
PREFACE

This report is the final product of a project dealing with the security implications of Asia's financial and economic turmoil. After considering the sharp economic reversals suffered in the Asian region in 1997 and 1998, and the marked but widely varying evidence of significant recovery among the different countries of the region, the report considers the medium- and longer-term trends with respect to economic growth, military spending, and military investment in five countries in the greater Asian area: Japan, China, India, South Korea, and Indonesia. The five countries included in this study were selected by agreement with the sponsors from a larger set addressed in RAND's previous analyses in 1989 and 1995 of long-term economic and military trends. India, a South Asian country, was included along with the four principal East Asian countries in light of its size and enhanced military prominence.

Following the analysis of these longer-term economic and military trends, the report considers the security implications of these trends with respect to alternative security environments in the region, changes in the intraregional balance of military and economic power, and such other issues as prospects for multilateral security cooperation, support for forward-based U.S. forces in the region, and alliance burden sharing.

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The report should be of interest and use to those in the policy community who are concerned with strategic and contingency planning, and impending changes in the balance of forces among the major countries in the region.