year	% growth of GDP
1970	6.0	1979	8.5
1971	6.5	1980	8.0
1972	7.7	1981	6.8
1973	8.3	1982	5.9
1974	0.8	1983	6.3
1975	11.6	1984	7.8
1976	7.5	1985	-1.0
1977	6.6	1986	1.2
1978	8.5		

THE GOLDEN YEARS OF MALAYSIAN DEVELOPMENT (1987-97)

Malaysia achieved a very rapid pace of development between 1987-97, as shown in the growth rate data in Table 4. Since 1988 the growth rates were always above 8 per cent and in certain years they exceeded 9 per cent. The only exception was in 1992 when the growth rate was 7.8 per cent. As a result of the rapid pace of development the rate of unemployment continued to decline, and the per capita income of Malaysia increased significantly. The value of GDP in real terms increased from RM60.9 billion in 1987 to RM141.1 billion in 1997, meaning it increased to 2.3 times within a decade. The rate of unemployment declined from 7.3 per cent in 1987 to less than 3 per cent in 1997. By 1992 Malaysia achieved full employment for the first time.

Table 4
Annual Growth Rate of GDP between 1987-97

Year	% growth of GDP	Year	% growth of GDP
1987	5.4	1993	8.3
1988	8.9	1994	9.2
1989	9.2	1995	9.8
1990	9.7	1996	10.0
1991	8.7	1997	7.3
1992	7.8	1978	-7.4
		1999	5.8
		2000*	7.5

* Estimate

What is the source of this rapid growth? Again as in the past, exports was the engine of Malaysian economic growth. By 1990, the value of Malaysian exports has reached RM77.5 billion or double the level in 1986. In 1997 the value of Malaysian

exports exceeded RM200 billion, meaning in slightly more than 10 years, between 1987-97, the Malaysian export value has become more than 5 times its original level.

In contrast to the growth of exports in the past, since 1986 the rapid rise of exports did not come from the expansion of commodity exports. Now the expansion has been generated by the rapid growth of the export of industrial products. Export of manufactured goods started its modest beginning in 1960s, when Malaysia began her effort toward more rapid industrial development. In 1970 the value of Malaysian industrial export products was only slightly more than RM100 million, and constituted only a small proportion of the total value of exports. A more rapid expansion of industrial product exports occurred since 1970s. The value of their exports increased to RM6.3 billion in 1980 and to RM12.5 billion in 1985. By 1996 the value of export of industrial products has reached almost RM160 billion and in 2000 it is estimated to reach more than RM208 billion. Table 5 shows the breakdown and the value of export of industrial products in 1985 and 2000. The table clearly shows that the remarkable expansion of industrial exports were mainly the result of the rapid expansion of electrical and electronic products. The value of this export was RM6.5 billion in 1985 and constituted of 52 per cent of the total manufactured exports. In 1996, the export of electronic products reached RM104.3 billion or almost two-third of the total export value of industrial product. By 2000 the exports of electrical and electronic products and machineries are expected to reach almost RM149 billion.

Table 5
Export of industrial products (manufactured goods)

Items	Value (RM million)	
	1985	2000*
1. Food, beverage, tobacco	781	3,720
2. Textiles, apparel and footwear	1,289	7,258
3. Wood products	365	6,630
4. Rubber products	113	3,201
5. Chemicals and chemical products	610	11,010
6. Petroleum products	1,041	6,369
7. Non-metallic mineral products	150	1,705
8. Iron, steel and metal goods	357	5,857
9. Electrical, electronics and machinery	6,493	148,937
10. Transport equipment	566	1,926
11. Other manufactures	706	12,021
TOTAL	12,471	208,634

*Estimate

As a result of the rapid expansion of industrial exports, the role of commodity exports in the total export value of Malaysia declined considerably. In 1970, about 75 per cent of total export value was generated by commodity exports. At present commodity exports constitute only about one-fourth of the value of total exports.

The success of the diversification policy and especially the rapid expansion of the growth of the manufacturing sector since the 1960s significantly transformed the nature

of economic activity and employment in Malaysia. At the time of Malaysian independence in 1957 the agriculture sector contributed 43.3 per cent to the total value of GDP. At the same year, the contribution of rubber industry to GDP was about one-fourth of the total GDP. The manufacturing sector only contributed 6.3 per cent to GDP and out of this contribution, rubber processing alone produced 3.0 per cent of GDP. In contrast, as can be seen from Table 6, the manufacturing sector has become the most important sector in the economy, contributing 35.5 per cent of GDP in 1997. The role of agriculture declined considerably, only contributed 12.2 per cent to GDP.

In 1997, the manufacturing sector employed 2.3 million people and this constitutes of 27.5 per cent of the total employment. The agriculture sector employed 1.275 million people or only 15.2 per cent of total employment. Even in 1970, the employment structure was far different than the present. At that time about half of the employment was created by the agriculture sector and the rubber industry employed about one-fourth of the total employment.

Table 6
GDP By Industrial Origin, 1997

Sectors	Value (RM billion)
1. Agriculture, forestry and fishing	17,168
2. Mining and quarrying	9,643
Petroleum	(7,449)
3. Manufacturing	50,042
4. Construction	6,826
5. Electricity, gas and water	3,510
6. Transport, storage and communications	10,743
7. Wholesale and retail trade	17,520
8. Finance, insurance and real estate	16,535
9. Government services	12,408
10. Other services	2,840
Less: Imputed bank charges	11,687
Add: Import duties	5,591
<u>GDP at market prices</u>	<u>141,139</u>

INFLATION IN MALAYSIA

It is interesting to note that Malaysian rapid economic growth and structural transformation was accompanied by a relatively stable prices. In the 1960s the average annual rate of inflation was only one per cent. In the 1970s, the rates of inflation in 1973 and 1974 were 10.5 per cent and 17.4 respectively. These relatively rapid rates of inflation were the result of world inflation. In other years in 1970s the rates of inflation were relatively low. The average annual rate of inflation in 1970s was 5.4 per cent. In the 1980s the average annual rate of inflation was 4.5 per cent. In the 1990s the annual average was about the same as in the 1980s.